



STONE RESOURCES AUSTRALIA LIMITED

11 January 2016

STONE RESOURCES AUSTRALIA LIMITED ENTERS INTO JOINT VENTURE WITH MHM METALS TO DEVELOP THE BRIGHTSTAR GOLD PROJECT

Stone Resources Australia Limited (ASX:SHK) is pleased to advise that the Company has entered into a Binding Heads of Agreement (the 'Agreement') with MHM Metals Limited (ASX:MHM) to develop the wholly owned Brightstar Gold Project located in the Laverton region of Western Australia.

The Agreement sets out the terms and conditions of a Joint Venture upon which MHM can earn an interest of up to 80% in the Brightstar Gold Project.

Transaction Summary:

- MHM Metals Limited and Stone Resources Australia Limited have signed a Binding Heads of Agreement (**HOA**) to form an earn-in Joint Venture with respect to the Brightstar Gold Project.
- The Joint Venture is to be managed and operated by MHM who will earn an initial 50% interest through spending AUD \$7.5m development capital on the Project.
- MHM will have the option to increase their interest in the Joint Venture up to 80% through spending up to an additional AUD \$10.5m on the Project.
- MHM is well funded and has adequate financial backing to support the Joint Venture strategy.

For personal use only



STONE RESOURCES AUSTRALIA LIMITED

Project Background

The Brightstar Gold Project covers an area in excess of 300 square kilometers and includes the Alpha, Beta, Gamma, Ben Hur, King of Creation and Cork Tree Well gold deposits. The transaction Joint Venture includes the 350ktpa Brightstar gold treatment plant (currently under care & maintenance) along with all associated infrastructure such as power gen-sets, laboratory, camp accommodation and mining equipment. All deposits are easily accessible via graded road. The projects are also all within close proximity to major sealed roads and all-weather airstrips

Regional Geology and Project Resources

- The Project area covers deposits running over a strike length of more than 110 kilometres within the Laverton Tectonic Zone / Duketon Greenstone Belt. It is a major district of gold endowment hosting nearby world class gold deposits such as Sunrise Dam (AngloGold Ashanti), the Granny Smith (Goldfields) and Wallaby (Goldfields) gold projects. Total endowment of the belt is in excess of 27 Moz gold.
- Since 2011, Stone has completed approximately 40,000m of RC drilling over the main deposits of Alpha, Beta and Ben Hur. Subsequent to this drilling campaign, Stone has published an updated JORC (2012) Mineral Resource as reported in the Stone Resources 2015 annual report (<http://www.asx.com.au/asxpdf/20151030/pdf/432l8cwt3xhkx4.pdf>) of which a summary is presented in the below Table 1.

Table 1: Table of Mineral Resources Estimates (Updated to 30th June 2015)

Location	Cut-off	Measured			Indicated			Inferred			Total		
		KTonne	g/t Au	KOunce	KTonne	g/t Au	KOunce	KTonne	g/t Au	KOunce	KTonne	g/t Au	KOunce
Alpha	0.5	623	1.6	33	374	2.1	25	455	3.3	48	1,452	2.3	106
Beta	0.3	408	1.5	20	692	1.4	31	1,181	1.5	57	2,281	1.5	107
Delta	0.5	1,220	1.9	76	944	1.9	57	1,696	1.9	104	3,860	1.9	237
Epsilon	0.5	2,434	1.6	125	1,672	1.4	77	1,665	1.6	87	5,771	1.6	289
Total		4,685	1.7	254	3,682	1.6	190	4,997	1.8	296	13,364	1.7	739



STONE RESOURCES AUSTRALIA LIMITED

Transaction Completion and Timing

The transaction is conditional upon MHM completing due diligence to its satisfaction, and both MHM and Stone obtaining all necessary shareholder and regulatory approvals. Stone notes that MHM intends to seek shareholder approval of the transaction under Listing Rule 11.1.2 and that Stone may require further regulatory approvals such as re-compliance with the admission requirements under Listing Rule 11.1.3.

Both parties have agreed to use reasonable endeavors to negotiate, finalise and execute a Formal Agreement to document the joint venture transaction by no later than 19th February 2016. Stone will keep the market informed as it moves towards satisfaction of the conditions precedent, of its discussions with ASX and of completion of the transaction.

Stone confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcements referred to above and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant ASX announcements continue to apply and have not materially changed.

