



STONE RESOURCES AUSTRALIA LIMITED

11 October 2017

CONVERTIBLE LOAN AGREEMENT

Stone Resources Australia Limited (**Company**) (**ASX: SHK**) wishes to announce that it has entered into a \$500,000 unsecured convertible loan agreement (**Loan**) today with Stone Resources (H.K.) Limited (**SRL HK**). SRL HK is a related party of the Company as it is controlled by Stone Resources Limited (SHK's controlling shareholder).

Funds from the Loan will be available by 13 October 2017 and are to be used for exploration and/or general working capital purposes and conversion of the Loan is subject to obtaining shareholder approval, which the Company will seek at its upcoming AGM (**Shareholder Approval**).

Key terms of the converting loan are:

- **Conversion to Shares:** If SHK obtains Shareholder Approval, the Loan will automatically convert into Shares, being 15,151,515 shares in the Company (**Share**) equal to the Loan funds divided by the conversion price of AU\$0.033 per Share.
- **Conversion Price:** The conversion price of \$0.033 per Share was determined by reference to the average price per Share that Stone Resources Limited paid to acquire control of the Company in 2011.
- **Shareholder Approval:** The conversion of the Loan into Shares is subject to obtaining the Shareholder Approval for the issue of the shares to SRL HK, including the approval required under ASX Listing Rule 10.11.
- **Repayment:** In the event the Loan has not been converted or otherwise repaid, repayment of all outstanding monies owing under the Loan is to be made on a date that is 2 years from the date of execution of the convertible loan agreement.
- **Interest:** No interest is payable unless Shareholder Approval is not obtained in which case interest will be charged at a rate of 8.53% per annum.

Yours sincerely

Tony Lau
Joint Company Secretary

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