



STONE RESOURCES AUSTRALIA LIMITED

31st January 2013

DECEMBER QUARTER ACTIVITIES REPORT

Quarterly Highlights

- Treatment facility in care and maintenance mode
- Drilling in Alpha commenced
- Partial results of assay testing for Ben Hur obtained
- To set aside statutory demands has been applied
- Changes in key management

Overview of operations

The treatment facility has been in care and maintenance mode since 15 September 2012 and it remained in such mode during the quarter. During the period, the Company has conducted researches on soliciting equipment and spare parts for the future refurbishment of the facility. The management believes that there will be room for cost saving in this area and intends to investigate this further at a later stage.

Exploration

A drilling contract was entered in November 2012 with Resource Drilling Services ("RDS") for the reverse circulation drilling program for Alpha Project of southern tenements. The drilling program involves 48 holes and a total of 5,350m. At the end of the quarter, RDS has completed drilling of 16 holes, with a total of 1,848m. It represents one third of holes have been completed, or 34.5% in meters. Distributions of holes drilled are shown in Diagram 1 enclosed.

Regarding northern tenements, 33,302 assay samples have been packed from Ben Hur and Cork Tree Well. By taking into account of 830 empty samples, a total of 34,132 samples have been delivered to laboratory for assay testing.

At the end of the quarter, the Company has obtained results of 2,249 assay samples from Ben Hur, out of 18 holes (Details of the holes drilled are enclosed in Table 1). There are 9 samples with higher grades with Au ppm ranging from 10.01 to 37.30. For those meaningful assay results, please refer to the statistics shown in Table 2.

Corporate

The Company has submitted applications to the court in early October 2012 to set aside the statutory demands raised by Hawker Geological Services Pty Ltd ("HGS") and VM Drilling Pty Ltd. The Company does not consider the claims (or part thereof) in the statutory demands legitimate. The cases are now under legal proceedings. The Company will provide a further update on these legal proceedings at an appropriate time in the future.

First Floor 265 Great Eastern Highway, Belmont W A 6104
Telephone (618) 9277 6008: Facsimile (618) 9277 6002: ASX Code SHK
Email info@stonerals.com.au website www.stonerresourcesaustralia.com
ABN 44 100 727 491: ASX Code SHK : Member of AMEC

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Mr. Andrew Hawker, a director of HGS, who has been compiling the exploration results for the Company in last two years, refused to give his consent for the inclusion of the resources statement in the Company's statutory accounts for the year ended 30 June 2012. In this regard, the Company was unable to complete its statutory accounts by the end of September 2012. Shares of the Company were suspended from Official Quotation since 1 October 2012 up to 12 October 2012, until the Company has appointed Dr Shuang Kui Ren to complete the relevant tasks.

Mr. Albert Longo resigned as Chief Financial Officer and Company Secretary of the Company on 12 October 2012. Subsequently, Mr. Francis Hui was appointed as Chief Financial Officer and Joint Company Secretary of the Company on 26 October 2012, while Mr. Sheng Hui Lu was appointed as Joint Company Secretary as well on the same date.

Mr. Edward Tai was not re-elected as a director at the Annual General Meeting held on 14 December 2012.

For further information, please see other ASX announcements or email the CEO at kaiyes@stoneral.com.au or Joint Company Secretary at shengl@stoneral.com.au

Yours sincerely,

Mr. Kaiye Shuai
CEO

The information in this Report that relates to exploration results, mineral resources or ore reserve is based on the information compiled by Dr Shuang Kui Ren who is a Member the Australasian Institute of Mining & Metallurgy and independent consultant to the Company. Dr Shuang Kui Ren has sufficient experience which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resource and Ore Reserves." Dr Shuang Kui Ren consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

For more information of the Company, please visit the Company's website: www.stonerresourcesaustralia.com or ASX's website by searching our ASX code: SHK

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Diagram 1 – DISTRIBUTION OF HOLES DRILLED IN ALPHA

