



ASX / MEDIA RELEASE

17 FEBRUARY 2009

Stirling expands with high grade zircon investment

West Australian resources developer, Stirling Resources Limited (ASX:SRE), has expanded its resources investments with a \$4.8 million investment in high grade mineral sands assets in northern Australia previously owned by Matilda Minerals Limited (ASX:MAL).

Stirling has agreed to purchase the assets for \$4.8 million via Administrators Ferrier Hodgson, following Matilda Minerals' entry into voluntary administration in October last year.

The investment is intended to be made via Stirling's wholly owned subsidiary of Stirling Zircon in the first instance and, in line with the investment strategy previously announced, will be transferred to another listed vehicle with Stirling Resources retaining a substantial investment in that listed vehicle. Further details of the investment are set out in Annexure "A".

The investment includes high grade mineral sands projects located on the Tiwi Islands in the Northern Territory, and the highly prospective zircon tenements at the Cape York Peninsula in Queensland. Stirling Resources Managing Director, Michael Kiernan, said the investment in zircon producing assets, such as those of Matilda, were a key part in the Company's diversified commodity investment strategy.

"A key characteristic of the two assets are the high grade zircon product, along with low capital and production costs and the proximity to Chinese market. All of these factors make the assets an attractive part of a resources investment portfolio," Mr Kiernan said.

He said the Company retained a very positive outlook for the zircon market which is used in the ceramics and porcelain industries, and we would recommence production and exploration activity on the projects as soon as possible.

"Long term consumer trends in China and India will continue to support demand for products such as zircon, and we believe the current commodity cycle provides an opportune time to develop a quality asset base to meet this demand," Mr Kiernan said.

Product marketing and logistics would be undertaken by the Austrian international commodities trading group DCM DECOmetal.

The Tiwi Island Zircon Project acquired by Stirling was previously producing and shipping zircon concentrate to China. The investment includes a complete operating plant and all support equipment as well as the high grade tenement package.

The Cape York Zircon Project, north of Weipa in Queensland, includes more than 300 kilometers of prospective coastline. Previous preliminary exploration has identified high grade zircon occurrences and significant strandlines, with potentially low strip ratios and slime levels.

Stirling will spend up to \$500,000 on further exploration at Cape York, with the program to commence immediately after the wet season in mid 2009.

"The Tiwi Island Project will provide us with a quick avenue to production, while the Queensland project presents a particularly exciting longer term significant project," Mr Kiernan said.

Mr Kiernan said over the next five years, Stirling would be aiming to ramp up production of zircon concentrate to the equivalent of 50,000 tonnes per annum.

A West Australian Resource Developer

PO Box 870, West Perth, Western Australia 6872

admin@stirlingresources.com.au

ABN 94 009 659 054



STIRLING RESOURCES LIMITED

150 Hay Street, Subiaco
Western Australia 6008

Telephone: +61 8 6389 6800

Facsimile: +61 8 6389 6810

Mr Kiernan said the mineral sands investment was a further step forward for Stirling, which was building a strategic and diversified resources portfolio, specifically focusing on investment opportunities in zircon, copper, gold, coking coal and iron ore.

The Company last week announced it had raised \$2.6 million with a convertible note and was partnering with global resource company DCM DECOMetal to develop Australian resources opportunities.

Stirling's resource industry interests will also include a 19.8% stake in ASX-listed Redbank Mines Limited (ASX:RBM), which is developing copper assets in the Northern Territory.

Stirling recently held a General Meeting of shareholders at which shareholders approved the acquisition of securities in Redbank Mines Limited in consideration for the payment of \$870,000 to Crawley. Crawley holds approximately 25% of the Company's issued capital and is controlled by Michael Kiernan and his son James.

Mr Kiernan said Stirling had in place a five year strategic development plan, with targeted production goals in the commodities of copper, iron ore, coal and gold, as well as zircon.

"The Company's approach is to identify investments within this suite of commodities that have not met their potential, through which we can generate shareholder value by leveraging our mining experience and the strength of our financial and marketing partners," Mr Kiernan said.

