



# STONE RESOURCES AUSTRALIA LIMITED

31 January 2018

## DECEMBER QUARTER ACTIVITY REPORT

### 1. Drilling at the Brightstar Project

During the Quarter, Stone Resource Australia Ltd completed a Reverse Circulation (RC) drilling program at the Brightstar Project, a total of 37 RC holes and 4,991 metres were drilled. 1m samples were obtained and were utilized for 4m composite samples lithology logging and assaying.

The drilling mainly focused on testing the Ben Hur deposit's northern extending potential (within tenement E38-1936) and test drilling of Au anomalies identified in three major northern tenements (E38-1936, E38-1937 & M38-1241) from early geochemistry sampling program.

Highlights from the drilling at tenement E38-1936 include:

- 4m @ 1.24 g/t Au from 44m in RCA030.
- 4m @ 1.48 g/t Au from 48m in RCA030.
- 4m @ 1.18 g/t Au from 104m in RCA032.
- 4m @ 1.36 g/t Au from 112m in RCA032.

Drill hole RCA 030 & RCA 032 were targeting the soil Au anomalies within tenement E38-1936, the drilling had identified the mineralization. The assay was based on 4m composite sample, assay on 1m sample had been planned in the upcoming quarter to further justify additional drilling.

Highlights from the drilling at tenement E38-1937 & M38-1241 include:

- 4m @ 2.59 g/t Au from 16m in RCA003.
- 4m @ 3.02 g/t Au from 88m in RCB002.
- 4m @ 1.38 g/t Au from 52m in RCB006.
- 4m @ 1.30 g/t Au from 72m in RCB005.
- 4m @ 1.20 g/t Au from 16m in RCB005.

The above listed drill holes were targeting the soil Au anomalies within tenement E38-1937 and a parallel structure of Ben Hur deposit approximately 20 km to the north between M38-1241 & E38-1937, the drilling had identified the multiple mineralization. The assay of the drilling was based on 4m composite sample, assay on 1m sample had been planned in the upcoming quarter to further update the geological interpretation, Stone intended to plan additional drilling dependent on further 1m assay results.

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## JORC Code, 2012 Edition – Table 1 (Laverton Gold Project)

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>• This part of the report relates to results from Reverse Circulation (RC) and diamond core drilling. The information of sampling techniques below applies to the drill holes drilled by Focus only.</li> <li>• RC percussion drill chips were collected through a cyclone and cone splitter. Samples were collected on a 1m basis with the bulk drill sample collected in plastic bags and stored on site pending programme completion.</li> <li>• RC chips were passed through a cone splitter to achieve a sample weight of approximately 2 - 3kg. Samples were collected in uniquely numbered calico bags.</li> <li>• All 1m samples were utilized for 4m composite samples for assaying.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>• All drilling was completed using a face sampling hammer. Holes were surveyed by single shot on self-northing gyrocompass at 50m intervals during drilling, to the extent that ground conditions allowed. At hole completion, the gyrocompass was used to survey the entire hole from within the rods.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>• RC sample recovery / quality was visually checked and noted during the logging process.</li> <li>• RC samples were generally dry and had typically good recovery.</li> <li>• No formal study of grade verses recovery has been done. However, no cause for concern was noted during logging.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>• All holes were geologically logged to record weathering, regolith, rock type, colour, alteration, mineralisation, structure and texture and any other notable features that are present.</li> <li>• Logging was qualitative, however the geologists often recorded quantitative mineral percentage ranges for the sulphide minerals present.</li> <li>• The logging information was recorded into acQuire format using a Toughbook and then transferred into the company's drilling database once the log was complete.</li> </ul>