For more information, please contact:

Stone Resources Australia Limited
Telephone: +61 (08) 92776008

For personal use only



STONE RESOURCES AUSTRALIA LIMITED

Diagram 1. Map showing proximity of Brightstar Project Area



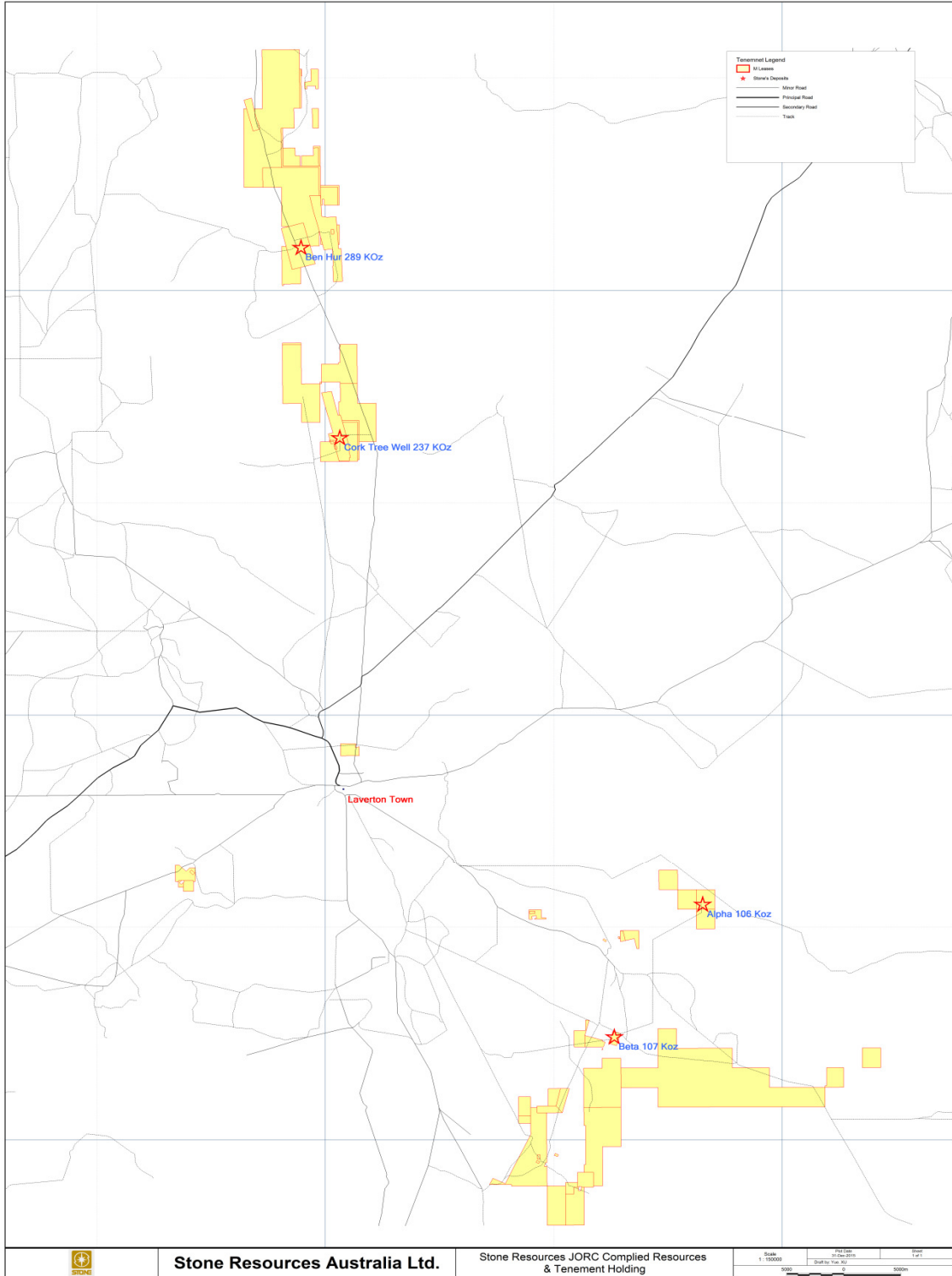
First Floor 1/250 Fulham Street, Cloverdale W A 6105
Telephone (618) 9277 6008: Facsimile (618) 9277 6002: ASX Code SHK
Email info@stoneral.com.au website: www.stoneral.com.au
ABN 44 100 727 491: ASX Code SHK : Member of AMEC

For personal use only



STONE RESOURCES AUSTRALIA LIMITED

Diagram 2. Map showing location of major Brightstar Project deposits



For personal use only



STONE RESOURCES AUSTRALIA LIMITED

About Stone Resources Australia Limited

Stone Resources is a Western Australian-based gold company that has been mining deposits on its southern leases on the Brightstar project near Laverton. The company has substantial tenement holdings in the Laverton region, one of Western Australia's most prolific goldfields that has produced new discoveries and major depth extensions to currently producing major mining projects in the Laverton district.

For personal use only