



STONE RESOURCES AUSTRALIA LIMITED

19 January 2018

ASX Compliance Pty Limited
Level 40 Central Park
152 – 158 St Georges Terrace
Perth WA 6000

Attention: Jeremy Newman

Stone Resources Australia Limited (the “Company”)

Dear Sir,

I refer to your letter to us dated 17 January 2018 and respond as follows:

1. The Appendices 3Y were lodged late due to an oversight. Upon discovery of this oversight, the documents were prepared and lodged as soon as possible. The Company notes that the issue of shares the subject of the Appendices 3Y had been recently approved by the Company’s shareholders and therefore previously disclosed to the market.
2. The Company and the Directors are aware of their obligations under ASX Listing Rule 3.19A. Upon joining the Board, each director is made aware of their obligations to notify the Company should there be a change in their notifiable interest so that the Company can make the appropriate disclosures. The Company’s Trading Policy also sets out this requirement.
3. The Company believes that its current practices are adequate to ensure compliance with Listing Rule 3.19B.

If you have any queries, please do not hesitate to contact me on (852) 2115 6324.

Yours sincerely,

Tony Lau
Joint Company Secretary

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17 January 2018

Messrs Shenghui Lu & Tony Lau
Company Secretaries
Stone Resources Australia Limited

Dear Messrs Lu & Lau

Stone Resources Australia Limited (the “Company”)

I refer to the following:

1. The Company’s announcements lodged with ASX Ltd (“ASX”) and released on 22 December 2017, regarding an initial director’s interest notice in respect of Messrs Yongji Duan, Yong Han, William Hobba and Kaiye Shuai (“Appendices 3Y”).
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times:*
 - *On the date that the entity is admitted to the official list.*
 - *On the date that a director is appointed.*

The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity’s admission or a director’s appointment.
 - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
 - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

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3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. Guidance Note 27 which states as follows.

Where a director of an entity breaches its trading policy by trading in securities during a closed period without prior written clearance, that breach will generally be a matter of public record because of the disclosures in the Appendix 3Y (Change of Director's Interest Notice) required to be lodged with ASX in relation to that trading. In this situation, to meet the standards of good governance expected of listed entities and their directors, an entity should give careful consideration to whether it ought to make an announcement to the market explaining the circumstances of the breach and what (if any) disciplinary or remedial action the entity has taken, or proposes to take, in relation to the breach.

The Appendices 3Y indicate that the notifiable interest of Messrs Yong Han and Kaiye Shuai changed on 24 November 2017 and the notifiable interest of Messrs Yongji Duan and William Hobba changed on 27 November 2017. The Appendices 3Y should have been lodged with the ASX by no later than 1 December 2017 and 4 December 2017 respectively, being no more than 5 business days after the change occurred. As the Appendices 3Y were lodged on 22 December 2017, it appears that the Company may be in breach of listing rules 3.19A and/or 3.19

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendices 3Y were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to jeremy.newman@asx.com.au. It should not be sent to ASX Market Announcements.

A response is requested as soon as possible and, in any event, **by no later than 9:00 am, Monday, 22 January 2018.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Jeremy Newman

Senior Adviser, Listings Compliance (Perth)

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