STONE RESOURCES AUSTRALIA LIMITED

ASX Announcement

Project Update Report

Further to the various project reports announced this year, Stone Resources Australia Ltd is pleased to announce the recently completed MMI survey of Western Mining Leases (M38/381, M38/94, M38/95, M38/314).

1. Western Mining Leases MMI Survey

1.1 Background

Locations of sampling: Samples were taken on the relatively wide spacing of 300m.

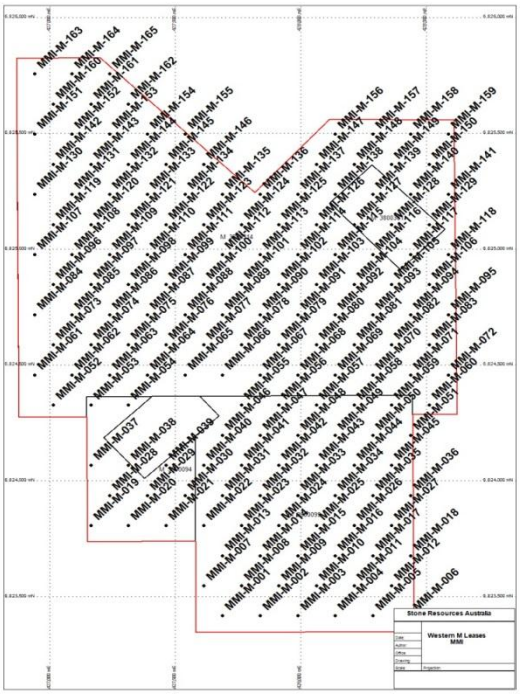


Figure 1: Sampling locations

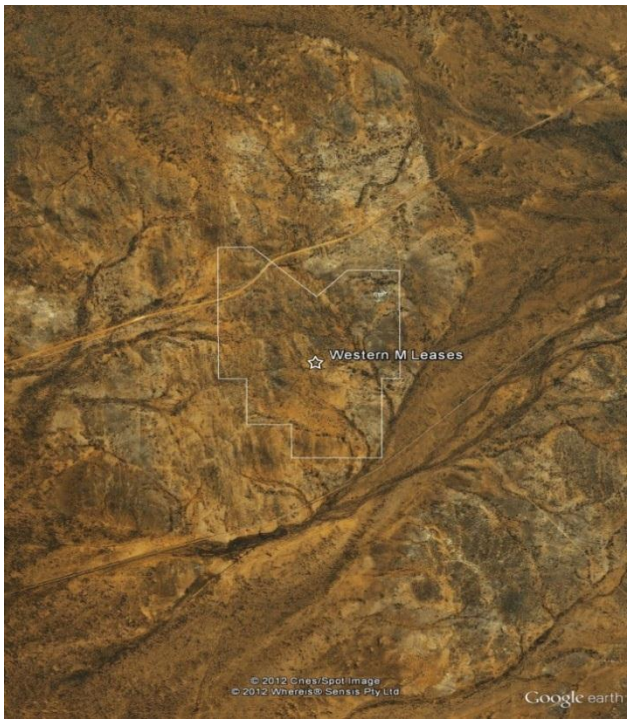