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<b><i>Sub-sampling techniques and sample preparation</i></b>	<ul style="list-style-type: none"><li>• RC samples were cone split, by a splitter mounted beneath the rig cyclone, to a nominal 2 - 3kg sample weight. The drilling method was designed to maximise sample recovery and delivery of a clean, representative sample into the calico bag.</li><li>• RC samples were drilled dry to maximise recovery. The use of a booster and auxiliary compressor provide dry sample for depths well below the water table. Sample condition was recorded (wet, dry or damp) at the time of sampling and recorded in the database. Sample recovery was visually estimated; poor = &lt;50%, moderate = 50% to 75%, good = &gt;75%.</li><li>• RC samples in excess of 3kg were crushed by the laboratory to nominal 6mm size and riffle spilt to sub 3kg.</li><li>• Samples were oven dried and pulverised to 75µm prior to digest. Gold analysis was by 30 – 50 gm fire assay.</li><li>• The assay laboratories' sample preparation procedures follow industry best practice, with techniques and practices that are appropriate for this style of mineralisation. Pulp duplicates were taken at the pulverising stage and selective repeats conducted at the laboratories' discretion.</li><li>• In the field, Stone inserted field duplicates every 20 samples.</li><li>• Blank samples were not used.</li><li>• Regular reviews of the sampling were carried out by the geologist and field staff, to ensure all procedures were followed and best industry practice carried out.</li><li>• The sample sizes were considered to be appropriate for the type, style and consistency of mineralisation encountered during this phase of exploration.</li></ul>
<b><i>Quality of assay data and laboratory tests</i></b>	<ul style="list-style-type: none"><li>• The assay method and laboratory procedures were appropriate for this style of mineralisation. The fire assay technique was designed to measure total gold in the sample. Gold analysis was determined by a 30-50g fire assay with lead collection, aqua regia digest and AAS finish. This technique was considered appropriate as it gives (effectively) a complete digest for gold.</li><li>• Selected samples were analysed by multi-element geochemical techniques.</li><li>• No geophysical tools, field spectrometers or handheld XRF instruments were used in analysis of results provided. All analytical work was carried out by a certified major laboratory with appropriate expertise.</li><li>• The laboratory had its independent QA / QC procedures and materials.</li><li>• The QA/QC process described above was sufficient to establish acceptable levels of accuracy and precision.</li><li>• All results from assay duplicates were scrutinised to ensure they fell within acceptable tolerances, with appropriate follow-up if required.</li></ul>
<b><i>Verification of sampling and assaying</i></b>	<ul style="list-style-type: none"><li>• Significant intervals were visually inspected by company geologists to correlate assay results to logged mineralisation. Consultants were not used for this process.</li><li>• Historic data is not going to be used in any future resource calculations, so no historic holes have been twinned.</li></ul>

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	<ul style="list-style-type: none"><li>• When reporting, no adjustments are made to any current or historic assay data. Where multiple assays exist for a sample, the most rigorous technique is given priority – e.g.; screen fire assay results are prioritised over fire assay results.</li></ul>
<b><i>Location of data points</i></b>	<ul style="list-style-type: none"><li>• Drill collars were surveyed after completion using a DGPS instrument. Downhole surveys as discussed above.</li><li>• All coordinates and bearings use the MGA94 Zone 51 grid system.</li></ul>
<b><i>Data spacing and distribution</i></b>	<ul style="list-style-type: none"><li>• Nominal drill spacing varies from 50m x 100m to 100 x 200m.</li><li>• 4m sample compositing was used on samples sent to the laboratory.</li></ul>
<b><i>Orientation of data in relation to geological structure</i></b>	<ul style="list-style-type: none"><li>• All drill azimuth and dip directions considered close to optimum for steeply E dipping mineralisation. Acceptable for steep NNW striking mineralisation.</li></ul>
<b><i>Sample security</i></b>	<ul style="list-style-type: none"><li>• All samples received by the laboratory were reconciled against the sample submission with any omissions or variations reported to Stone.</li><li>• All samples were bagged in tied numbered calico bags, grouped into zip locked or wire tied green plastic bags. The bags were placed into bulka bags and delivered by company personnel to a public courier service for delivery to the laboratory. Consignment notes tracked the courier's sample delivery.</li></ul>

