

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

STONE RESOURCES AUSTRALIA LIMITED

ABN

44 100 727 491

Quarter ended ("current quarter")

31<sup>ST</sup> December 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	1,682	8,679
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(129) (12,286) (1,885) (641)	(325) (13,669) (6,362) (1,190)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	17
1.5 Interest and other costs of finance paid	(707)	(734)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(13,964)</b>	<b>(13,584)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (31)	- - (91)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - 23	- - 23
1.10 Loans to other entities	500	500
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	76	(17)
<b>Net investing cash flows</b>	<b>568</b>	<b>415</b>
1.13 Total operating and investing cash flows (carried forward)	(13,396)	(13,169)

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1.13	Total operating and investing cash flows (brought forward)	(13,396)	(13,169)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	13,868	13,868
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	274	274
1.17	Repayment of borrowings	(214)	(321)
1.18	Dividends paid	-	-
1.19	Other - Share Issue Costs	(376)	(376)
	<b>Net financing cash flows</b>	13,552	13,445
	<b>Net increase (decrease) in cash held</b>	156	276
1.20	Cash at beginning of quarter/year to date	353	233
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	509	509

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	98
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

During the quarter a convertible note together (\$12.0m) with a placement of shares was secured from Stone Resources Limited. This raised approximately \$13.250m which was used to repay the major creditor, Watpac. Stone Resources Limited converted \$11.5m of the convertible note into ordinary shares.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

Add notes as necessary for an understanding of the position.

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	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	
3.2 Credit standby arrangements	N/A	

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	150
4.3 Production	1,500
4.4 Administration	450
<b>Total</b>	<b>4,600</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	(59)	(24)
5.2 Deposits at call	568	377
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>509</b>	<b>353</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			

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6.2	Interests in mining tenements acquired or increased	P38/3951	Granted	0%	100%
		P38/3952	Granted	0%	100%
		L38/185	Granted	0%	100%

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	623,969,854	623,969,854		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	94,730,000	94,730,000	2.5 cents	2.5 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	328,571,429	328,571,429	3.5 cents	3.5 cents

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7.7	<b>Options</b> <i>(description and conversion factor)</i>	Director Options 9,500,000 2,500,000 Employee options 1,800,000 1,000,000 1,050,000	- - - -	<i>Exercise price</i> 35 cents 20 cents 20 cents 30 cents 30 cents	<i>Expiry date</i> 30 Nov 2012 29 Nov 2013 23 Feb 2012 8 Jun 2012 8 Jun 2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	Director Options 2,000,000 6,000,000	- - -	<i>Exercise price</i> 20 cents 20 cents	<i>Expiry date</i> 30 Nov 2011 29 Nov 2011
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

  
(Company secretary)

.....Date:31 December 2011.

Print name .Albert Longo.....

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

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- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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