



STONE RESOURCES AUSTRALIA LIMITED

ASX ANNOUNCEMENT

Project Update Report

Further to the Project Update Report dated 25 June 2013, Stone Resources is pleased to announce the following a recently completed MMI survey of E38/1937.

1. E38/1937 MMI Survey

1.1 Background

Distribution of sampling: Samples were taken on the relatively wide spacing of 300m. Figure 1:

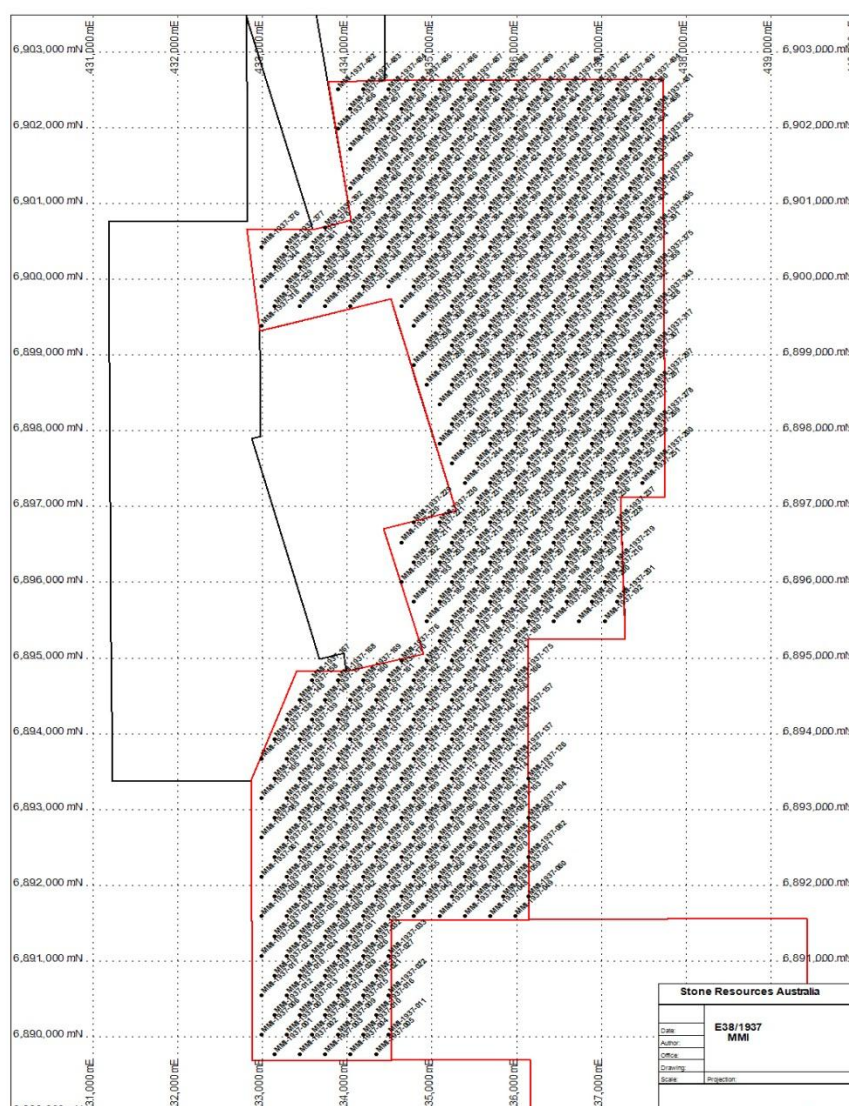


Figure 1

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Topography of sampling area, Figure 2:

