



STONE RESOURCES AUSTRALIA LIMITED

MARCH QUARTER ACTIVITIES REPORT

Highlights

- Installation of BrightStar Gold Processing Plant with CPC Goldfields Pty Ltd
- Conducting MMI Geochemical sampling across Tenement E38/1936
- Conducting Surface geological mapping across EPSILON Tenement Group
- Geochemical sampling across P38/3857, P38/3858, P38/3859, P38/3860, P38/3861

Overview of Operations

The installation of the new Plant at BrightStar gold processing plant (located 35km South-East of Laverton, Western Australia) is carried out by contractor CPC Goldfields Pty Ltd under Stone Resources Australia Limited supervision. The project commenced on 12th March with CPC Goldfields' mobilised engineering personnel and equipment at the BrightStar Site.

The above project includes the installation of a new cone crusher, a new ball mill, a new Knelson concentrator, a new vibrating screen and the refurbishment of existing trash and carbon screens, jaw crusher, conveyor belt and relocation of a cyclone cluster and its associated pipework. The installation of the cone crusher and accessories including operating and maintenance platform, stairs and handles was completed on 25th March. The ball mill steel lining was completed on 23rd March. The frame installation and preparation work are currently being carried out.

Other equipment such as jaw crusher, cyclone cluster, ball mill discharge hopper, chute and conveyor belt were inspected and refurbished where necessary during the on-going work, by CPC Engineering personnel. Detailed scope of work completed includes: check and replace rollers and springs on jaw crusher; refurbish the trash and carbon screen by CPC's Kalgoorlie workshop; cut and adjust the conveyor belt; and, refurbish and rubber lining of the ball mill discharge hopper and chute.

Current progress accounts for 50% of the project scope as per pre-schedule by CPC Goldfields Pty Ltd. The installation work is expected to be completed within the next 5 weeks.



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Exploration

Based on previous assay results from a 300 m spacing staggered MMI geochemical sampling, three relatively high anomaly zones had been located. The company continued to conduct MMI geochemical sampling and analyzing program across tenement E38/1936 during the quarter, increased the sampling spacing of current stage to 100 m x 50 m (staggered) in order to gain more specified characteristic towards the potential mineralization zones. In this quarter, 1040 MMI samples were taken across an area of 5 km² within tenement E38/1936. Meanwhile, a 1:5000 surface geological mapping was also being conducted across the North of tenement E38/1936. In total 73 Geochemical samples from tenements P38/3857, P38/3858, P38/3859, P38/3860 and P38/3861 were taken in order to obtain an understanding towards mineralization hosting potential across the Company's group of Southern tenements.

All samples were sent to SGS laboratory in Perth for analysis.

Environment

On 29 January 2014, the Company submitted Version 2 of the Mining Proposal (MP) and accompanying Mine Closure Plan (MCP) for the Ben Hur Mine on Mining Lease M38/339 to the Environment Division, Department of Mines and Petroleum (DMP). DMP has commenced their assessment of the MP and MCP Version 2 and issued the Company with a request for further information on 5 March 2014. The DMP has noted that a revised MP and MCP will be required to be resubmitted to finalise assessment, however for the interim it has been recommended that the Company addresses DMP's queries via a written response. The Company is currently working with its consultants to provide a written response to DMP's queries in a timely and efficient manner.

During the quarter, the Company also continued to work with its environmental consultants and the DMP to address compliance issues on its Beta and Alpha sites on Mining Lease M38/009 and M38/968, respectively.

The Company completed a MP to address the discrepancies between the approved and actual disturbances at the Alpha Project on Mining Lease M38/968. The MP has been submitted to the DMP on 8 April 2014.



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The Company has also been working towards completion of a MP to address the discrepancies between the approved and actual disturbances at the Brightstar Beta Gold Project on Mining Lease M38/009.

On 28 February 2014, the Department of Environment and Regulation issued the Company with an amended *Environmental Protection Act 1986* licence to include a new location for the putrescible landfill site on The Brightstar Beta Mine Site. The Brightstar Beta Mine Site is a Prescribed Premise under Schedule 1 of the *Environmental Protection Act 1986* and is located on Mining Lease M38/009.

Corporate

Mr Francis Hui has resigned from the Chief Financial Officer/Joint Company Secretary role with effect from 4 April 2014 to pursue other interests.

The Board wishes to thank Francis for his support and commitment to the Company during his tenure.

Mr Kelei Xin was appointed Joint Company Secretary of the Company also with effect from 4 April 2014; however Mr Kelei Xin tendered his resignation on 16 April 2014 for personal reasons.

The Company is pleased to announce the appointment of Mr Tony Lau as Joint Company Secretary of the Company with effect from 16 April 2014.

Mr Sheng Lu is remaining as Joint Company Secretary of the Company.

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

Yours sincerely

Yong Han

CEO