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## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary																																																																																																																																								
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Tenements E38/1936, E38/1937 and M38/1241 are 100% beneficially held by Stone Resources Australia Ltd. All other tenements worked in the drilling covered by this announcement are held 100% by Stone Resources Australia Ltd.</li> <li>The tenements are in good standing and no impediments to future exploration or permitting are known.</li> </ul>																																																																																																																																								
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>M38/1241 is a site of historic mine workings. A number of companies such as Delta Gold and Sons of Gwalia have explored in the area. Previous exploration details are available through the Department of Mines and Petroleum.</li> <li>The results of previous exploration by other parties at E38/1936, E38/1937 and M38/1241 were used only as an exploration guide. Stone does not intend to use such work in development or resource studies.</li> </ul>																																																																																																																																								
<b>Drill hole Information</b>	<p>Table of all RC holes drilled at Karridale covered by this statement.</p> <table border="1"> <thead> <tr> <th>Hole Number</th> <th>East GDA94z</th> <th>North GDA94z</th> <th>RL AHD</th> <th>Azimuth</th> <th>Dip</th> <th>Total Depth (m)</th> <th>Tenement</th> </tr> </thead> <tbody> <tr><td>RCA001</td><td>434377</td><td>6895938</td><td>505</td><td>257</td><td>-60</td><td>153</td><td>E38/1937</td></tr> <tr><td>RCA002</td><td>434425</td><td>6895949</td><td>505</td><td>257</td><td>-60</td><td>140</td><td>E38/1937</td></tr> <tr><td>RCA003</td><td>434474</td><td>6895961</td><td>505</td><td>257</td><td>-60</td><td>100</td><td>E38/1937</td></tr> <tr><td>RCA004</td><td>434523</td><td>6895972</td><td>505</td><td>257</td><td>-60</td><td>140</td><td>E38/1937</td></tr> <tr><td>RCA005</td><td>434596</td><td>6893400</td><td>480</td><td>257</td><td>-60</td><td>129</td><td>E38/1937</td></tr> <tr><td>RCA006</td><td>434694</td><td>6893423</td><td>480</td><td>257</td><td>-60</td><td>129</td><td>E38/1937</td></tr> <tr><td>RCA007</td><td>436780</td><td>6887011</td><td>480</td><td>257</td><td>-60</td><td>123</td><td>E38/1936</td></tr> <tr><td>RCA008</td><td>436829</td><td>6887022</td><td>480</td><td>257</td><td>-60</td><td>200</td><td>E38/1936</td></tr> <tr><td>RCA009</td><td>436877</td><td>6887033</td><td>480</td><td>257</td><td>-60</td><td>130</td><td>E38/1936</td></tr> <tr><td>RCA010</td><td>436975</td><td>6886443</td><td>480</td><td>257</td><td>-60</td><td>120</td><td>E38/1936</td></tr> <tr><td>RCA010<sub>A</sub></td><td>436926</td><td>6886432</td><td>480</td><td>257</td><td>-60</td><td>129</td><td>E38/1936</td></tr> <tr><td>RCA011</td><td>437024</td><td>6886454</td><td>480</td><td>257</td><td>-60</td><td>150</td><td>E38/1936</td></tr> <tr><td>RCA012</td><td>437072</td><td>6886465</td><td>480</td><td>257</td><td>-60</td><td>159</td><td>E38/1936</td></tr> <tr><td>RCA012<sub>A</sub></td><td>437150</td><td>6886483</td><td>480</td><td>257</td><td>-60</td><td>81</td><td>E38/1936</td></tr> <tr><td>RCA013</td><td>437745</td><td>6886705</td><td>480</td><td>257</td><td>-60</td><td>140</td><td>E38/1936</td></tr> <tr><td>RCA014</td><td>437842</td><td>6886727</td><td>480</td><td>257</td><td>-60</td><td>140</td><td>E38/1936</td></tr> </tbody> </table>	