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**STONE RESOURCES AUSTRALIA LIMITED**

**ACN 100 727 491**

**NOTICE OF GENERAL MEETING**

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**TIME:** 2.00pm (WST)

**DATE:** Friday 18 May 2012

**PLACE:** Rendezvous Observation City Hotel, Scarborough

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9277 6008.*

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**CONTENTS PAGE**

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Business of the Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	12
Schedule	13

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (WST) on Friday, 18 May 2012 at:

Rendezvous Observation City Hotel,  
The Esplanade Scarborough WA 6019

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**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your shareholding and your vote is important.

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**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 2pm (WST) on 16 May 2012.

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**VOTING IN PERSON**

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To vote in person, attend the General Meeting at the time, date and place set out above.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. [If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.]

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New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

**AGENDA**

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**1. RESOLUTION 1 - APPROVAL OF EMPLOYEE SHARE PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.2 Exception 9 and for all other purposes, approval is given for the establishment of an Employee Share Plan, and the issue and allotment of ordinary shares to eligible participants in the Employee Share Plan as an exception to ASX Listing Rule 7.1 and on the terms and conditions described in the Explanatory Statement accompanying and forming part of this Notice of General Meeting."*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive plan in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**2. RESOLUTION 2 - ISSUE OF PLAN SHARES TO MR YONGJI DUAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act 2001 and for all other purposes, subject to the approval of Resolution 1, approval is given for the Directors to issue and allot Shares to the value of \$23,333 to Yongji Duan or his nominee under the Company's Employee Share Plan on the terms and conditions set out in the Explanatory Statement".*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by Yongji Duan and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### 3. RESOLUTION 3 - ISSUE OF PLAN SHARES TO MR KAI YE SHUAI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act 2001 and for all other purposes, subject to the approval of Resolution 1, approval is given for the Directors to issue and allot Shares to the value of \$29,167 to Kai Ye Shuai or his nominee under the Company's Employee Share Plan on the terms and conditions set out in the Explanatory Statement".*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Kai Ye Shuai and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### 4. RESOLUTION 4 - ISSUE OF PLAN SHARES TO MR EDWARD TAI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act 2001 and for all other purposes, subject to the approval of Resolution 1, approval is given for the Directors to issue and allot Shares to the value of \$37,917 to Edward Tai or his nominee, under the Company's Employee Share Plan on the terms and conditions set out in the Explanatory Statement".*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by Edward Tai and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**DATED: 11 APRIL 2012**

**BY ORDER OF THE BOARD**

**ALBERT LONGO  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. RESOLUTION 1 – ADOPTION OF EMPLOYEE SHARE PLAN

Resolution 1 seeks Shareholder approval for the adoption of the Employee Share Plan.

Shares to be issued pursuant to this plan (**Plan Shares**) are for services rendered to date and going forward for eligible participants (being employees and directors) as well as providing an incentive component of remuneration packages for eligible participants to be appointed.

Resolution 1 is an ordinary resolution requiring it to be passed by a simple majority of the votes cast by shareholders entitled to vote on it.

Resolution 1 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of Plan Shares under the Employee Share Plan as an exception to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Exception 9(b) of ASX Listing Rule 7.2 provides that a company may make an issue of securities under an employee incentive scheme (such as the Employee Share Plan) as an exception to ASX Listing Rule 7.1 if, within three years before the date of issue, holders of ordinary securities in the company have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 1 is passed, the Company will have the ability to issue Plan Share to eligible participants under the Employee Share Plan over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The following information is provided to satisfy the requirements of the ASX Listing Rules:

- (a) no Plan Shares have been issued under the Employee Share Plan; and
- (b) the main terms of the Employee Share Plan are summarised in Schedule 1 and a full copy of the Employee Share Plan rules is available for inspection at the Company's registered office until the date of the General Meeting.

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## 2. RESOLUTIONS 2, 3 AND 4 - ISSUE OF PLAN SHARES TO RELATED PARTIES

### 2.1 Issue of Shares under Employee Share Plan

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue Shares to the value of \$90,417 for the remainder of the financial year (**Plan Shares**) to Messrs Yongji Duan, Kai Ye Shuai and Edward Tai (or their nominee(s)) (**Related Parties**) pursuant to the Company's Employee Share Plan to be approved by Shareholders at the Meeting (**Employee Share Plan** or **Plan**).

The Plan Shares are to be issued to the Related Parties (or their nominee(s)) to provide further incentive to perform and to secure the ongoing commitment of the Related Parties to the continued growth of the Company, and in full or partial settlement of their salaries.

The issue of the Plan Shares to the Related Parties is conditional on Shareholders approving Resolution 1.

### 2.2 Related Party Transaction

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Plan Shares to the Related Parties (or their nominee(s)), under the Plan, requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit and, as Directors, they are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Plan Shares to the Related Parties.