For more information:

Michael Kiernan
Managing Director
Tel: 08 6389 6800

Warrick Hazeldine
Purple Communications
Tel: 08 9485 1254 / 0417 944 616

A West Australian Resource Developer

PO Box 870, West Perth, Western Australia 6872

admin@stirlingresources.com.au

ABN 94 009 659 054



Stirling Resources – Zircon and Copper interests



Stirling Resources Overview

Stirling Resources Limited is a West Australian resources developer focusing on investment and development of copper, zircon, coking coal, gold and iron ore projects. The Company consists of highly experienced resource development and mining personnel executive with track records of creating shareholder value.

Previously the group took control of a financially distressed manganese producer and developed it into a diverse mineral commodity producer to become included in the ASX 200 and was ultimately taken over by an international conglomerate for \$1.25b. The Company grew from being a small unreliable manganese producer to ultimately supplying 10% of the world's high grade manganese to global customers and developed significant projects in chromite, nickel, copper, zinc and iron ore.

The Company's strategy for creating shareholder value is to identify projects that comprise either commodities that are considered to have a strong future and demand or geological characteristics that have potential and yet for various reasons have not achieved their possibilities. The focus is on brown fields projects close to development or production.

Driven by the underlying fundamentals of the Chinese economy and the continued massive urbanisation process commodities such as copper, zircon, gold and iron ore will continue to be in strong future demand. The Chinese growth is augmented by the Indian economic growth particularly in the steel industry leading to increasing demands of coking coal.

A West Australian Resource Developer

PO Box 870, West Perth, Western Australia 6872

admin@stirlingresources.com.au

ABN 94 009 659 054



Annexure "A"

Terms of Matilda Investment

Stirling entered into an asset sale agreement with Matilda pursuant to which Stirling agreed to purchase and Matilda agreed to sell the Matilda assets for consideration of \$4,800,000 payable in cash.

The agreement is subject to and conditional upon the approval and consent, in a form reasonably acceptable to both Stirling and Matilda, of the Ministers responsible for the relevant Mining Acts to the transfer of the Matilda assets. Completion of the transaction is to take place 3 business days after the satisfaction of the condition precedent.

The agreement contains representations, warranties and other clauses which are usual in such an asset sale agreement.

Details of Matilda assets

The acquisition includes high grade mineral sands projects (tenements and plant) located at the Andranangoo project on the Tiwi Islands 60km north of Darwin in the Northern Territory, and the highly prospective zircon tenements at the Cape York Peninsula in Queensland.

The assets include all mining information, the wet processing plant, associated camp, laboratory and administration buildings, workshop and spares, Perth based office furniture and equipment and motor vehicles. Process plant includes Feeders, screens, pumping equipment, HMC separator and cyclones.

Tiwi Islands

The Tiwi Islands are located 60km north of Darwin, Northern Territory. The Islands cover 7,900km² and have a permanent population of approximately 2,100 people. The mining leases are located on the northern side of Melville (the largest of the Tiwi Islands).

The Andranangoo mine site has been operating since October 2006 and was placed on care and maintenance in October/November 2008.

From commencement of operations in October 2006 to 31 July 2008, 51,000 tonnes of heavy mineral concentrate have been produced from Andranangoo. Shipping commenced in June 2007. However, during November 2007, the Port Melville wharf collapsed and has rendered the port inoperable until major repairs are undertaken.

The Andranangoo project contains high grade heavy minerals, specifically zircon and rutile for export to China. The heavy mineral content of the Andranangoo prospect is 4.5% up to a depth of 2m and is associated with alternating littoral (shore) fluvial (river) and estuarine deposits. To date, approximately 1,442,000 tonnes of sand has been extracted and processed at the Andranangoo deposit. Full geological and geomorphology information is attached in Annexure "B".



Cape York

The Cape York tenements (Queensland) incorporate EPM15222-15225, 15258, 15259, 15276, 15280, 15525 and 15526.

Historical sampling in the region by other parties indicates a similar heavy mineral suite to that found on the Company's Tiwi Island projects. The tenements are highly prospective and cover over 250km of Pleistocene and Holocene dunes and coastal strand plains that have been subject to no modern exploration.