Hole Number	East GDA94z	North GDA94z	RL AHD	Azimuth	Dip	Total Depth (m)	Tenement	RCA001	434377	6895938	505	257	-60	153	E38/1937	RCA002	434425	6895949	505	257	-60	140	E38/1937	RCA003	434474	6895961	505	257	-60	100	E38/1937	RCA004	434523	6895972	505	257	-60	140	E38/1937	RCA005	434596	6893400	480	257	-60	129	E38/1937	RCA006	434694	6893423	480	257	-60	129	E38/1937	RCA007	436780	6887011	480	257	-60	123	E38/1936	RCA008	436829	6887022	480	257	-60	200	E38/1936	RCA009	436877	6887033	480	257	-60	130	E38/1936	RCA010	436975	6886443	480	257	-60	120	E38/1936	RCA010 <sub>A</sub>	436926	6886432	480	257	-60	129	E38/1936	RCA011	437024	6886454	480	257	-60	150	E38/1936	RCA012	437072	6886465	480	257	-60	159	E38/1936	RCA012 <sub>A</sub>	437150	6886483	480	257	-60	81	E38/1936	RCA013	437745	6886705	480	257	-60	140	E38/1936	RCA014	437842	6886727	480	257	-60	140	E38/1936
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RCA015	438391	6886924	480	257	-60	123	E38/1936	
RCA017	438646	6887133	480	257	-60	147	E38/1936	
RCA018	438696	6887140	480	257	-60	140	E38/1936	
RCA019	437320	6888138	480	257	-60	140	E38/1936	
RCA020	437403	6888156	480	257	-60	140	E38/1936	
RCA021	436864	6890071	480	257	-60	140	E38/1936	
RCA022	436961	6890093	480	257	-60	160	E38/1936	
RCA025	439391	6885786	480	257	-60	140	E38/1936	
RCA026	439419	6885717	480	257	-60	159	E38/1936	
RCA029	438312	6890728	480	257	-60	120	E38/1936	
RCA030	438410	6890750	480	257	-60	140	E38/1936	
RCA031	439246	6890773	480	257	-60	129	E38/1936	
RCA032	439343	6890796	480	257	-60	130	E38/1936	
RCB001	433972	6895967	505	257	-60	80	M38/1241	
RCB002	433996	6895973	505	257	-60	130	M38/1241	
RCB003	433912	6895749	505	257	-60	140	M38/1241	
RCB004	434058	6895690	505	257	-60	140	M38/1241	
RCB005	434198	6895230	505	257	-60	140	M38/1241	
RCB006	434123	6895560	505	257	-60	130	M38/1241	
RCC003	437176	6889489	493	257	-60	140	E38/1936	
RCC004	437379	6889529	493	257	-60	140	E38/1936	
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>No metal equivalents were used.</li> </ul>							
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>Holes were drilled orthogonal to anticipated mineralisation as much as possible, however the relationship between intercept width and true width is an estimate. Drilling at Tenements E38/1936, E38/1937 and M38/1241 continues to support the interpreted mineralised trends and drill direction is considered close to optimal in both cases.</li> </ul>							
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Drilling results are reported in a balanced reporting style.</li> </ul>							
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>There is no other material exploration data to report at this time. Information relevant to resource studies (e.g. density and metallurgical testing) will be provided in association with any such study.</li> </ul>							

