



STONE RESOURCES AUSTRALIA LIMITED

ASX ANNOUNCEMENT

Project Update Report

Further to the Project Update Reports dated 25 June 2013 and 15 July 2013, Stone Resources is pleased to announce the following a recently completed MMI survey of E38/1958.

1. E38/1958 MMI analysing

1.1 Background

Distribution of sampling: Samples were taken on the relatively wide spacing of 300m (Figure1), Topography of sampling area (Figure 2):

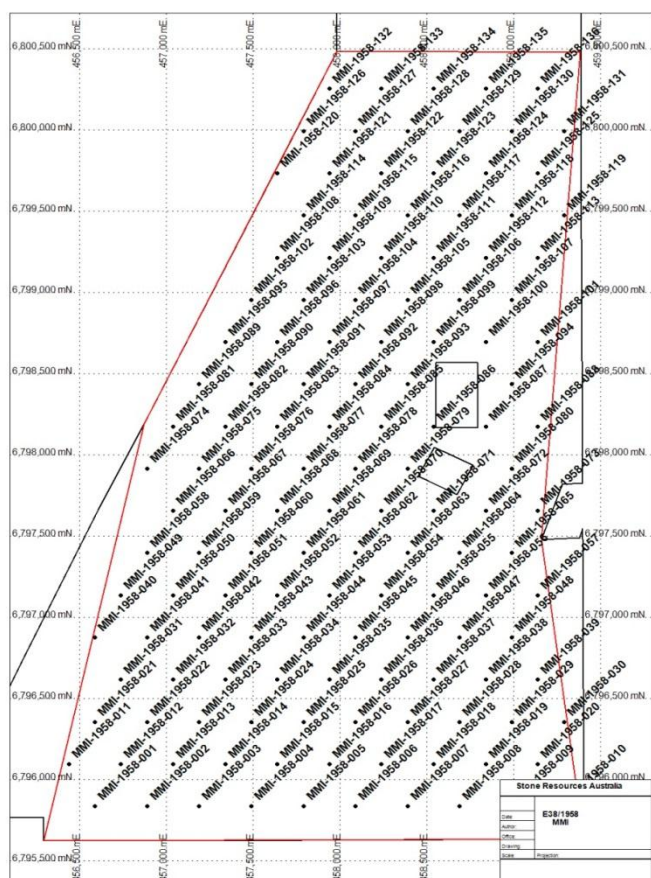


Figure 1