Preliminary shell augering on the Pleistocene dune system on EPM15525 and EPM15526 have located minor heavy minerals. Although the grade is low, the heavy mineral suite comprises approximately 43% rutile-zircon and 30% ilmenite-leucoxene.

ASX Listing Rules

Stirling will be seeking shareholder approval of the investment in the Matilda assets and do all other things required to satisfy the ASX Listing Rule requirements (including complying with Chapters 1 and 2 of the Listing Rules). Accordingly, a Notice of Meeting dealing with all relevant issues is currently being prepared and will be distributed to shareholders as soon as practically possible. Stirling intends to issue a prospectus in order to increase its shareholder base. The amount of the capital raising is yet to be determined. The prospectus to be issued by Stirling will include full information on the Matilda assets.

Pro Forma Balance Sheet

A pro forma balance sheet of Stirling after the acquisition of the Matilda assets and the proposed capital raising is set out in Annexure "C".

Capital Structure

The current capital structure of Stirling is set out below:

| Securities on Issue | Number |
|------------------------------------|---------------|
| Current shares on issue | 442,757,500 |
| Current options on issue | 226,292,508 |
| Current Convertible Notes on issue | 65,000,000 |

Notes:

- 1. A more detailed capital structure will be released upon the terms of the capital raising being determined.*
- 2. It is likely that the Company will consolidate its share capital, however the consolidation ratio has not yet been determined. Accordingly, the above table has been prepared on a pre-consolidation basis.*



Indicative Timetable

The indicative timetable for the investment in the Matilda assets, the shareholders meeting and the proposed capital raising is set out below:

| | |
|-------------------------------|---------------|
| Dispatch Notice of Meeting | 6 March 2009 |
| Issue Prospectus | 12 March 2009 |
| Close Prospectus | 7 April 2009 |
| Shareholders Meeting | 8 April 2009 |
| Shares Suspended from Trading | 8 April 2009 |
| Issue Shares under Prospectus | 15 April 2009 |
| Dispatch Date | 15 April 2009 |
| Complete acquisition | 15 April 2009 |
| ASX Trading resumes | 20 April 2009 |

Please note the above dates are indicative only and may be varied by Stirling without notice.

Trading in the Company's securities will be suspended from the day of the General Meeting proposed for 8 April 2009 until Stirling has satisfied all of its obligations under the ASX Listing Rules, including the satisfaction of the requirements of Chapters 1 and 2. The Company expects to have satisfied these obligations in time to allow a re-quotations of its securities by 20 April 2009.



Annexure “B”

TIWI ISLAND PROJECT

Geology and geomorphology

The older rocks exposed on Bathurst and Melville Islands are represented by the Upper Cretaceous Moonkina Member. This formation consisted of fine to very fine sub-labile sandstone, along with interbedded grey carbonaceous mudstone and siltstone, of shallow marine to deltaic derivation. The Moonkina Member is exposed at the base of coastal cliffs, particularly along the southern coastline of Bathurst and Melville Islands, and in lower lying portions of the hinterland.

The Moonkina Member is unconformably overlain by the Tertiary Van Diemen Sandstone, which dominates the geology of the Tiwi Islands. This formation comprises a friable, white to yellow, medium to coarse-grained quartzose sandstone with subordinate intercalations of grey carbonaceous mudstone and siltstone of fluvial to paralic derivation. The Van Diemen Sandstone broadly dips very gently to the north, becoming thicker in the process, with the unit exposed over a 60m vertical interval at Cape Van Diemen at the extreme north-western tip of Melville Island.

Both the Moonkina Member and the Van Diemen Sandstone are disconformably to unconformably overlain by unconsolidated Quaternary fluvial, paralic, deltaic and littoral deposits. The most economically significant of these are the Pleistocene age littoral quartzose sands associated with the palaeo-shoreline. Holocene (recent) littoral deposits have accumulated along the present coastline, variously abutting or transgressing the Cretaceous, Tertiary and Pleistocene deposits.