### 2.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition:

- (a) a director of the company;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolutions 2 - 4 are passed, Shares will be issued to the Related Parties, who are Directors of the Company. Therefore, the Company requires Shareholder approval to issue the Plan Shares to the Related Parties (or their nominee(s)).

## 2.4 Technical Information required by Chapter 2E of the Corporations Act and Listing Rules 10.15

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rules 10.15, the following information is provided in relation to the proposed grant of Plan Shares:

- (a) the related parties are Messrs Duan, Shuai and Tai and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Plan Shares (being the nature of the financial benefit being provided for the remainder of this financial year) to be acquired by the Related Parties (or their nominee(s)) will depend on the issue price of the Plan Shares. The issue price is to be the 30 day VWAP for Shares ending on the trading date before the Plan Shares are offered to the Related Parties. As such, the issue price of the Plan Shares, and the number of Plan Shares that will be issued, will not be known until the date the Plan Shares are issued. However, the Related Parties have agreed that the issue price will have a floor of \$0.01 per Share;
- (c) assuming the issue price is \$0.01 per Share, the maximum number of Plan Shares that will be issued is 9,041,700 Shares, being the number of Shares valued at \$90,417 using a deemed issue price of \$0.01 per Share, broken down as follows:
- (i) Plan Shares to the value of \$23,333, up to a maximum of 2,333,300 Plan Shares in respect of Mr Duan;
  - (ii) Plan Shares to the value of \$29,167 up to a maximum of 2,916,700 Plan Shares in respect of Mr Shuai; and
  - (iii) Plan Shares to the value of \$37,917 up to a maximum of 3,791,700 Plan Shares in respect of Mr Tai;
- (d) the following table indicates the number of Shares that will be offered to each Related Party based on a range of hypothetical 30 day VWAP prices for the Company's Shares in March 2012.

Share 30 day VWAP	Number of Shares		
	Mr Duan	Mr Shui	Mr Tai
\$0.0171 (high)	1,366,286	1,708,018	2,220,266
\$0.0160 (low)	1,456,512	1,820,811	2,366,886
\$0.0165 (close)	1,414,953	1,768,858	2,299,351

- (e) the Plan Shares will be granted for nil cash consideration, accordingly no funds will be raised;
- (f) no loans will be provided in relation to the issue of the Plan Shares;
- (g) the Company has not issued Shares to any persons referred to in ASX Listing Rule 10.14 since the last approval under ASX Listing Rule 10.14;

- (h) the following persons referred to in ASX Listing Rule 10.14, being all of the Directors of the Company, are entitled to participate in the Employee Share Plan:
- (i) Mr Yongji Duan
  - (ii) Mr Kai Ye Shuai;
  - (iii) Mr Edward Tai; and
  - (iv) Mr Ross Louthean;
- (i) the Plan Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and otherwise on the terms set out in the Plan, as summarised in Schedule 1;
- (j) the Plan Shares will be issued, pursuant to the Employee Share Plan, to the Related Parties no later than 12 months after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Plan Shares will be issued on one date;
- (k) the value of the Plan Shares, being the financial benefit being given to the Related Parties is:
- (i) \$23,333 in respect of Mr Duan;
  - (ii) \$29,167 in respect of Mr Shuai; and
  - (iii) \$37,917 in respect of Mr Tai;
- (l) as at the date of this Notice, the Related Parties have relevant interests in the following Company securities:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Yongji Duan	Nil	Nil
Kai Ye Shuai	Nil	Nil
Edward Tai	Nil	Nil

- (m) the remuneration and emoluments paid (or to be paid) by the Company to the Related Parties, for the last financial year and current financial year (inclusive of superannuation) is as follows:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Yongji Duan	\$78,559	Nil
Kai Ye Shuai	\$89,563	Nil
Edward Tai	\$55,154	Nil

- (n) the Company has 623,969,854 Shares on issue as at the date of this Notice of Meeting. The issue of Shares to the Related Parties will increase the number of Shares on issue. Assuming that no other Options are exercised and no other Shares issued, the shareholding of existing Shareholders would be diluted as follows:

30 day VWAP	Total Shares issued to Related Parties			Dilutionary effect upon exercise of Shares		
	Mr Duan	Mr Shui	Mr Tai	Mr Duan	Mr Shui	Mr Tai
\$0.0171 (high)	1,366,286	1,708,018	2,220,266	0.219%	0.274%	0.356%
\$0.0260 (low)	1,456,512	1,820,811	2,366,886	0.233%	0.292%	0.379%
\$0.0165 (close)	1,414,953	1,768,858	2,299,351	0.227%	0.283%	0.369%

- (o) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below: and

	Price	Date
Highest	\$0.058	8 April 2011
Lowest	\$0.0015	17 February 2012
Last	\$0.0017	23 March 2012

- (p) the primary purpose of the grant of Plan Shares to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company as directors of the Company.

