



STONE RESOURCES AUSTRALIA LIMITED

ABN - 44 100 727 491

2 September 2020

Stone Resources Australia Limited completes divestment of Ben Hur Project, paving way for DECA

- SRAL's SPA with Regis Resources for divestment of Ben Hur Project has successfully completed
- SRAL to receive \$10M in Regis shares
- Completion fulfils a key condition precedent of the Debt Equity Compromise Agreement between SRAL and major shareholders
- SRAL now positioned to proceed to seek shareholder approval of the Debt Equity Compromise Agreement to approve cancellation of \$53M in debt and the buy-back of major shareholders' 58% shareholding

West Australian gold development company Stone Resources Australia Limited (**ASX: SHK**) (**SRAL** or the **Company**) is pleased to announce that the sale purchase agreement (**SPA**) with Regis Resources Ltd (**Regis**) previously announced to ASX on 12 August 2020 has successfully completed.

Under the SPA and associated agreements, SRAL will receive:

- (a) \$10 million in Regis shares with \$9,750,000 worth of Regis shares issued today (being 1.82 million Regis shares based on a 5-day VWAP of \$5.35/share) and \$250,000 worth of Regis to be issued on or about on 11 November 2020 minus any expenses Regis incurs to keep the sale tenements in good standing; and
- (b) a 1% NSR on Mining Lease 38/339 commencing after the first 100koz have been produced from M38/339. After \$5 million has been paid under the royalty, the royalty will revert to a 0.0025% NSR for four years.

Completion of the SPA is a key condition precedent of the Debt Equity Compromise Agreement (**DECA**) announced to ASX on 25 March 2020 and as amended as set out in the ASX release on 29 June 2020.

Non-executive SRAL director Bill Hobba commented:

"Completion of the SPA is a big step forward in completing SRAL's recapitalisation and realising the value of SRAL's South Brightstar project amid record high gold prices. We are pleased to have worked with Regis to secure assets that will allow SRAL to meet its obligations to major shareholders under the DECA, and proceed toward obtaining the necessary shareholder approvals to finalise our recapitalisation."

In accordance with its obligations under the DECA, SRAL is now positioned to seek shareholder approval for the transactions set out in the DECA, and subsequently pay major shareholders Stone Resources (HK) Ltd (**Stone HK**) and Stone Resources Ltd (a Bermudan entity) (**Stone Bermuda**) \$6

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3/25 Belgravia Street Belmont WA 6104

Telephone: (618) 9277 6008 Facsimile: (618) 9277 6002

Email: info@stoneral.com.au Website: www.stoneral.com.au

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million cash on completion of the DECA, and a further \$5.4 million in SRAL shares or cash, at SRAL's election, within 36 months from 12 August 2020.

In exchange for these payments, the DECA provides for (subject to shareholder approval):

- (a) the cancellation by Stone HK of approximately \$53 million in debt owed by SRAL to Stone HK (**Debt Cancellation**); and
- (b) the buyback by SRAL of approximately 433 million shares held by Stone Bermuda and Stone HK, reducing SRAL's issued capital by about 58%, resulting in Stone Bermuda and Stone HK no longer being shareholders in SRAL (**Share Cancellation**).

BDO are currently preparing an independent expert's report to be circulated with shareholder approval documentation pursuant to which SRAL will seek shareholder approval of the Debt Cancellation and Share Cancellation.

SRAL look forward to updating the market with further news of the DECA's progression.

This announcement is authorised by Non-executive Director William Hobba on behalf of the Board of the Company.

For further information, please contact:

William Hobba

Non-executive Director

Phone: +61 8 9277 6008

Email: miningservicesA1@bigpond.com

Liam Twigger

PCF Capital Group

Phone: +61 (0)412 796 632

Email: liam@pcfcapital.com.au

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Announcement contains forward-looking statements and forward-looking information within the meaning of applicable Australian securities laws, which are based on expectations, estimates and projections as of the date of this Announcement.

This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability

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of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Indonesia and Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information.

Although the forward-looking information contained in this Announcement is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this Announcement