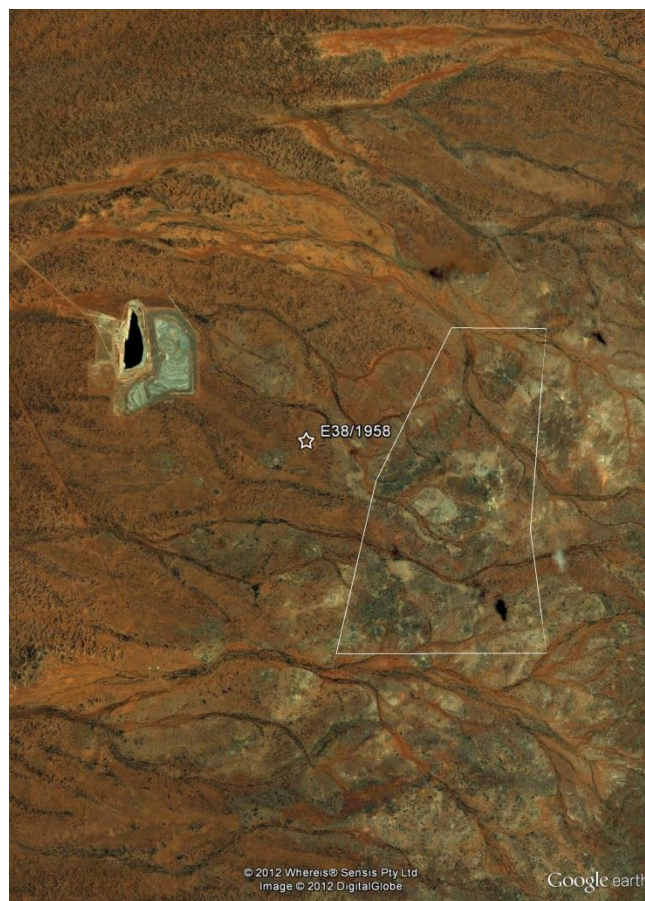


Figure 2

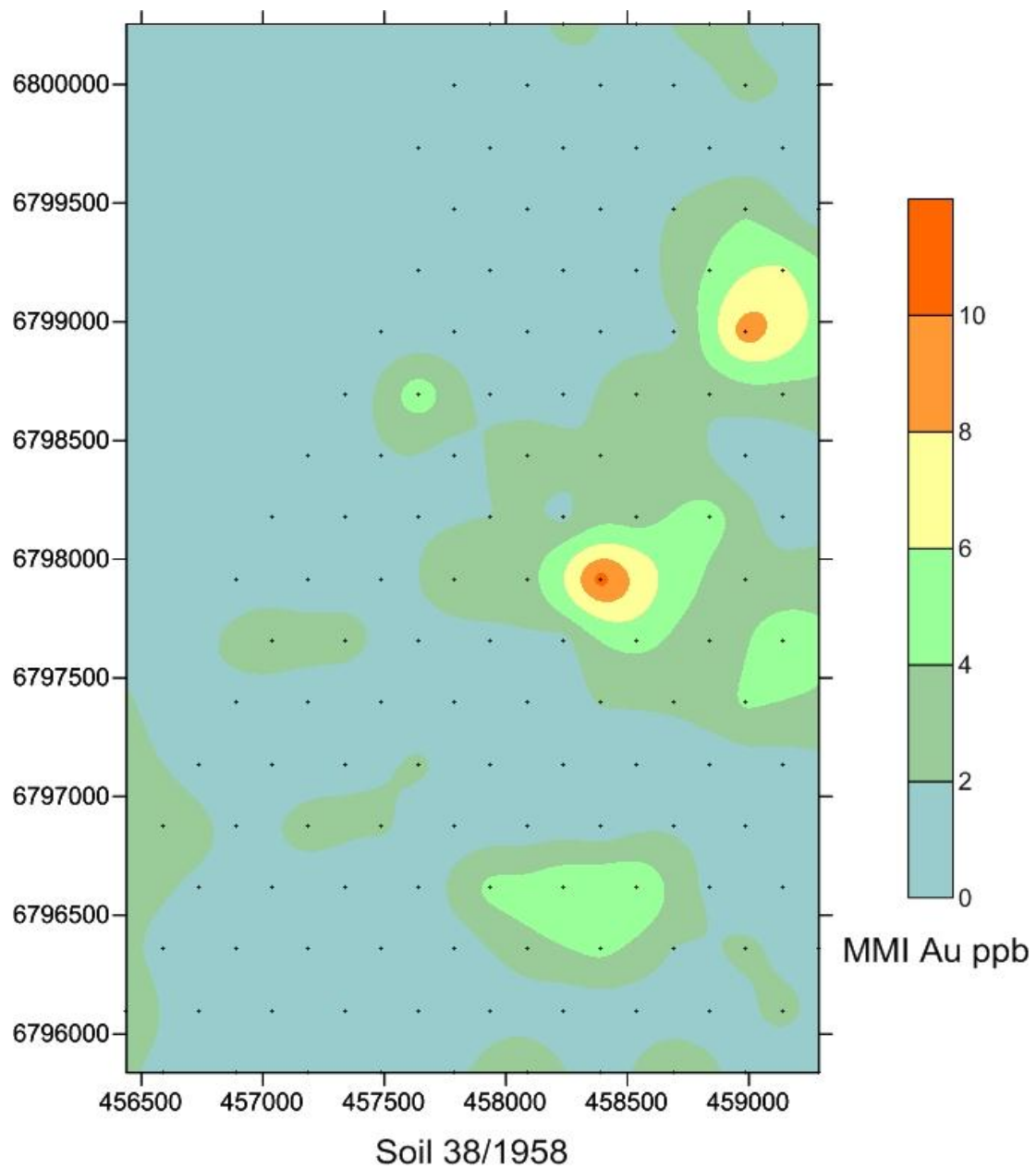
1.2 Methodology and analyzed elements:

MMI analyses of samples from the E38/1958 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.

2. Analysis 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.

E38/1958 tenement Au anomaly plot



- There are in total 2 MMI peak values spots with Au anomaly greater than 10 ppb **occur**

in soils samples from E38/1958 tenement, spreading in central-western area.

