



STONE RESOURCES AUSTRALIA LIMITED

30 July 2014

JUNE QUARTER ACTIVITIES REPORT

Highlights

BrightStar Gold Processing Plant Refurbishment Project is progressing

Overview of operations

During the quarter, CPC Engineering (CPC) continued the refurbishment of the Brightstar Gold processing plant located 35km southeast of Laverton in Western Australia.

The installation of the ball mill was completed on 22 May 2014, including: modification to the feeder chute; installation of the gear, motor, pinion and lube system, teeth profile and alignment check; and grouting. The installation of the Knelson gravity circuit and the modification/ installation work for the cyclone cluster and platform were completed on 3 April 2014 and 2 May 2014, respectively. The production screen was installed on 18 May 2014. Other work completed in the second quarter includes: jaw crusher and conveyor system inspection and repair; removal of the carbon screen in the CIL tanks; wiper blades refurbishment and rubber lining; carbon screen installation; and the supply of a new solution tank in the gold room. Due to unforeseeable equipment/ site conditions, variations were claimed by CPC; including, but not limited to: handrail and platform modification for the gravity circuit and ball mill; cyclone underflow launder box and distributor box repair; and ROM bin cleaning, parts/ material supply etc.

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The schedule of the project has been modified due to the following reasons:

1. 7 day Easter Holiday break was not captured in the original schedule;
2. CPC site personnel proposed to change from a 13 days on 1 day off roster to a 3 weeks on 1 week off roster;
3. Variation claims due to unforeseeable equipment, site and weather conditions etc.;
- and
4. CPC fatal accident that occurred on 26 May 2014 with a subsequent 5 weeks investigation.

CPC Engineering crew resumed the refurbishment works on 1 July 2014. The remaining works include: pipe work; and the installation of ball mill discharge chute, CIL tank carbon screens, wiper blades, impact rollers, production screen head chute and conveyor belt splicing. These works are expected to be completed 2 weeks after the delivery of the impact rollers to site. Following completion of these works, the Company will engage a suitable contractor to carry out electrical wiring work for the equipment.

Exploration

1. A geochemical sampling program was carried out on E38/1936 that is located approximately 60 km from Laverton. Sampling was undertaken in target areas selected from previous preliminary MMI analysis of tenement.
2. A total of 703 soil samples were collected on a 100 × 50 m staggered grid covering an area of 3.5 km², using a mesh size of -6+2 mm. The samples were assayed using MMI method for Au, As, Cu, Ag, Ni, Ce and Zn by SGS Pty Ltd.
3. A more detailed 1: 5000 geological mapping of target anomaly area was undertaken.
4. In northern Au anomaly zones of E38/1936, repeated samples were collected at the ration of 1:20 for QAQC purpose.
5. All samples were sent to lab for analysis. All soil samples were assayed using SGS Perth Laboratory.



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Environment

During the second quarter, the Company and its consultants continued to provide additional information requested by the Department of Mines and Petroleum (DMP) to facilitate the approval of the Ben Hur Mining Proposal and Mine Closure Plan. The Company anticipates that all additional environmental information will be finalised by the end of July 2014. The Company continues to work with its consultants to provide additional geotechnical information that has been requested by the DMP.

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

Yours sincerely

Yong Han

CEO

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