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STONE RESOURCES AUSTRALIA LIMITED

ACN 100 727 491

NOTICE OF GENERAL MEETING

TIME: 3:00 pm (WST)

DATE: 13 March 2013

PLACE: Stone Resources Australia Limited, First Floor, 265 Great Eastern Highway,
Belmont WA 6104

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 Joint Company Secretary on (+61 8) 9277 6008.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 3.00 pm (WST) on 13 March 2013 at:

Stone Resources Australia Limited
First Floor, 265 Great Eastern Highway
Belmont WA 6104

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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.

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 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.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – 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 purpose of section 250W of the Corporations Act 2001 (Cth) and for all other purposes, Mr Yongji Duan, a Director who was appointed on 4 November 2011, retires, and being eligible, is re-elected as a Director.”

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR WILLIAM HOBBA

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

“That, for the purpose of section 250W of the Corporations Act 2001 (Cth) and for all other purposes, Mr William Hobba, a Director who was appointed on 31 August 2012, retires, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR KAI YE (JAMIE) SHUAI

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

“That, for the purpose of section 250W of the Corporations Act 2001 (Cth) and for all other purposes, Mr Kai Ye (Jamie) Shuai, a Director who was appointed on 4 November 2011, retires, and being eligible, is re-elected as a Director.”

4. RESOLUTION 4 – ISSUE OF SHARES TO DIRECTOR – MR WILLIAM HOBBA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“For the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue 20,000,000 Shares to Mr William Hobba (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr William Hobba (or his nominee) 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; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 4 FEBRUARY 2013

BY ORDER OF THE BOARD



**FRANCIS HUI
JOINT COMPANY SECRETARY
STONE RESOURCES AUSTRALIA LIMITED**

EXPLANATORY STATEMENT

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.

1. RESOLUTIONS 1 – 3 RE-ELECTION OF DIRECTORS – MR YONGJI DUAN, MR WILLIAM HOBBA AND MR KAI YE (JAMIE) SHUAI

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

1.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year was approved, other than the managing director of the company), will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

A poll was not called on the voting on the Remuneration Report at the Company's 2011 Annual General Meeting. As such, it was unclear whether the votes cast against the Remuneration Report at the 2011 Annual General Meeting were more than 25%. However for the purposes of the 2012 Annual General Meeting, the Company took the conservative approach that at least 25% of the votes cast on the Remuneration Report at the 2011 Annual General Meeting were against adoption of the Remuneration Report.

At the Company's 2012 Annual General Meeting, at least 25% of the votes cast on the Remuneration Report were again against adoption of the Remuneration Report. As such, the Company put the Spill Resolution to Shareholders and more than 50% of the votes cast on the Spill Resolution were in favour of the Spill Resolution.

1.4 Voting on resolutions 1 – 3

As such, pursuant to this Notice, the Directors convene the Spill Meeting.

Immediately before the end of this Spill Meeting, Mr Duan, Mr Hobba and Mr Shuai will all cease to hold office and stand for re-election.

2. RESOLUTION 4 – ISSUE OF SHARES TO DIRECTOR – MR WILLIAM HOBBA

2.1 General

On 11 July 2012, the Company announced to the ASX that it had received statutory demands from entities associated with Mr William Hobba, seeking payment of alleged outstanding wages and a redundancy payment for his previous role with the Company.

Subsequently, on 31 August 2012 the Company entered into a deed of settlement with the entities associated with Mr William Hobba, pursuant to which the Company agreed, subject to obtaining Shareholder approval, to allot and issue 20,000,000 Shares (**Settlement Shares**) to Mr William Hobba on the terms and conditions set out below. In addition to the Settlement Shares, as part of the settlement, Mr Hobba will receive cash consideration of \$100,000. The Company has valued the Settlement Shares at \$220,000, based on a price of \$0.011 being the market price of the Company's Shares at the time the settlement was reached.

Shareholders should be aware that they previously approved the issue of the Settlement Shares at the Company's 2012 Annual General Meeting. Due to an unintended and inadvertent administrative oversight, the Settlement Shares were not issued within the 1 month period granted at the 2012 Annual General Meeting.