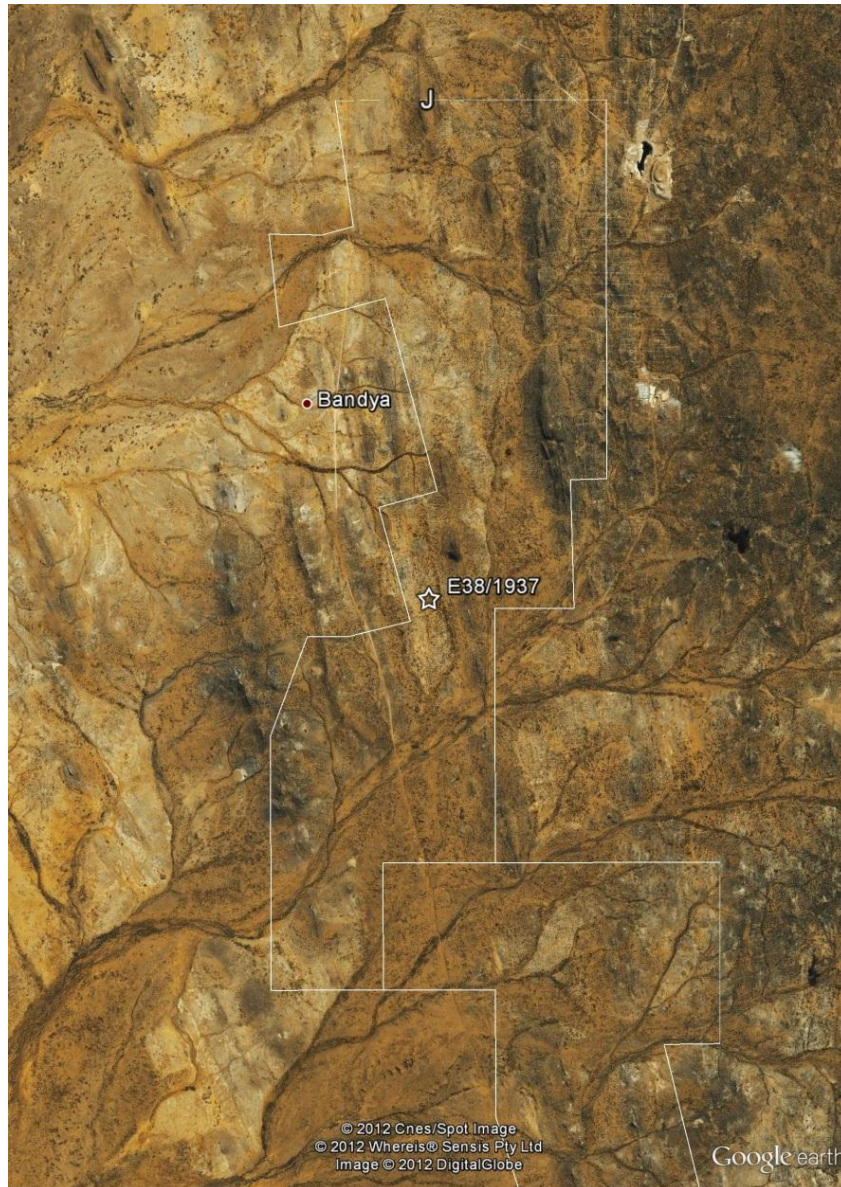


Figure 2

1.2 Methodology and analyzed elements:

MMI analyses of samples from the E38/1937 tenement NW of Laverton are processed by SGS Perth laboratory. After MMI extraction, elements Ag, As, Au, Ce, Cr, Cu, Ni, Pb, Pd, Pt and Zn were analyzed on an ICPMS instrument.