Figure 2: Tenements locations

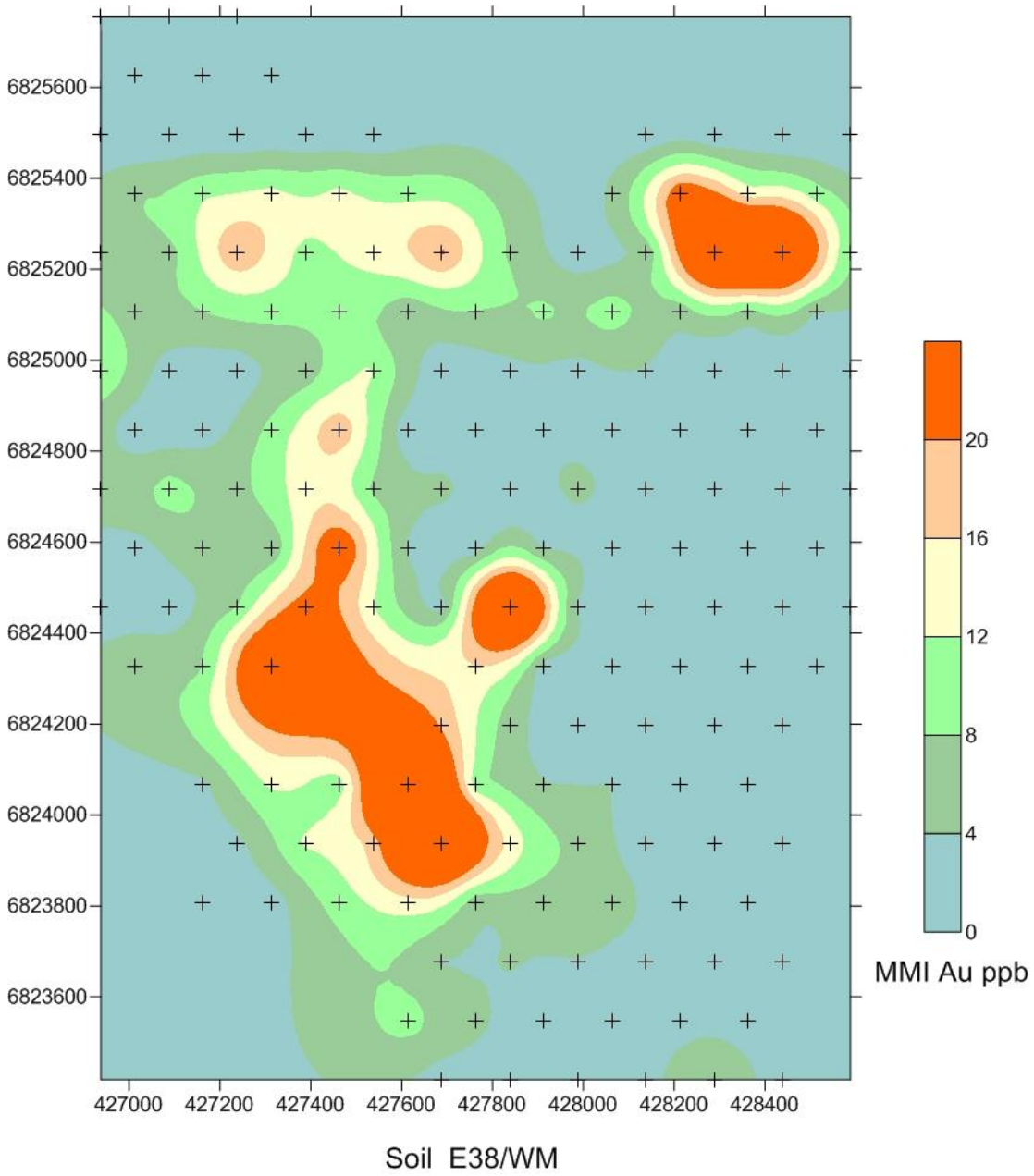
1.2 Methodology and analyzed elements:

MMI analyses of samples from the Western Mining Leases, NW of Laverton are processed by SGS Perth laboratory. After MMI extraction, the samples were analyzed for Au, Ag, Cu, Ce, Ni and Zn using ICPMS methods.

2. Results

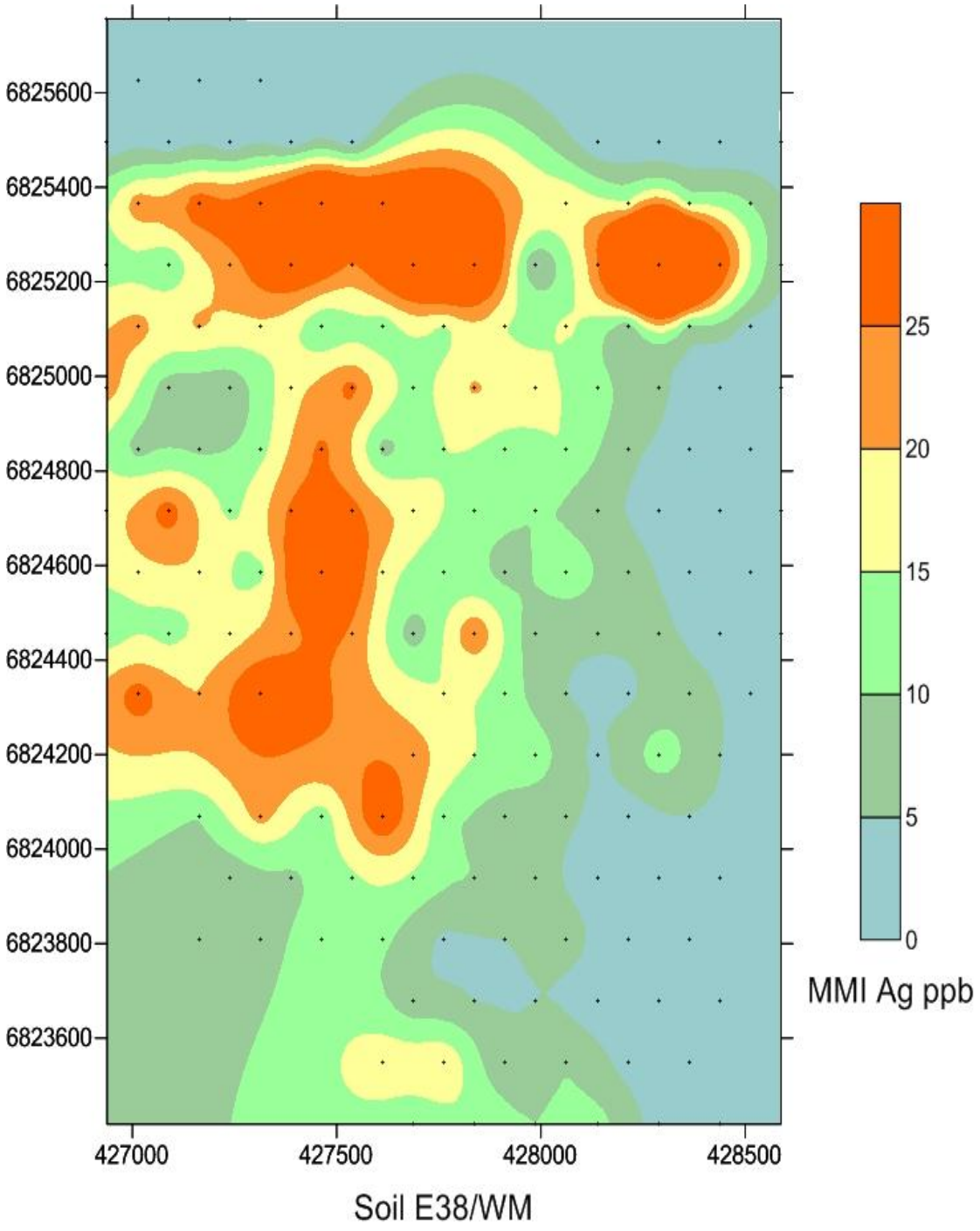
For most samples Cr and Pd are below the limit of detection and for Pt all samples are below the limit of detection, so there are no plots for these elements.

