



STONE RESOURCES AUSTRALIA LIMITED

10 July 2012

Company Announcements Platform
Australian Securities Exchange
Level 5
20 Bridge Street
SYDNEY NSW 2000

CONVERTIBLE LOAN AGREEMENT

Stone Resources Australia Limited (**Company**) (**ASX: SHK**) wishes to announce that it entered into a \$1.5 million secured convertible loan agreement today with Easy Prestige Limited (**Easy Prestige**), an unrelated private Hong Kong investor.

Funds from the converting loan are to be used for continuing the first phase exploration drilling programme commenced in the June quarter

Key terms of the converting loan are:

- **Conversion to Convertible Note:** If Easy Prestige receives a "no objections" letter from the Foreign Investment Review Board (**FIRB**) before 30 September 2012, Easy Prestige may convert the converting loan into a convertible note on the key terms set out further below.
- **Term:** Earlier of 18 months and the date the converting loan is converted into a convertible note. If Easy Prestige does not obtain a FIRB "no objections" letter by 30 September 2012, Easy Prestige may require the loan to be repaid with 2 months notice.
- **Interest:** 11% pa payable quarterly in arrears.
- **Security:** Secured by a first ranking general security and mining mortgages over mining leases M38/9 and M38/968. The Company's Chairman, Mr Yongji Duan, has also provided a director's guarantee.

Key terms of the convertible note are:

- **Face Value:** Outstanding converting loan amount at the date of issue (including accrued but unpaid interest)
- **Maturity Date:** 18 months from date of issue.
- **Security:** Secured in the same manner as the converting loan.
- **Interest:** 11% pa payable quarterly in arrears.
- **Conversion Price:** 1.7 cents per Share, subject to various adjustments for, among other matters, subdivision or consolidation of shares, bonus issues, rights issues, issue of shares or convertible securities.
- **Placement Right:** Easy Prestige has a first right of refusal for any placement by the Company during the term of the Convertible Note.

The Convertible Note will be issued pursuant to the Company's 15% placement capacity and as such shareholder approval is not being sought.

For further information, please see other ASX announcements or email the CEO Kaiyes@a1minerals.com.au or Company Secretary Albert Longo on albertl@a1minerals.com.au

Yours sincerely,

Mr Yongji Duan

Chairman – Stone Resources Australia Limited

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