



STONE RESOURCES AUSTRALIA LIMITED

31st December 2011

DECEMBER QUARTER ACTIVITIES REPORT

Quarterly Highlights

- **\$1.343m revenue in the quarter from gold and silver production**
- **806 oz of refined gold produced**
- **The previously announced subscription agreement was completed with Stone Resources Limited**
- **\$12.0m Convertible Note issued with conversion of \$11.5m exercised**
- **Toll treating agreement signed for commencement in first quarter calendar 2012**
- **The Name Change to Stone Resources Australia Limited was approved at the AGM**
- **The Share Purchase Plan closed under subscribed**

Stone Resources Ltd

In the quarter the debt owed to Watpac was repaid from the convertible note proceeds. During the quarter Stone Resources Limited converted \$11.5m of the convertible note into fully paid shares. The Share Purchase Plan which formed part of the funding arrangements was not supported by the general shareholders. Due to the market share price being substantially lower than the SPP price Stone Resources Limited did not take up the shortfall in the SPP. The SPP raised \$125,000.

Overview of operations

The Brightstar gold plant processed remnant stockpiles of ore during the quarter. Gold produced resulted from emptying the CIL tanks in readiness for the refurbishment of the draft tubes. In December a refurbishment programme was commenced to renew and repair parts of the processing plant in order to be ready for the toll treating due to commence in the next quarter. At quarter's end this work is progressing well and was on track and budget to complete in January



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Exploration

During the quarter further work was undertaken to determine near process plant exploration, particularly at Alpha with a view to expanding short term ore availability to allow processing after the toll treatment agreement ends. Drill targets have been identified and drilling is expected to commence early in the New Year after the holiday season.

The expanded exploration team has been undertaking a total review of the company's leases headed by the Chief Executive Officer, Kaiye Shuai. An initial focus will be further drilling at Alpha and Beta and identify fresh targets in the Northern Tenements

Project Development and Exploration

Tenements

An exploration programme (with more than 100,000 metres) has been prepared and is currently being costed with expressions of interest being canvassed for drilling companies in WA. It is anticipated that exploration drilling will commence in the first calendar quarter of 2012 to renew the focus on exploration to identify sustainable reserves/resources.

Toll Treatment

An agreement for toll treating ore was signed with Nex Metals Exploration (NME). Toll treating is expected to commence in the first calendar quarter of 2012. NME are currently putting in place all necessary approvals for ore haulage to the Brightstar plant..

For further information, please see other ASX announcements or email Company Secretary Albert Longo on Albertl@a1minerals.com.au

Yours sincerely,

Mr Yongji Duan

Chairman – A1 Minerals Limited

For full reports and information go to A1 Minerals website: www.a1minerals.com.au or **ASX Code: SHK**