



STONE RESOURCES AUSTRALIA LIMITED

31st October 2013

SEPTEMBER QUARTER ACTIVITIES REPORT

Quarterly Highlights

- Replacing certain parts of the treatment facility
- Applying mining approval documents
- Continuing field reconnaissance activities
- Carrying MMI geochemical survey work
- Rectifying statutory non-compliance in environmental issues

Overview of operations

During the quarter, ball mill, cone crusher and vibrating screen have been delivered to the plant. Replacement of these parts have almost been completed at the end of the period. The plant is now ready for production.

As mentioned in last quarter activities report, a decision has been made to proceed with mining at M38/339 of Ben Hur, mine design and development of mining proposal have been completed during this quarter. In addition, application for mining permits has been submitted to the Department of Mines and Petroleum ("DMP").

Exploration

During the quarter, the Company continued the field reconnaissance activities on three northern tenements in Laverton. Components of the activities included compilation of historical exploration data pertaining to the project area and geochemical sampling. The findings from the field reconnaissance and interpretation of results will be used to assess the feasibility of further exploration and development work.

The Company also continued to conduct MMI geochemical survey work across additional tenements to determine the potential to identify additional targets warranting further investigation. The Company has disclosed the MMI survey analyse results of E38/1937 and E38/1958 on the website of ASX on 15 July 2013 and 5 August 2013 respectively.

Environment

During the quarter, the Company continued to work with DMP and environmental consultants to identify statutory non-compliance and to formulate agreed approaches for addressing these on an acceptable timeline. Long-term strategies have been developed and progressively implemented to ensure that full statutory compliance can be achieved.



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Corporate

On 3 September 2013, the Company was served with a Writ of Summons from its former employee, Mr. Albert Longo, claiming a total damage of about \$533,000. The Company is defending these legal proceedings.

Annual Report of the Company for the year ended 30 June 2013 has been lodged on ASX website on 25 October 2013. An Annual General Meeting will be held at 3 pm on 29 November 2013 at the Kings Hotel for shareholders to receive and consider this report, and to consider the business of the 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 the CEO at kaiyes@stoneral.com.au or Joint Company Secretary at shengl@stoneral.com.au

Yours sincerely,

Mr. Kaiye Shuai
CEO

The information in this Report that relates to exploration results, mineral resources or ore reserve is based on the information compiled by Dr Shuang Kui Ren who is a Member of the Australasian Institute of Mining & Metallurgy and independent consultant to the Company. Dr Shuang Kui 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.

For more information of the Company, please visit the Company's website: www.stoneral.com.au or ASX's website by searching our ASX code: SHK