



STONE RESOURCES AUSTRALIA LIMITED

31st October 2014

SEPTEMBER QUARTER ACTIVITY REPORT

Highlights

- Engaged geotechnical consultant Dr Jinjun Jiang to undertake a geotechnical assessment of the proposed Ben Hur mine.
- Conducted review of historical exploration data for P38/3829, P38/3830, P38/3831, P38/3854, P38/3888, P38/3889, E38/2233 and E38/2234.
- Conducted exploration planning towards preparing an application to renew E38/2233 and E38/2234
- Submitted 640 samples from E38/1936 to SGS Laboratory for assaying.
- Recommenced refurbishment of the Brightstar Gold processing Plant
- Improved safety procedures and risk assessment

Overview of geological activities

The scope of the geotechnical consultant is to review previous geotechnical data, assess regional geotechnical conditions and finalise an assessment report, and if further required, supervise a Reverse Circulation drillhole down-hole televue survey to address the requirement for additional geotechnical data. The above geotechnical information is required to update the Ben Hur Mining Proposal for Department of Mines and Petroleum. This is expected to be completed in the next quarter.

A comprehensive review of historical exploration data was undertaken for P38/3829, P38/3830, P38/3831, P38/3854, P38/3888, P38/3889, E38/2233 and E38/2234. Thereafter for E38/2233 and E38/2234, conducted exploration planning, interpreted field mapping, conducted geochemical sampling and an aerial magnetic survey correlation towards preparing an application for the renewal of these tenements. Interpreted field mapping is currently in progress for tenements listed under the Brightstar North Combined Group.

Based on previous assay results from a 300 m spacing staggered MMI geochemical sampling, three relatively high anomaly zones were located and followed up with an infilled sampling program across tenement E38/1936. In total, 1700 MMI samples have been sent to SGS Laboratory for assaying. The results have been to an extent analysed and results of which are to be interpreted.

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Overview of Operations

The refurbishment of the Brightstar Gold processing plant that ceased on 26 May 2014 following a fatality, recommenced in the current quarter after satisfying safety concerns raised in prohibition notices from the Department of Mines and Petroleum.

CPC Engineering crew returned to site in July to resume the refurbishment works. A safety inspection was jointly conducted by management of the Company and CPC Engineering.

In the current quarter the following were completed:

- installation of the production screen accessories;
- cleaning of the CIL tank carbon screens;
- rubber-lining the inter tank screen wiper blades and re-installation;
- discharge chute modification and its installation to ball mills #1 and #2; and
- pipe work (ball mills to cyclone, cyclone to distribution box, trash screen and Knelson gravity circuit) and ball mill accessories.

Remaining works to be undertaken in the next quarter include: further pipe work associated with the Knelson gravity circuit, conveyor CV05 tail pulley installation, belt splicing and apron feeder roller installation.

Environment

During the quarter, the Company furnished information to address environmental queries raised by the Department of Mines and Petroleum in relation to the Ben Hur Mining Proposal and Mine Closure Plan.

Corporate

As part of the cost reduction exercise, it was necessary to carry out further redundancy of seven members of staff.

Annual Report of the Company for the year ended 30 June 2014 has been lodged on ASX website on 30 September 2014. An Annual General Meeting will be held at 3pm on 28 November 2014 at the Kings Hotel for shareholders to receive and consider this report, and to consider the business of the



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Company. Shareholders are welcome to join the meeting for voting in person. If you cannot attend the meeting, voting by proxy is also accepted.

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

Yours sincerely,

YONG HAN
CEO