## 2.5 Directors' recommendations

- (a) Mr Duan declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 3 and 4, Mr Duan recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Plan Shares to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Plan Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Plan Shares upon the terms proposed;

- (b) Mr Shuai declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 2 and 4, Mr Shuai recommends that Shareholders vote in favour of those Resolutions for the reasons set out in subparagraphs 2.5(a)(i), (ii) and (iii) above;
- (c) Mr Tai declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 2 and 3, Mr Tai recommends that Shareholders vote in favour of those Resolutions for the reasons set out in subparagraphs 2.5(a)(i), (ii) and (iii) above;
- (d) Mr Ross Louthean recommends that Shareholders vote in favour of Resolutions 2, 3 and 4 for the reasons set out in subparagraphs 2.5(a)(i), (ii) and (iii) above;
- (e) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Plan Shares to be issued; and
- (f) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolutions.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Stone Resources Australia Limited (ACN 100 727 491).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Employee Share Plan or Plan** means the Employee Share Plan to be adopted by the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Plan Share** means the Shares issued pursuant to the Plan.

**Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**VWAP** means the volume weighted average price of the Shares as traded on ASX.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## Schedule 1 – MATERIAL TERMS OF Employee SHARE PLAN

The Company has established the Employee Share Plan (**Plan**).

- (a) The Board of the Company will administer the Plan in accordance with the Plan Rules and the Board has a broad discretion to determine which employees and directors are eligible to participate in the Plan.
- (b) Under the Plan, eligible participants may be invited to acquire ordinary shares in the capital of the Company (**Shares**) at a price (if any) set out in their invitation letter. The Board will determine the number of Shares that may be acquired by a participant and has the discretion to set the price (including a nil price) at which Shares will be acquired by a participant.
- (c) The Board has the discretion to apply restriction conditions to the Shares. These restriction conditions will be set out in the eligible participant's invitation letter. Where restriction conditions are imposed, until those conditions are satisfied or waived, the participant's Shares will be subject to a holding lock and will not be able to be traded or encumbered. Once restriction conditions are satisfied, the Board will procure that the holding lock on the Shares is removed.
- (d) If restriction conditions are not satisfied, or become unable to be satisfied, the Company must use its best endeavours, subject to the Corporations Act and the ASX Listing Rules, to either:
- (i) where the Shares were issued for no cash consideration:
    - (A) buy back the Shares at a price equal to \$0.00001 per Share; or
    - (B) sell the Shares on behalf of the Participant on the ASX or to an exempt investor, with the Company entitled to the sale proceeds; or
  - (ii) where the Shares were issued for cash consideration:
    - (A) buy back the Shares at a price equal to the cash consideration paid by the participant for the Shares; or
    - (B) sell the Shares on behalf of the participant on the ASX or to an exempt investor, with the sale proceeds used to repay the cash consideration paid by the participant, with the Company entitled to any remainder.
- (e) If, during any restriction period, a participant ceases to be an eligible employee or director, the Company must, subject to ASX Listing Rules and the Corporations Act 2001 (Cth), use its best endeavours to buy back or sell the Plan Shares in accordance with clause (d) above.
- (f) The Board may waive unsatisfied restriction conditions where there is a successful takeover bid for the Company or a change in control transaction, or the Company is to be wound up.
- (g) Where the Board considers a participant has acted fraudulently, or has breached the terms of the Plan, the Company may buy back or sell the participant's Plan Shares in accordance with clause (d)(i), regardless of whether the Shares were issued for a cash consideration.





# Stone Resources Australia Limited

ABN 47 100 727 491

000001 000 SHK  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



Vote online, 24 hours a day, 7 days a week:

**[www.investorvote.com.au](http://www.investorvote.com.au)**



**Cast your proxy vote**



**Review and update your securityholding**

**Your secure access information is:**

**Control Number: 999999**

**SRN/HIN: 1999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 2:00pm (WST) Wednesday 16 May 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Stone Resources Australia Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Stone Resources Australia Limited to be held at Rendezvous Observation City Hotel, Scarborough on Friday, 18 May 2012 at 2:00pm (WST) and at any adjournment of that meeting.

### Important for Items 1 - 4 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are expressly authorising the Chairman of the Meeting to exercise your proxy on Items 1 - 4. If you do not mark this box, and you have not directed your proxy how to vote on Items 1 - 4, the Chairman of the Meeting will not cast your votes on Items 1 - 4 and your votes will not be counted in computing the required majority if a poll is called on these Items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 1 - 4).

The Chairman of the Meeting intends to vote all available proxies in favour of Items 1 - 4 of business.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy on Items 1 - 4. I/we acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 1 - 4 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Approval of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Issue of Plan Shares to Mr Yongji Duan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Issue of Plan Shares to Mr Kai Ye Shuai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Issue of Plan Shares to Mr Edward Tai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

SHK

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Computershare +