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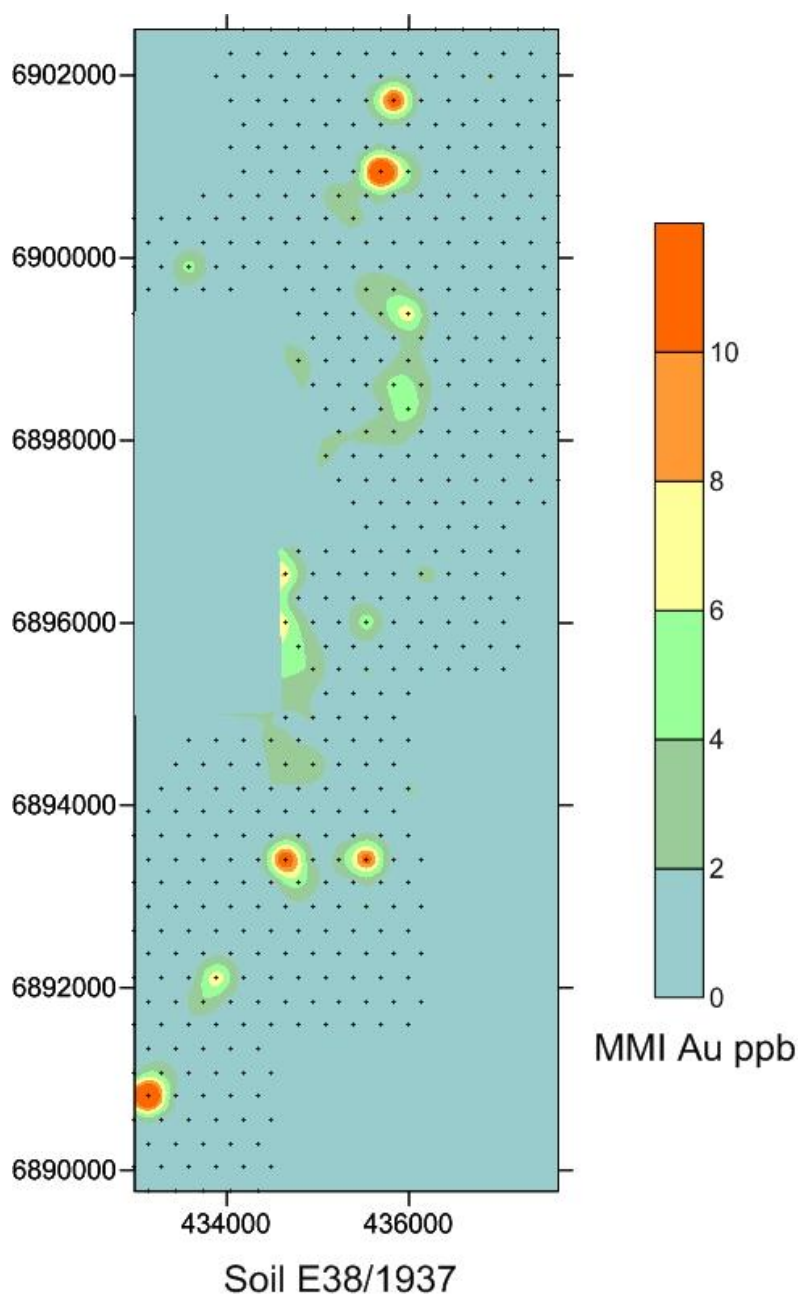


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2. Results

For most soil samples Cr and Pd were below the limit of detection and for Pt all samples were below the limit of detection, so there are no plots for these elements.