2.1 MMI Au



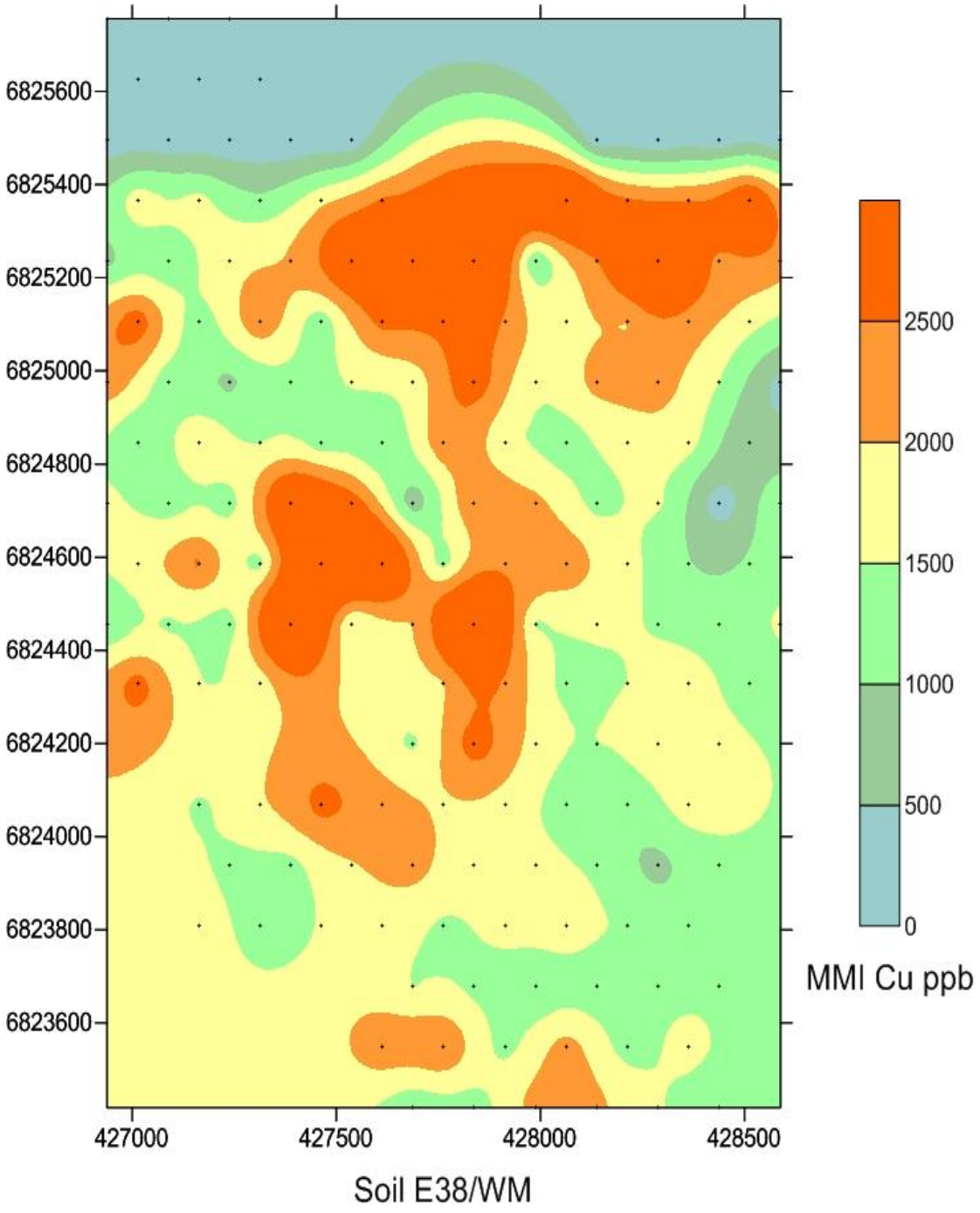
- There are in total 18 samples with MMI Au values above 10 ppb from the area.
- Average MMI Au value is high, and peak value is 710 ppb at 428288E 6825236N.