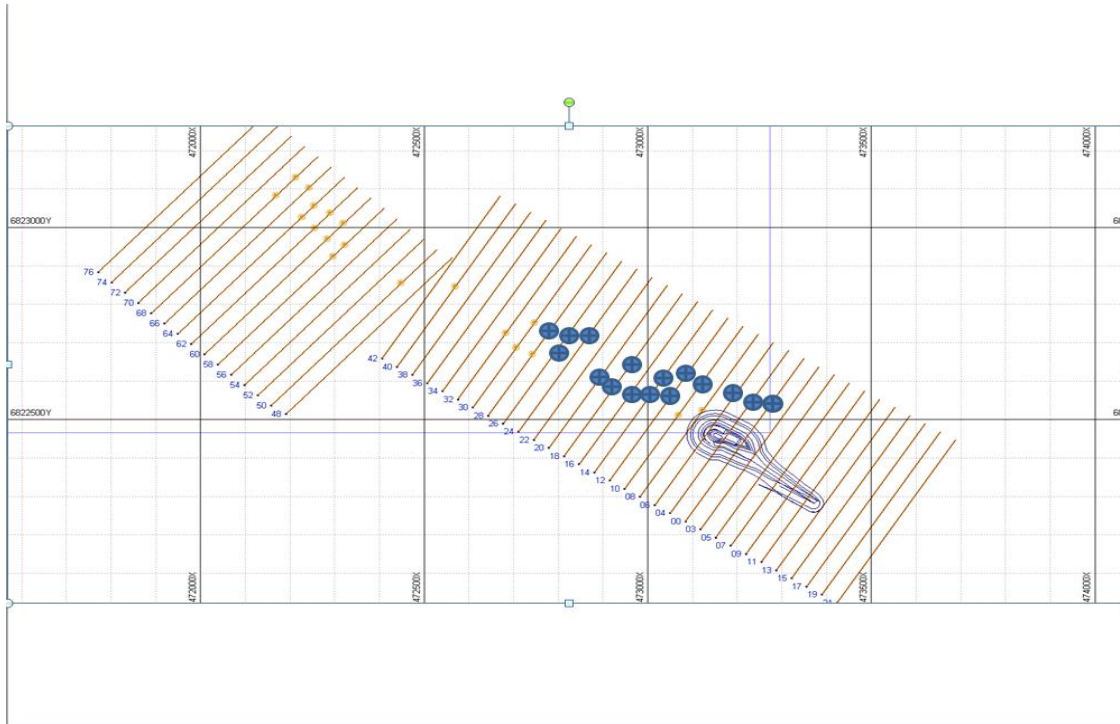


Table 1 – DETAILS OF THE 18 HOLES DRILLED IN BEN HUR

	Hole_ID	Planned_Northing_GDA	Planned_Easting_GDA	Planned_RL_m	Total_drilled_m	Azimuth_Magnetic	DIP	Drill_Type
1	DBR1604	6883960.148	437914.309	479.068	144	256	-60	RC
2	DBR1203	6884000.434	437878.278	478.712	133	256	-60	RC
3	DBR0801	6884055.252	437884.236	478.531	156	256	-60	RC
4	DBR2001	6883887.062	437860.254	479.115	72	256	-60	RC
5	DBR1201	6884007.266	437900.033	478.861	163	256	-60	RC
6	DBR1202	6884019.772	437948.228	478.847	190	256	-60	RC
7	DBR1501	6884283.415	437773.512	477.338	115	256	-60	RC
8	DBR0301	6884145.759	437840.216	478.021	127	256	-60	RC
9	DBR0805	6884050.817	437862.179	478.482	120	256	-60	RC
10	DBR0803	6884038.362	437814.908	478.268	70	256	-60	RC
11	DBR0701	6884189.291	437798.097	477.442	114	256	-60	RC
12	DBR2601	6883822.929	437878.041	479.449	72	256	-60	RC
13	DBR2002	6883891.411	437879.161	479.197	90	256	-60	RC
14	DBR2405	6883869.352	437963.084	479.68	174	256	-60	RC
15	DBR2402	6883847.401	437867.209	479.332	72	256	-60	RC
16	DBR0802	6884059.521	437909.177	478.74	186	256	-60	RC
17	DBR0804	6884045.554	437846.163	478.394	100	256	-60	RC
18	DBR0402	6884103.444	437876.806	478.405	151	256	-60	RC

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Table 2 – MEANINGFUL STATISTICS OF ASSAY RESULTS IN BEN HUR

<u>Drill Hole No.</u>	<u>From</u>	<u>To</u>	<u>Intercept</u>
	(m)	(m)	
DBR1604	76	93	17m @ 3.11 ppm (Including 7m @ 5.83 ppm from 76m)
	101	117	16m @ 2.08 ppm (Including 1m @ 10.75 ppm from 101m)
DBR1203	59	76	17m @ 3.06 ppm (Including 4m @ 4.00 ppm from 62m; 6m @ 4.59 ppm from 70m)
	92	100	8m @ 3.04 ppm (Including 5m @ 4.33 ppm from 92m)
DBR0801	71	73	2m @ 1.43 ppm
DBR1201	89	96	7m @ 3.25 ppm (Including 4m @ 4.85 ppm from 92m)
	121	123	2m @ 2.47 ppm
DBR1202	161	164	3m @ 2.71 ppm
	173	175	2m @ 1.62 ppm
	181	182	1m @ 1.72 ppm
DBR1501	82	84	2m @ 2.05 ppm
	93	94	1m @ 1.67 ppm
DBR0301	98	100	2m @ 1.31 ppm
	102	103	1m @ 1.17 ppm
DBR0805	78	81	3m @ 3.03 ppm (Including 1m @ 5.92 ppm from 78m)
	83	91	8m @ 2.01 ppm (Including 1m @ 5.63 ppm from 85m)
DBR0803	12	14	2m @ 1.29 ppm
	26	27	1m @ 1.79 ppm
	33	34	2m @ 1.95 ppm
DBR0701	32	33	1m @ 4.96 ppm
	72	73	1m @ 1.45 ppm
	78	81	3m @ 1.04 ppm
DBR2405	97	138	41m @ 3.13 ppm (Including 3m @ 8.12 ppm from 101m; 16m @ 4.99 ppm from 122m)
DBR0802	148	155	7m @ 0.99 ppm
DBR0804	46	48	2m @ 2.73 ppm
	60	70	10m @ 2.59 ppm

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