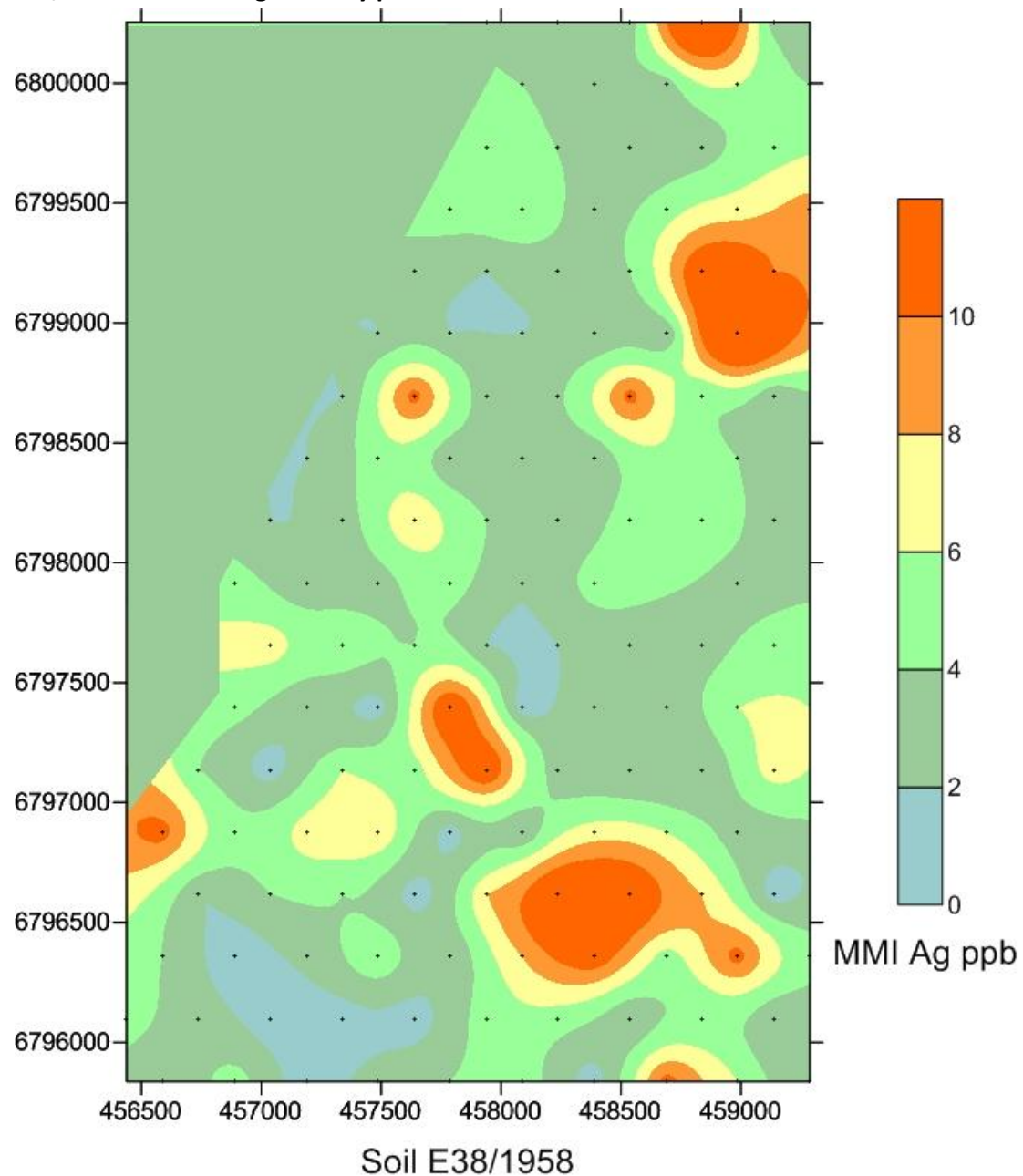
- The Coordinates as following:

Peak value for Au of 10.9ppb occurs at 458388E, 6797916N;

Peak value for Au of 9.2 ppb occurs at 458988E, 6798955N.

Above listing locations for MMI Au high anomaly values are probably indicative of potential gold mineralization in the vicinity.