2.1 MMI Ag



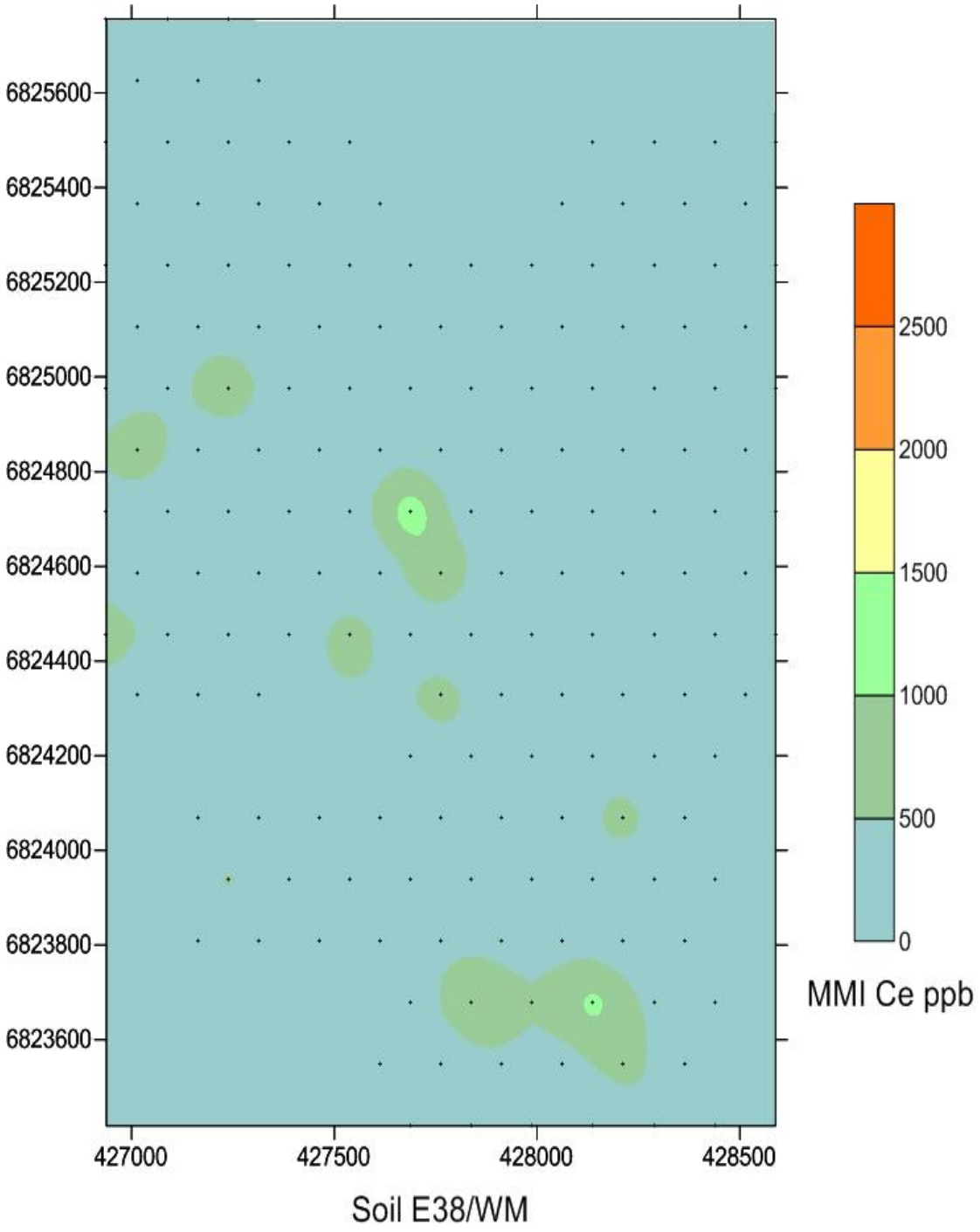
- There are in total 34 MMI Ag values above 20 ppb from the area, concentrating in central area.
- Peak value occurs at 428288E and 6825236N with the value of 98 ppb.
- The distribution of Ag and Au are well correlated, showing the potential of Au mineralization in the vicinity.