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 issue of the Settlement Shares constitutes giving a financial benefit and Mr William Hobba is a related party of the Company by virtue of being a Director.

However, approval to issue the Settlement Shares under Chapter 2E has been obtained for 15 months from the date of the 2012 Annual General Meeting, therefore Shareholder approval is not sought for the grant of the Settlement Shares at this meeting.

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

2.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Settlement Shares:

- (a) the related party is Mr William Hobba and he is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Settlement Shares (being the nature of the financial benefit being provided) to be issued to Mr William Hobba is 20,000,000 Settlement Shares;
- (c) the Settlement Shares will be issued to Will Hobba no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Settlement Shares will be issued on one date;
- (d) the Settlement Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the Settlement Shares issued 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;
- (f) the relevant interests of Mr William Hobba in securities of the Company are set out below:

Related Party	Shares	Options
Mr William Hobba	12,147,775 ¹	Nil

- 1. 12,147,775 Shares held by Ms Sandra Wheeler, who is the wife of Mr William Hobba.

- (g) the remuneration and emoluments from the Company to Mr William Hobba for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr William Hobba	\$54,000	\$125,224 ¹

- 1. This comprises \$87,446 for salary and fees and \$37,778 for vehicle usage.

- (h) if the Settlement Shares are issued to Mr William Hobba, a total of 20,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 635,997,520 to 655,997,520 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 3.05%.

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

	Price	Date
Highest	1.9 cents	20 and 23 April 2012
Lowest	0.06 cents	9, 10, 11 and 15 January 2013
Last	0.08 cents	4 February 2013

- (j) the Board acknowledges the issue of Settlement Shares to Mr William Hobba is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the issue of Settlement Shares to Mr William Hobba reasonable in the circumstances for the reason set out in paragraph (l);
- (k) the primary purpose of the issue of the Settlement Shares to Mr William Hobba is as part consideration for the full and final settlement of the statutory claims. In addition to the Settlement Shares, the settlement to Mr Hobba also includes cash consideration of \$100,000;
- (l) Mr William Hobba declines to make a recommendation to Shareholders in relation to this Resolution due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Settlement Shares in the Company should this Resolution be passed;
- (m) with the exception of Mr William Hobba, no other Director has a personal interest in the outcome of this Resolution;
- (n) Mr Yongji Duan recommends that Shareholders vote in favour of this Resolution for the following reasons:
- (i) that the quantum of the Settlement Shares is appropriate and is more favourable than providing cash consideration. The Company has valued the Settlement Shares at \$220,000; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Settlement Shares to Mr William Hobba;
- (o) Mr Kai Ye Shuai recommends that Shareholders vote in favour of this Resolution for the reasons set out in paragraph (n); and
- (p) 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 this Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Settlement Shares to Mr William Hobba as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Settlement Shares to Mr William Hobba will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ 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.

Chair means the chair of the Meeting.

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

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2011 or 30 June 2012 as the context requires.

Resolutions means the resolutions set out in the Notice, 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.

Spill Meeting means as defined in section 1.2 of the Notice.

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



Lodge your vote:



Online: 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

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

Proxy Form



Vote online or view the Notice of Meeting, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Review and update your securityholding

Your secure access information is:

Control Number: 136091

SRN/HIN:

PIN:



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 3:00 pm (WST) Monday, 11 March 2013

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 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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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.



Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Stone Resources Australia Limited to be held at Stone Resources Australia Limited, First Floor, 265 Great Eastern Highway, Belmont WA 6104 on Wednesday, 13 March 2013 at 3:00 pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 4 (except where I/we have indicated a different voting intention below) even though Item 4 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 4 by marking the appropriate box in step 2 below.

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.

	For	Against	Abstain
1. Re-election of Director - Mr Yongji Duan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director - Mr William Hobba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Director - Mr Kai Ye (Jamie) Shuai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of Shares to Director - Mr William Hobba	<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

 / /

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