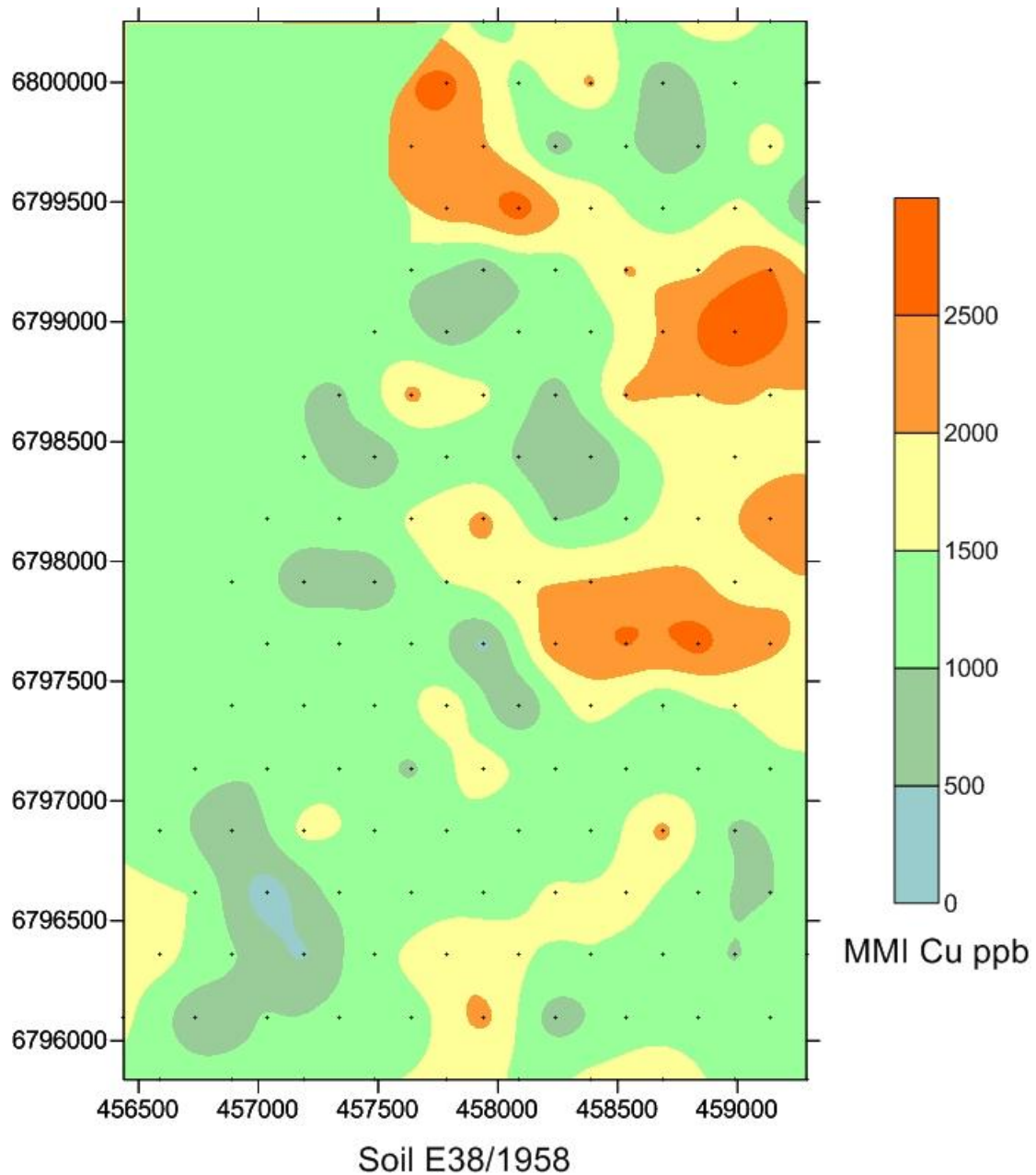
E38/1958 tenement Ag anomaly plot



- Highest values for MMI Ag in soils occur in the north-western and southern area of the tenement.

- Silver often accompanies primary gold mineralization, this is probably indicative of primary Au mineralization in the vicinity.