2.3 MMI Cu



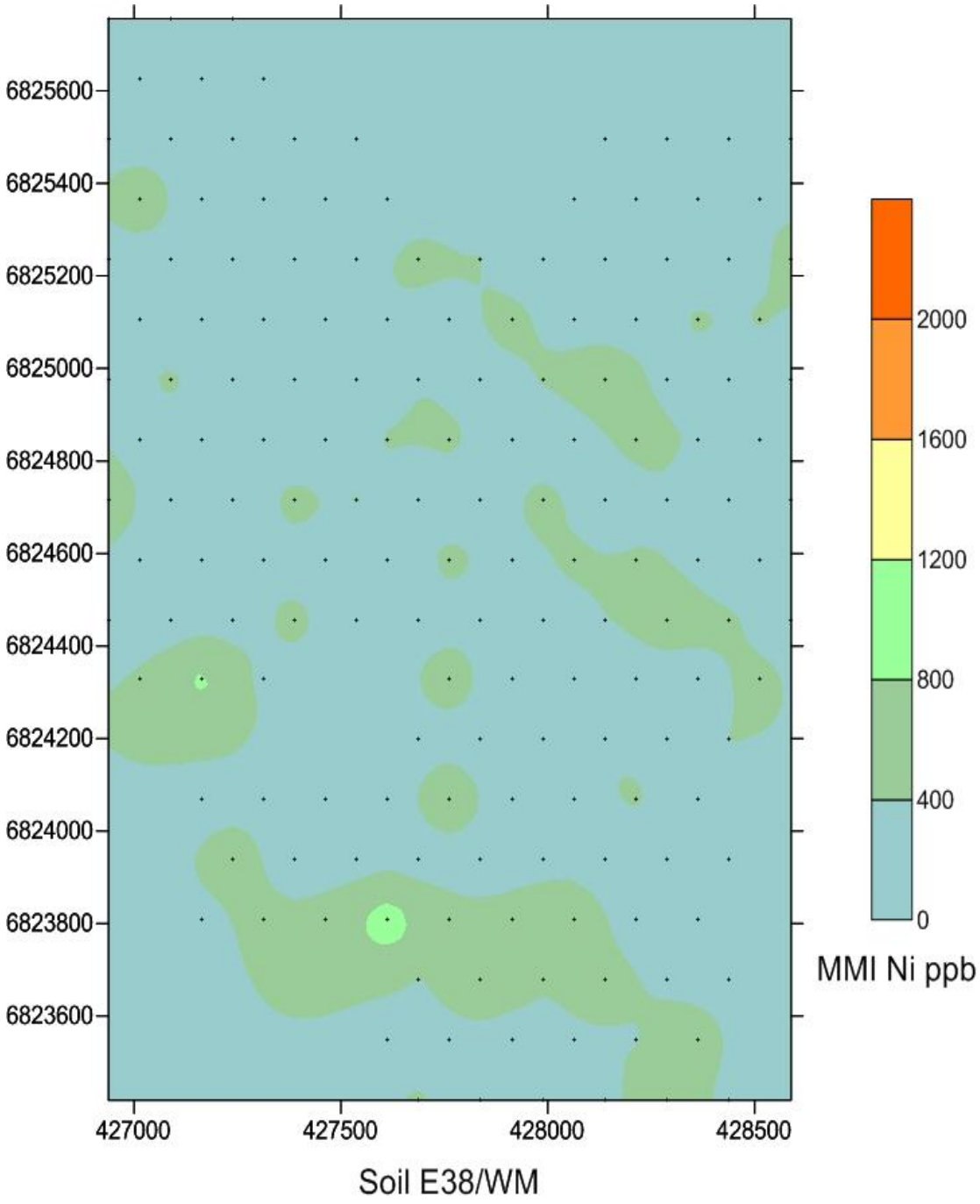
- The distribution of Cu is similar to Au and Ag.
- Peak value occurs at 427838E and 6824457N, with MMI Cu at 4560 ppb.