E38/1937 tenement Au anomaly plot

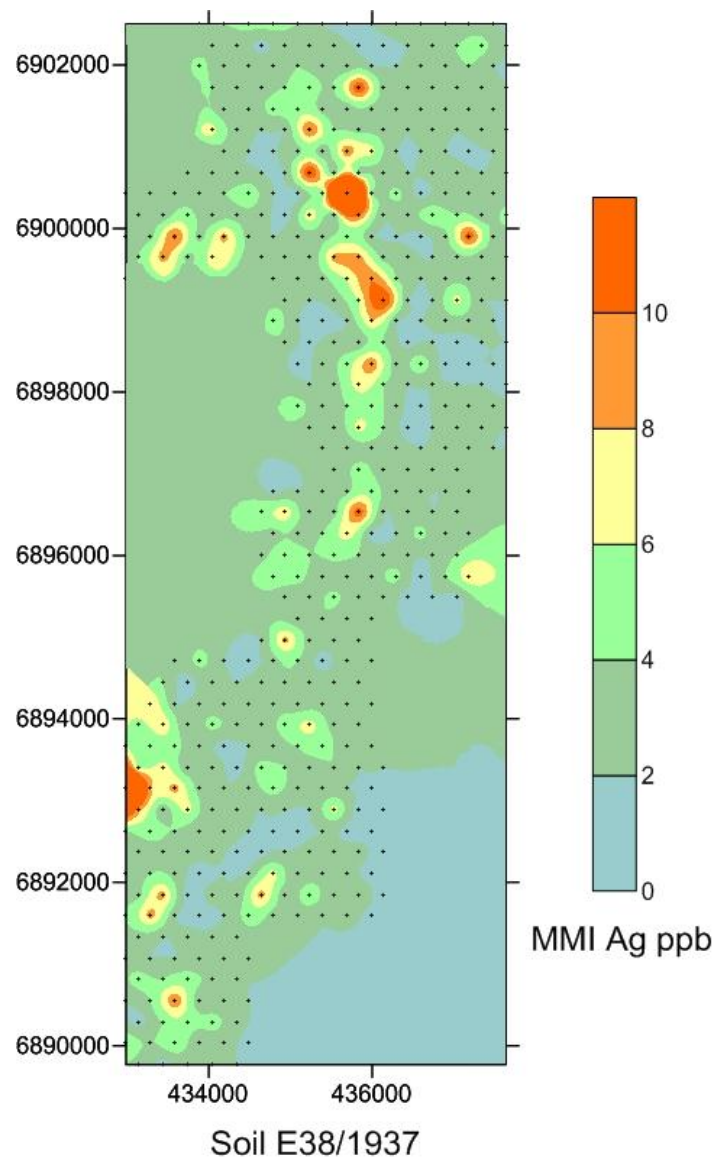




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- There are in total 5 MMI peak values spots with Au anomaly greater than 10 ppb occur in soils samples from E38/1937 tenement, spreading in northern and southern area.
- The Coordinates as following:
Peak value for Au of 19.3 ppb occurs at 433138E 6890811N;
Peak value for Au of 14.6 ppb occurs at 434638E 6893409N;
Peak value for Au of 12.7 ppb occurs at 435538E 6893409N;
Peak value for Au of 19.3 ppb occurs at 435688E 6900944N;
Peak value for Au of 14.4 ppb occurs at 435838E 6901723N;
Above listing locations for MMI Au high anomaly values are probably indicative of potential gold mineralization in the vicinity.