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## **Further work**

- The company is further reviewing the exploration results, follow-up drilling is intended at a level commensurate with the perceived targets. The work will be undertaken in stages and each stage dependent on further 1m sample assay results.
- Stone will be on documenting data QA/QC and preparation for resource studies.

## **2. Corporate**

The Company received continuous funding from the parent entity, Stone Resources Limited, for exploration and working capital requirements. During the quarter the Company received approximately \$481,000 from the parent entity.

## **3. Tenement Schedule**

The mining tenements held by the Company at the end of the quarter and their location can refer to the addendum to this report.

For further information, please see other ASX announcements or email the Joint Company Secretary at [shengl@stoneral.com.au](mailto:shengl@stoneral.com.au).

Yours sincerely

Zu Guo Fu

Chief Executive Officer

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# STONE RESOURCES AUSTRALIA LIMITED

TENEMENT SCHEDULE AS AT 31 DECEMBER 2017

## GRANTED TENEMENTS BRIGHTSTAR (SOUTH LAVERTON)

LEASE	PROJECT	STATUS	LEASE MANAGER	TOTAL SHARES
M38/968	Alpha	Granted	Desert Exploration Pty Ltd	100
M38/1056	Alpha	Granted	Stone Resources Australia Limited	100
M38/1057	Alpha	Granted	Stone Resources Australia Limited	100
M38/1058	Alpha	Granted	Stone Resources Australia Limited	100
M38/9	Beta	Granted	Stone Resources Australia Limited	100
P38/3855	Beta	Granted	Stone Resources Australia Limited	100
P38/3856	Beta	Granted	Stone Resources Australia Limited	100
P38/3911	Beta	Granted	Stone Resources Australia Limited	100
L38/100	Beta	Granted	Stone Resources Australia Limited	100
L38/123	Beta	Granted	Stone Resources Australia Limited	100
L38/168	Beta	Granted	Stone Resources Australia Limited	100
L38/169	Beta	Granted	Stone Resources Australia Limited	100
L38/171	Beta	Granted	Stone Resources Australia Limited	100
L38/185	Beta	Granted	Stone Resources Australia Limited	100
L38/188	Beta	Granted	Stone Resources Australia Limited	100
E38/1958	Gamma	Granted	Stone Resources Australia Limited	100
E38/2316	Gamma	Granted	Stone Resources Australia Limited	100
E38/2364	Gamma	Granted	Stone Resources Australia Limited	100
E38/2365	Gamma	Granted	Stone Resources Australia Limited	100
E38/2411	Gamma	Granted	Stone Resources Australia Limited	100
E38/2668	Gamma	Granted	Stone Resources Australia Limited	100
E38/3034	Gamma	Granted	Stone Resources Australia Limited	100
E38/3108	Gamma	Granted	Stone Resources Australia Limited	100
M38/241	Gamma	Granted	Stone Resources Australia Limited	100
M38/549	Gamma	Granted	Stone Resources Australia Limited	100
M38/984	Gamma	Granted	Stone Resources Australia Limited	100
P38/3857	Gamma	Granted	Stone Resources Australia Limited	100
P38/3858	Gamma	Granted	Stone Resources Australia Limited	100
P38/3859	Gamma	Granted	Stone Resources Australia Limited	100
P38/3860	Gamma	Granted	Stone Resources Australia Limited	100
P38/3861	Gamma	Granted	Stone Resources Australia Limited	100
P38/3905	Gamma	Granted	Stone Resources Australia Limited	100
P38/4377	Gamma	Granted	Stone Resources Australia Limited	100





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## GRANTED TENEMENTS BRIGHTSTAR NORTH (NORTH LAVERTON)

LEASE	PROJECT	STATUS	LEASE MANAGER	TOTAL SHARES
E38/2452	Delta	Granted	Stone Resources Australia Limited	100
E38/2894	Delta	Granted	Stone Resources Australia Limited	100
E38/2914	Delta	Granted	Stone Resources Australia Limited	100
E38/2921	Delta	Granted	Stone Resources Australia Limited	100
L38/154	Delta	Granted	Stone Resources Australia Limited	100
M38/346	Delta	Granted	Stone Resources Australia Limited	100
M38/917	Delta	Granted	Stone Resources Australia Limited	100
M38/918	Delta	Granted	Stone Resources Australia Limited	100
P38/4108	Delta	Granted	Stone Resources Australia Limited	100
E38/1936	Epsilon	Granted	Stone Resources Australia Limited	100
E38/1937	Epsilon	Granted	Stone Resources Australia Limited	100
L38/205	Epsilon	Granted	Stone Resources Australia Limited	100
L38/206	Epsilon	Granted	Stone Resources Australia Limited	100
P38/3937	Epsilon	Granted	Stone Resources Australia Limited	100
P38/3951	Epsilon	Granted	Stone Resources Australia Limited	100
P38/4114	Epsilon	Granted	Stone Resources Australia Limited	100
P38/4115	Epsilon	Granted	Stone Resources Australia Limited	100
M38/160	Epsilon	Granted	Stone Resources Australia Limited	100
M38/339	Epsilon	Granted	Stone Resources Australia Limited	100
E38/2234	Eta	Granted	Stone Resources Australia Limited	100
E38/2332	Eta	Granted	Stone Resources Australia Limited	100
E38/2361	Eta	Granted	Stone Resources Australia Limited	100
M38/1241	Eta	Granted	Stone Resources Australia Limited	100
P38/3952	Eta	Granted	Stone Resources Australia Limited	100

## GRANTED TENEMENTS BRIGHTSTAR (LAVERTON)

LEASE	PROJECT	STATUS	LEASE MANAGER	TOTAL SHARES
E38/2233	Stand-alone	Granted	Stone Resources Australia Limited	100

## GRANTED TENEMENTS BRIGHTSTAR NORTH (NORTH LAVERTON)

LEASE	PROJECT	STATUS	LEASE MANAGER	TOTAL SHARES
M38/94	Hawkes Nest	Granted	Stone Resources Australia Limited	100
M38/95	Hawkes Nest	Granted	Stone Resources Australia Limited	100
M38/314	Hawkes Nest	Granted	Stone Resources Australia Limited	100
M38/381	Hawkes Nest	Granted	Stone Resources Australia Limited	100