2.4 MMI Ce



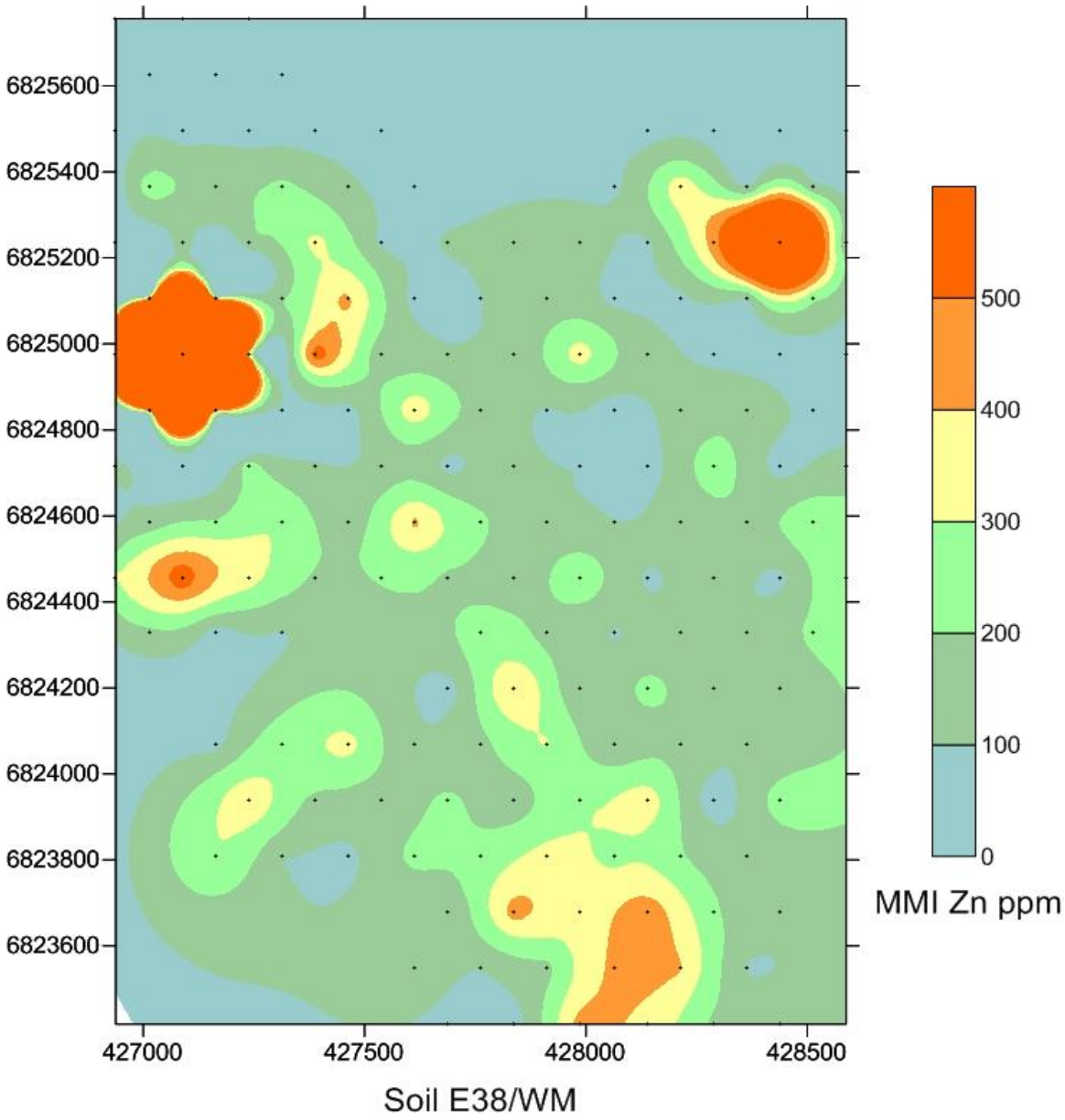
- The MMI Ce on this tenement are low by MMI standards and not considered significant.

2.5 MMI Ni



- The MMI Ni from soils sampleson this tenement are low by MMI standards and not considered significant.

2.6 MMI Zn



- The MMI Zn from soil samples on this tenement are low by MMI standards and not considered significant.

3. Analysis of significant anomaly combinations

3.1 significant anomalies with anomalous element combinations

By overlapping MMI Au, Ag and Cu, there are 4 groups that with correlation in-between these elements, as Figure 3.