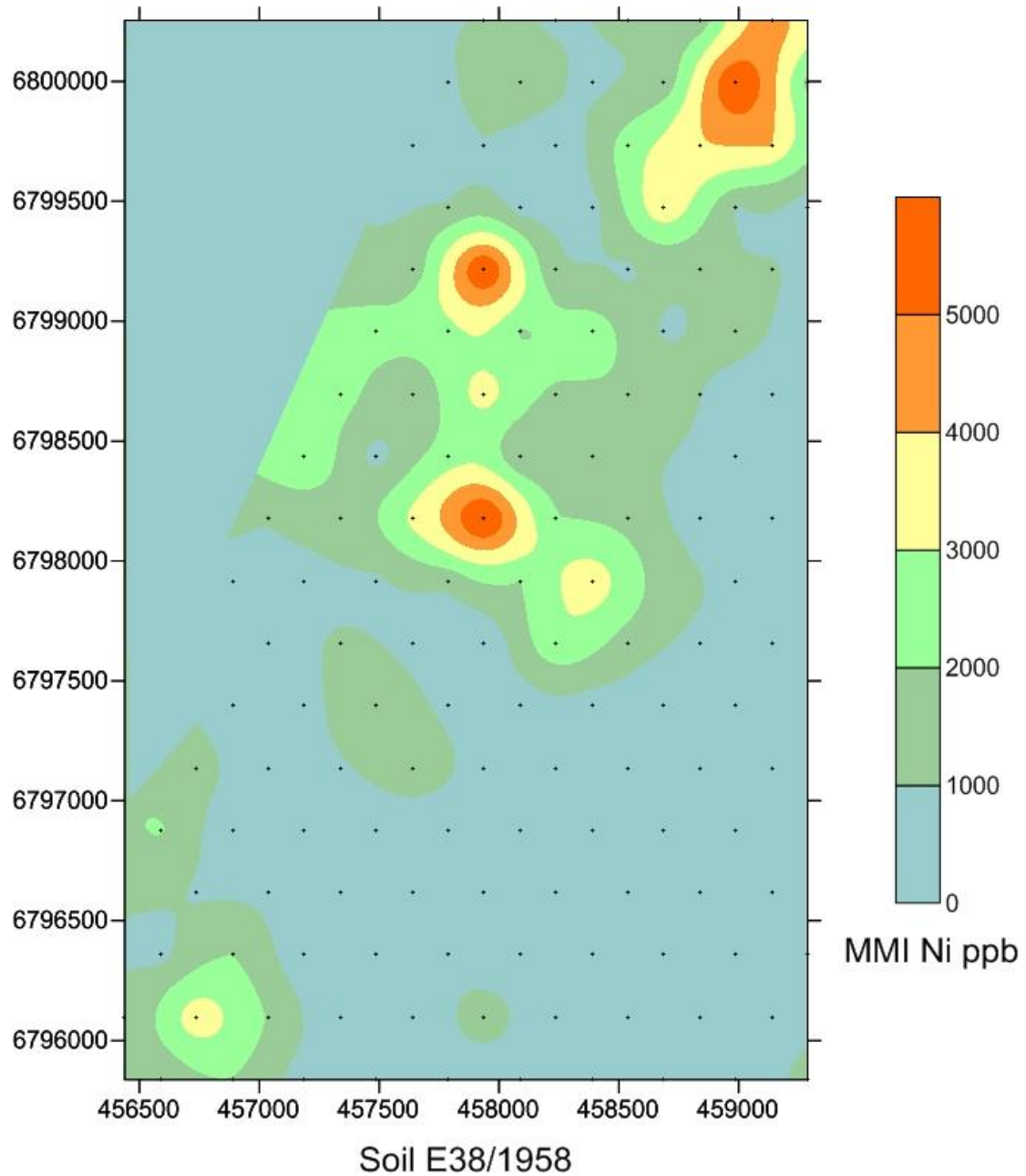
E38/1958 tenement Cu anomaly plot



- Highest values for MMI Cu occur in soils in the central-western area of the tenement.
- The highest anomaly value for MMI Cu is 3140ppb at 458988E 6798955N.

- Chalcopyrite often accompanies primary gold mineralization on the Yilgarn Block. This value is suggestive of related mineral mineralization.

E38/1958 tenement Ni anomaly plot



- Values of MMI Ni > 2000ppb are indicative of ultramafic substrate.
- A small area with MMI Ni > 2000ppb, peak value 6568ppb

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.