The Van Diemen Sandstone dominates the geomorphology of both Bathurst and Melville Islands, forming low partially dissected and lateritised plateaux, which are frequently capped by ferruginous to bauxitic pisolitic laterite accumulations. Low red cliffs, nick-points and platforms of Van Diemen Sandstone are developed along or adjacent to the more exposed portions of the coastline.

In many instances the Tertiary sea cliffs are preserved from further erosion by accumulations of Pleistocene and/or Holocene littoral deposits. The Pleistocene sands are distinguishable from their Holocene counterparts by a mild orange, pink or red discolouration, and are invariably developed as one or more low amplitude, but strike persistent strandlines, with a wavelength characteristically in tens, rather than hundreds, of metres.

The Holocene deposits generally appear to be cleaner and marginally finer grained than their Pleistocene equivalents, incorporating a more significant proportion of coquina and coralline debris. Along the north coast of the islands the present day beaches appear to have accumulated as strandlines directly against the Tertiary escarpment or as a composite strand plain successively comprising both the Holocene and Pleistocene deposits. Holocene dun deposits transgress the older strandlines on several beaches that are more exposed to the prevailing north-westerly monsoonal winds.

Further details of the Matilda assets can be obtained from Matilda's previous ASX announcements.



Annexure “C”

STIRLING
RESOURCES
UNAUDITED PROFORMA BALANCE SHEET

| Assets | Unaudited 31-Dec-08 | Redbank Transaction | DCM Placement | Proforma Post Redbank and DCM | Proposed Share Placement | Proforma Post Placement | Matilda Transaction | Proforma Post Matilda |
|---------------------------------|------------------------|------------------------|------------------|--|--------------------------------|-------------------------------|------------------------|-----------------------------|
| Cash assets | 407,935 | - 2,370,000 | 2,600,000 | 637,935 | 5,000,000 | 5,637,935 | - 20,000 | 5,617,935 |
| Current receivables | 671,073 | | | 671,073 | | 671,073 | | 671,073 |
| Non-current receivables | 1,609,251 | 500,000 | | 2,109,251 | | 2,109,251 | | 2,109,251 |
| PPE | 287,815 | | | 287,815 | | 287,815 | 2,750,000 | 3,037,815 |
| NT and Qld Tenements | | | | - | | - | 2,270,000 | 2,270,000 |
| Other financial assets | 21,323 | 1,870,000 | | 1,891,323 | | 1,891,323 | | 1,891,323 |
| Intangibles | 47,147 | | | 47,147 | | 47,147 | | 47,147 |
| | | | | - | | - | | - |
| Total Assets | 3,044,544 | - | 2,600,000 | 5,644,544 | 5,000,000 | 10,644,544 | 5,000,000 | 15,644,544 |
| Liabilities | | | | | | | | |
| Current payables | 2,006,036 | | | 2,006,036 | | 2,006,036 | | 2,006,036 |
| Interest bearing liabilities | 17,682 | | 2,600,000 | 2,617,682 | | 2,617,682 | | 2,617,682 |
| Provisions | 13,704 | | | 13,704 | | 13,704 | | 13,704 |
| Non-current payables | - | - | | - | | - | | - |
| | | | | - | | - | | - |
| Total liabilities | 2,037,422 | - | 2,600,000 | 4,637,422 | | 4,637,422 | - | 4,637,422 |
| Net Assets | 1,007,122 | | - | 1,007,122 | | 6,007,122 | 5,000,000 | 11,007,122 |
| Equity | | | | | | | | |
| Contributed Equity | 20,326,590 | | | 20,326,590 | 5,000,000 | 25,326,590 | 5,000,000 | 30,326,590 |
| Reserves | 2,037,155 | | | 2,037,155 | | 2,037,155 | | 2,037,155 |
| | - | | | - | | - | | - |
| Accumulated losses | 21,356,623 | | | 21,356,623 | | 21,356,623 | | 21,356,623 |
| | | | | - | | - | | - |
| Total Equity | 1,007,122 | - | - | 1,007,122 | 5,000,000 | 6,007,122 | 5,000,000 | 11,007,122 |