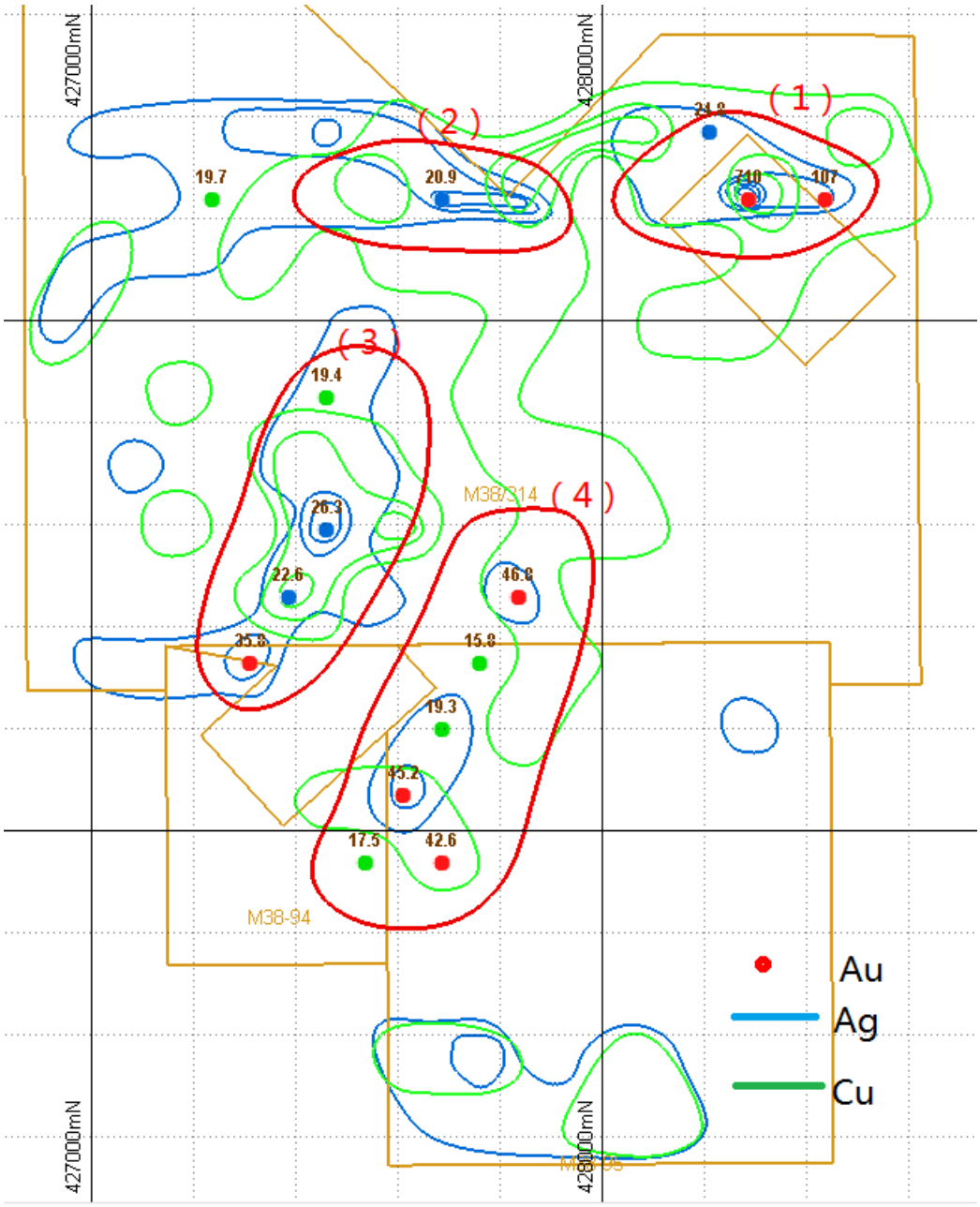


Figure 3: Anomaly groups

Group 1: Au, Ag, Cu combination. Peak anomaly of Au is 710 ppb at 428288E, 6825236N. Anomalies of Au coincide with Ag and Cu anomalies, Ag peak anomaly is 98 ppb and Cu peak anomaly is 4050 ppb. This anomaly zone trends in east-west direction.

Group 2: Au, Ag, Cu combination. Peak anomaly of Au is 20.9 ppb. Ag peak anomaly is 45 ppb and Cu peak anomaly is 4940 ppb. This anomaly zone trends in east-west direction.

Group 3: Au, Ag, Cu combination. Peak anomalies of Au are 35.8 and 26.3 ppb, at 427313E 6824327N and 427463E 6824587N. Ag peak value is 43 ppb and Cu 4460 and 4040 ppb. This anomaly zone is NE extending.

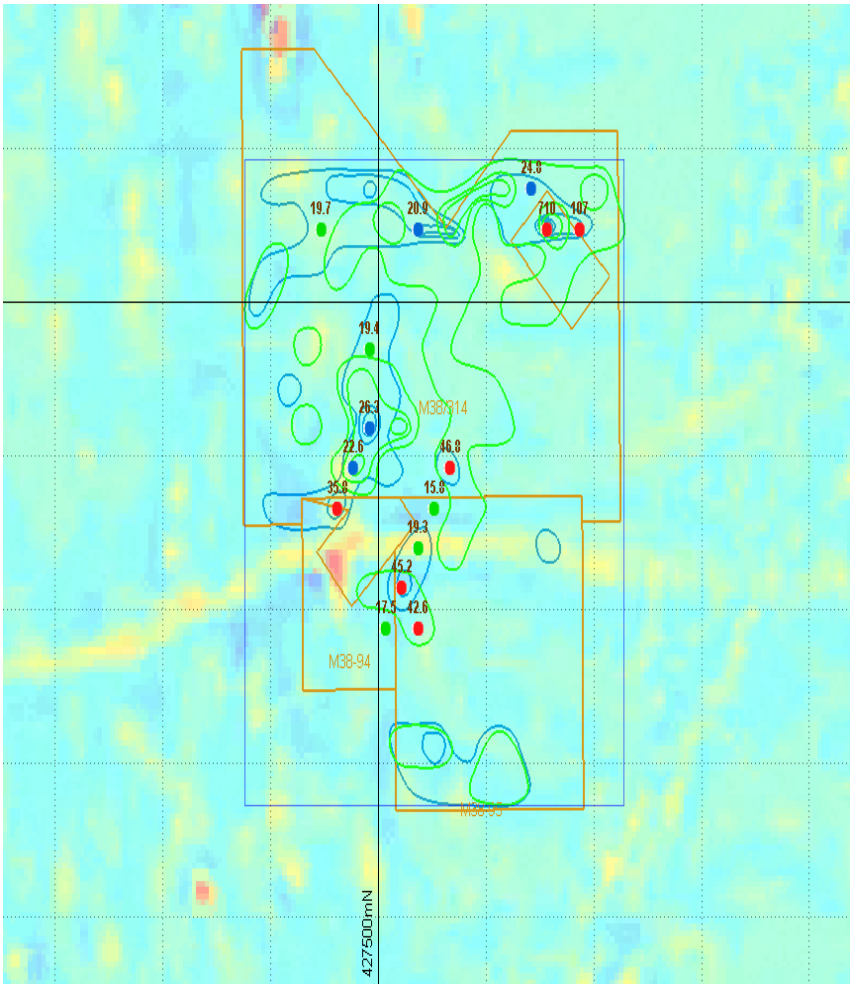
Group 4: Au, Ag, Cu combination, peak anomalies of Au are 46.8 and 45.2 ppb, at 427838E

6824457N and 427613E 6824067N. Ag peak anomalies are 31 and 25 ppb and Cu peak anomaly is 4560 ppb. This anomaly zone is NE extending.