E38/1937 tenement Ag anomaly plot

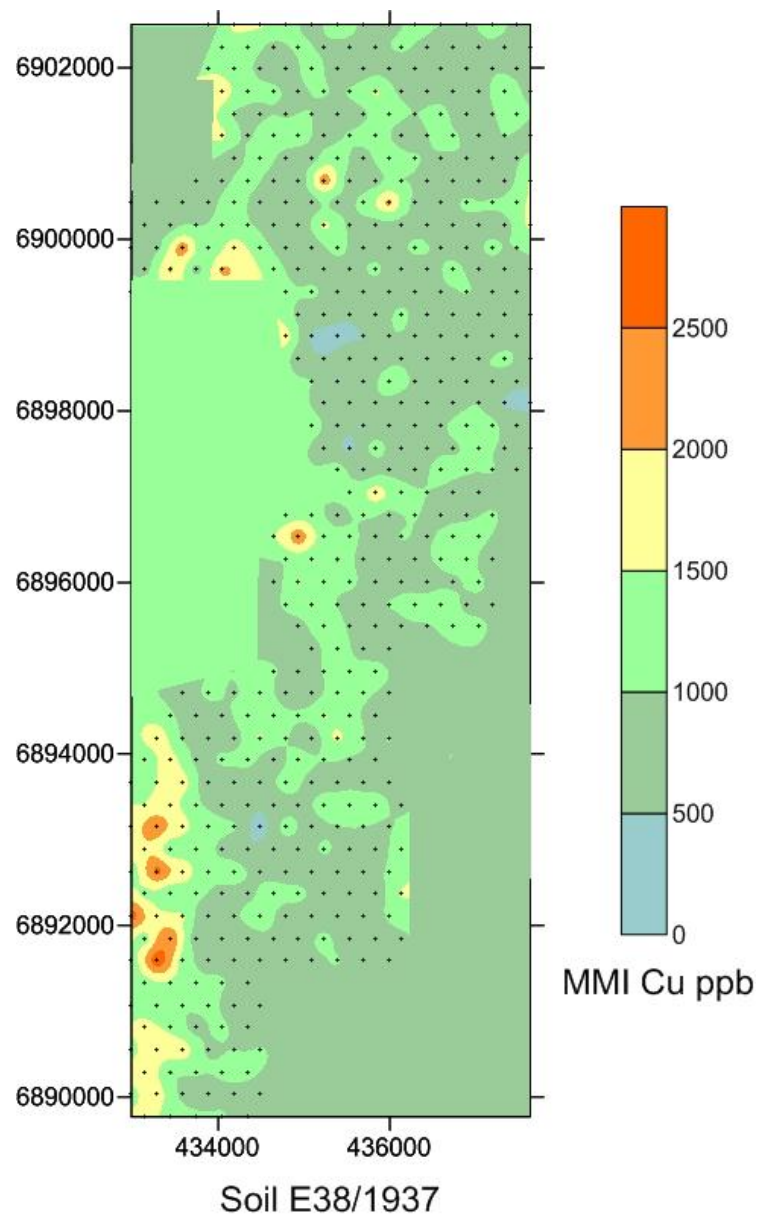




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- Highest values for MMI Ag in soils occur in the northern area of the tenement.
- The highest value for Ag is 41 ppb at 435688E 6900424N.
Silver often accompanies primary gold mineralization, this is probably indicative of primary Au mineralization in the vicinity.

E38/1937 tenement Cu anomaly plot



- Highest values for MMI Cu occur in soils in the south-east of the tenement.

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- The highest anomaly value for MMI Cu is 4010ppb at 439288E and 6890511N.
- Chalcopyrite often accompanies primary gold mineralization on the Yilgarn Block. This value is suggestive of related mineral mineralization.

3. Analysis of significant anomaly combination

3.1 significant anomaly elements combination

By overlapping anomalies of Au, Ag and Cu, there are 6 groups that with correlation in-between these elements, as Figure 3.