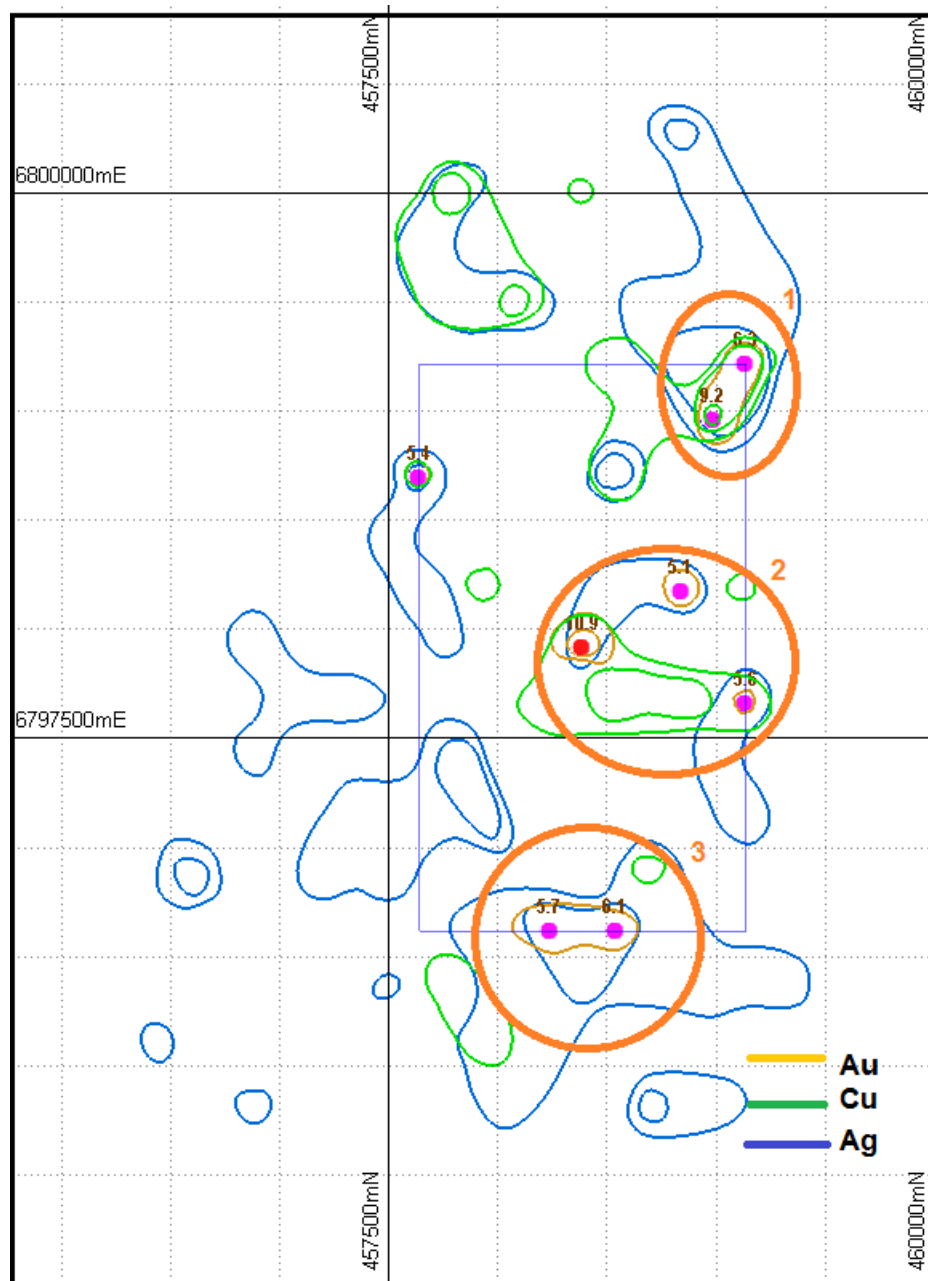


Figure 3

Group 1: Au, Ag, Cu anomaly combination, peak values of Au is 9.2ppb at 458988E, 6798955N. Anomalies of Au and Cu correlate well, while Ag anomalies are 19 ppb, 13 ppb and 10 ppb.