3.2 Analyses

Combining aeromagnetic with anomaly group (Figure 4) suggests that: the area is relatively small and located in a negative anomaly zone on aeromagnetic plot. There is an east-west extending structure developing in this area (correlate with anomaly group 1, 2) and also a small scale NE extending structure (correlate with anomaly group 3, 4).

Figure 4: Anomaly groups on aeromagnetic map



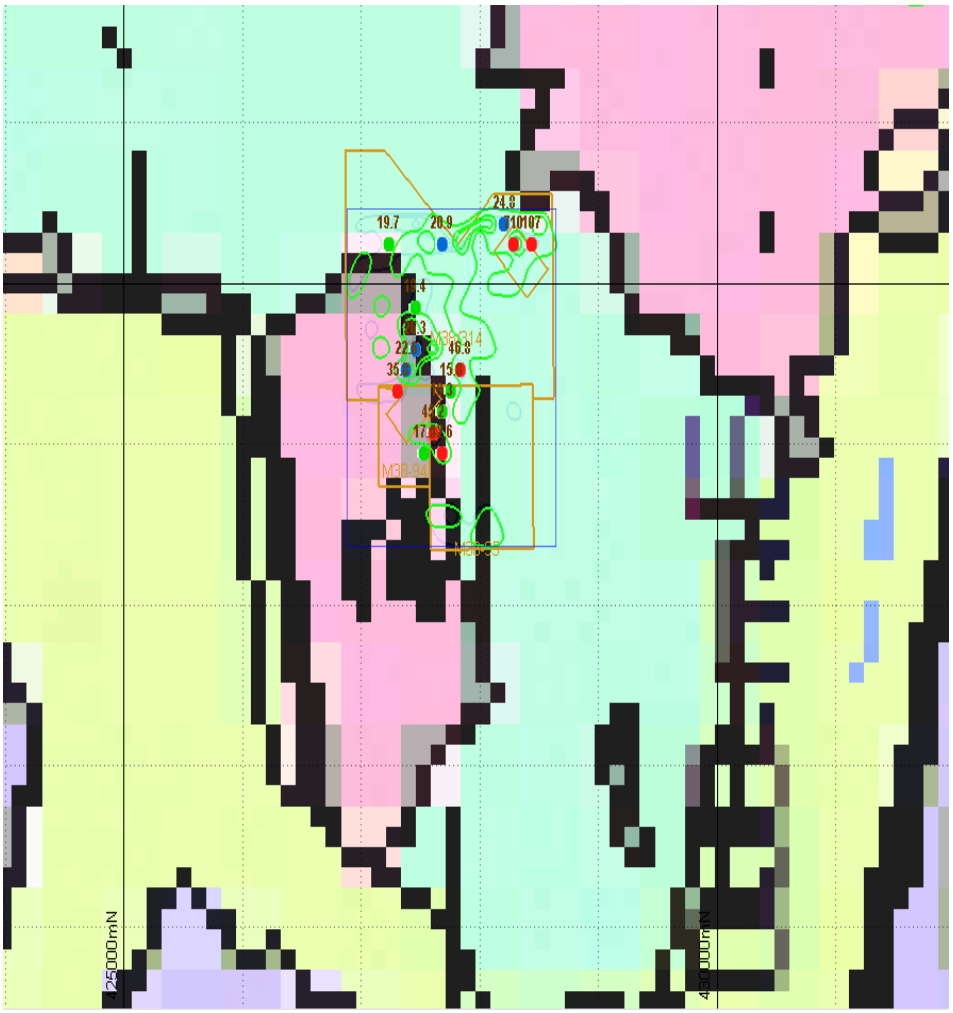


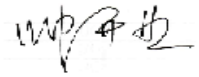
Figure 5: Anomaly groups on geology map

This area is located on an interface of amphibolite and a felsic intrusive body (Figure 5). Outcrops in this area are mainly green stone dyke and lamproite indicating strong thematic liquid activity. Historical production activities are found within the area which show evidence of Au mineralization found in the vicinity.

4. DISCUSSION & RECOMMENDATIONS

Ground investigation is planned in the above anomalous areas. Duplicate samples will be collected for verification and also to select target area for future exploration.

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 and an independent consultant to the Company. Dr Ren has sufficient experience relevant to the style of mineralization 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 Exploration Results, Mineral Resource 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.



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Kaiye Shuai
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4 December 2013

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