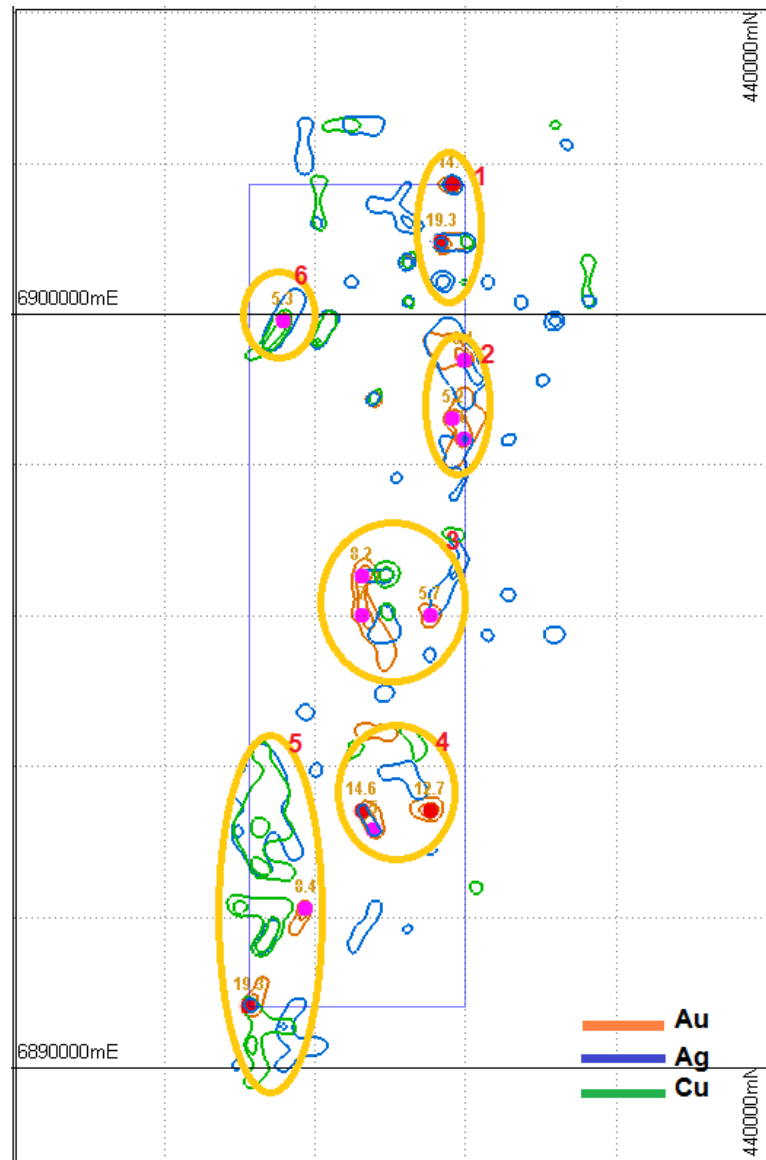


Figure 3



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Group 1: Au, Ag, Cu anomaly combination, peak values of Au is 19.3ppb and 14.4ppb at 435688E, 6900944N and 435838E, 6901723N. Anomalies of Au and Cu correlate well, while Ag anomaly is greater than 41ppb at 435688E, 6900424N.

Group 2: Au, Ag anomaly combination, peak values of Au is 8.4 ppb at 435988E, 6899385N. A peak value of Ag is 14 ppb at 436138E, 6899125N.

Group 3: Au, Ag and Cu anomaly combination:
Peak value of Au is 8.2 ppb at 434638E, 6896527N;
Peak value of Ag is 12 ppb at 435838E, 6896527N;
Peak value of Cu is 2470 ppb at 434938E, 6896527N.

Group 4: Au, Ag anomaly combination:
Peak values of Au are 14.6 ppb and 12.7 ppb at 434638E, 6893409N and 435538E, 6893409N;
Anomaly values of Ag are in-between 5-10 ppb, less than 10 ppb.

Group 5: Au, Ag and Cu anomaly combination:
Peak value of Au is 19.3 ppb at 433138E, 6890811N;
Peak value of Ag is 32 ppb at 432988E, 6893149N;
Peak value of Cu is 3030 ppb at 433288E, 6891591N.

Group 6: Au, Ag and Cu anomaly combination:
Peak value of Au is 5.3 ppb;
Peak value of Ag is 11 ppb;
Peak value of Cu is 2410 ppb.

3.2 Discussion

The above results have been interpreted together with aeromagnetic results (Figure 4) and suggest that:

Anomaly Group 1 and 2 occur in a NE extending aeromagnetic anomaly. MMI anomalies of Au Ag and Cu coincide well. Concentration of Au Ag values are generally high. These groups are interpreted to be indicative of gold mineralization in the vicinity.

Anomaly group 3 is located between two anomalous aeromagnetic areas. Its western end is near the boundary of tenement and the peak values are relatively low, which might not be considered as the first priority for exploration.