Group 2: Au, Ag and Cu anomaly combination, peak values of Au is 10.9 ppb at 458388E 6797916N where Ag and Cu anomaly also occur.

Group 3: Au, Ag anomaly combination:

Peak values of Au are 6.1 ppb at 458538 E 6796617 N and 5.7 ppb at 458238E 6796617N.

Peak values of Ag are 14 ppb, 13 ppb and 11 ppb.

3.2 Analyses

Combining aeromagnetic with anomaly group (Figure 4) suggests that:

Anomaly Group 1 occurs in a NE extending aeromagnetic anomaly, Au, Ag anomaly values are relatively high. These groups are probably indicative of gold mineralization in the vicinity.

Anomaly group 2 also covers positive-negative aeromagnetic anomaly areas, while there are massive early civilian mining spots found, this group should not be considered as priority potential.

Anomaly group 3 occurs in an area where aeromagnetic anomaly is average and low, additional surface geology survey would help determining its perspective.

From figure 4 and figure 5, there are 3 highest Au anomalies located in a NE extending aeromagnetic anomaly and also coincide with the green stone belt in local area. This anomaly group is suggestive of potential mineralization.

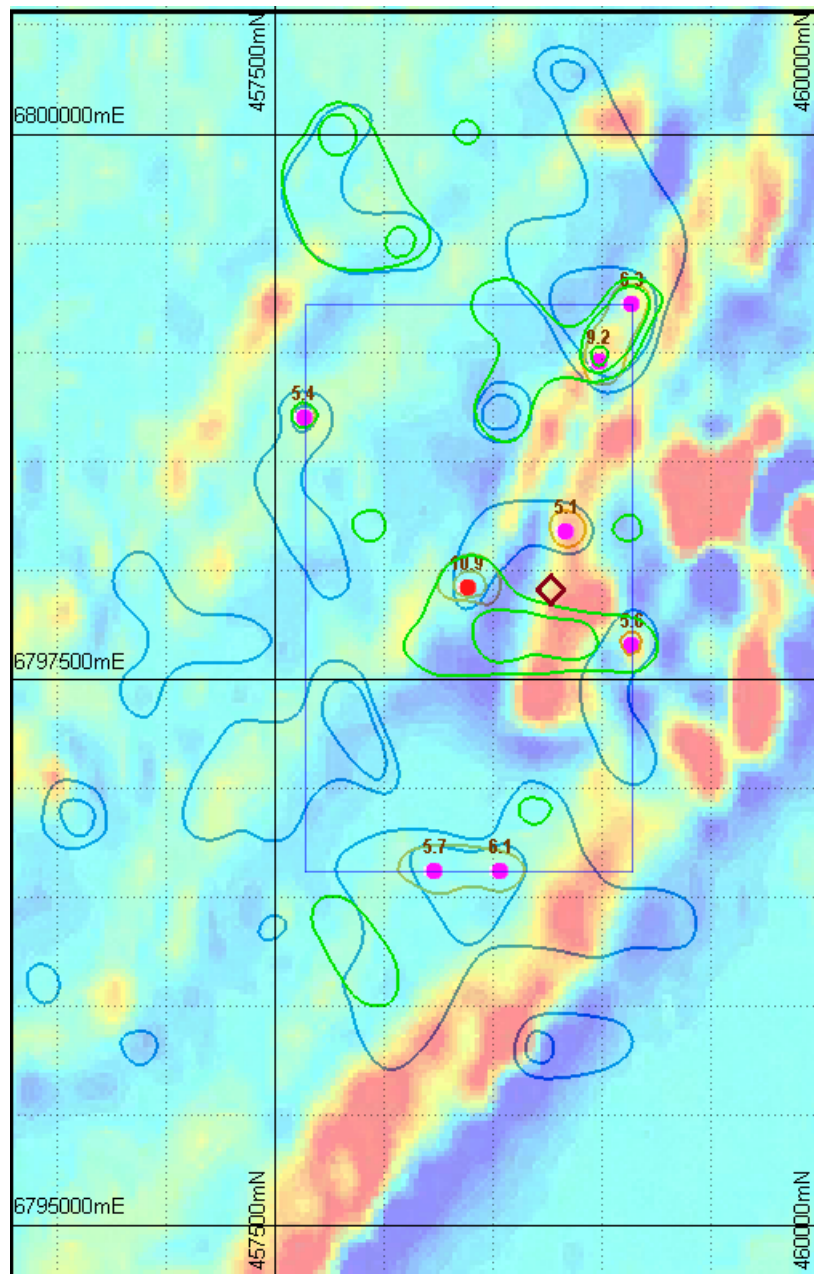


Figure 4

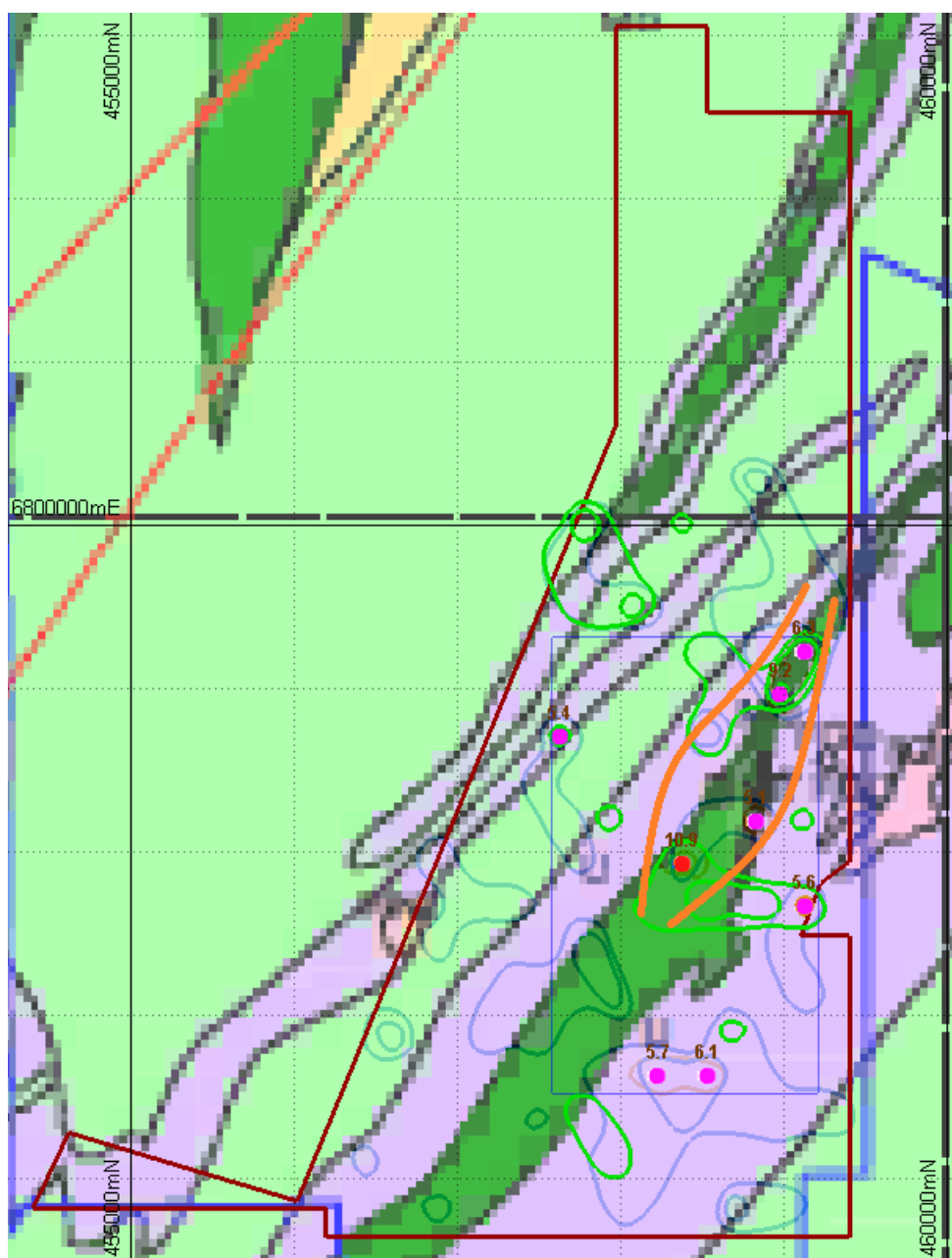
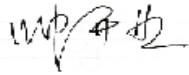


Figure 5

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
5 August 2013

For further information, please contact the company on +61 8 9277 6008.