Anomaly group 4 also occurs between two aeromagnetic anomaly areas, but peak values of Au and Ag are relatively high, especially Au values are to 14.6



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ppb and 12.7 ppb. This anomaly group is suggestive of potential zones of mineralization.

Anomaly group 5 locates in a low aeromagnetic anomaly area between two high value stripes, it forms a secondary short axial anomaly, coincides with high Au and Ag peak values (Au 19.3 ppb and Ag 32 ppb) also is suggestive of potential mineralization.

Anomaly group 6 sit right on a high aeromagnetic anomaly stripe, since its range is small and peak value relatively low, also to close to tenement boundary, currently, it should not be considered as priority potential.

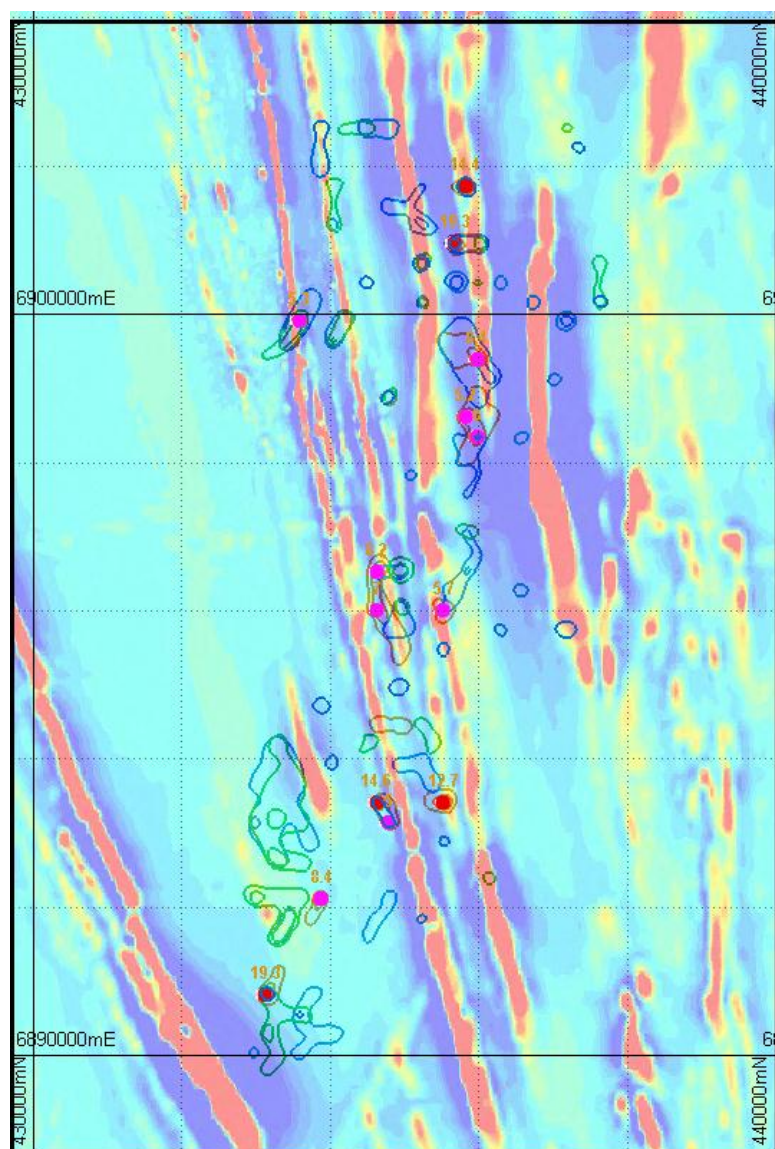


Figure 4



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The information in this report that relates to geology and mineral resources is based on the information compiled under the supervision of Dr Shuang Kui Ren, who is a Member of the Australasian Institute of Mining & Metallurgy. Dr Ren has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources 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.

Kaiye Shuai
Chief Executive Officer
15 July 2013

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