



STIRLING RESOURCES LIMITED

ACN 009 659 054

NOTICE OF GENERAL MEETING

TIME: 10:30 am (WST)
DATE: 16 April 2009
PLACE: Celtic Club, 48 Ord Street,
West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6389 6800.



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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at **10:30 am (WST) on 16 April 2009** at:

**Celtic Club
48 Ord Street
West Perth, WA**

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Stirling Resources Limited, Ground Floor, 150 Hay Street, Subiaco, Western Australia, 6008;
or
- (b) facsimile to the Company on facsimile number (+61 8) 6389 6810,
so that it is received not later than **10:30 am (WST) on 14 April 2009**.

Proxy Forms received later than this time will be invalid.



NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10:30 am (WST) on 16 April 2009 at the Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5:00 pm am (WST) on 14 April 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – APPROVAL FOR CHANGE IN SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the scale of its activities as described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolution 1 being passed, for the purposes of Section 254H of the Corporations Act, ASX Listing Rule 7.20, ASX Listing Rule 7.21 and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every ten (10) Shares be consolidated into one (1) Share;*
- (b) every ten (10) Options be consolidated into one (1) Option; and*
- (c) every ten (10) Convertible Notes be consolidated into one (1) Convertible Note,*

and where this Consolidation results in a fraction of a Share, Option or Convertible Note being held by a Shareholder, Optionholder or Convertible Note holder (as the case may be), the Directors be authorised to round that fraction up to the nearest whole Share, Option and Convertible Note.”



3. RESOLUTION 3 – RATIFICATION OF CONVERTIBLE NOTE ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholder’s ratify the allotment and issue of 65,000,000 Convertible Notes on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue of the convertible notes and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – APPROVAL FOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue Shares raising a total of up to \$5,000,000 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ADOPTION OF INCENTIVE OPTION SCHEME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, the Directors be authorised to adopt the “Stirling Resources Limited Incentive Option Scheme” (**Scheme**) (the terms of which are summarised in the Explanatory Memorandum accompanying this Notice) and to issue securities pursuant to the Scheme.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Directors of the Company (except those who are ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 12 MARCH 2009
BY ORDER OF THE BOARD

SHANNON CAPORN
COMPANY SECRETARY
STIRLING RESOURCES LIMITED



EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10:30 am (WST) on 16 April 2009 at the Celtic Club, 48 Ord Street, West Perth, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. BACKGROUND INFORMATION

1.1 Agreement

On 17 February 2009, the Company announced that it had entered into an agreement to purchase certain assets in Northern Australia from the administrators of Matilda Minerals Limited (**Matilda**), Ferrier Hodgson (**Agreement**). The assets to be acquired include the tenements and plant comprising the Andranangoo mineral sands project located on the Tiwi Islands, 60k north of Darwin in the Northern Territory, and the rights to tenements prospective for zircon located on the Cape York Peninsula in Queensland (**Matilda Assets**).

In addition to the above, the material terms of the Agreement are as follows:

- (a) (**Consideration**): the consideration payable for the acquisition of the Matilda Assets to the administrators of Matilda is \$4,800,000 cash;
- (b) (**Transfer**): the Agreement contemplates the transfer of the Matilda Assets to a wholly owned subsidiary of the Company, Stirling Zircon Limited (**Stirling Zircon**);
- (c) (**Conditions**): completion of the Agreement is conditional on the parties obtaining the approval and consent, in a form acceptable to Stirling and Matilda, of the Ministers responsible for the Mining Acts in the Northern Territory and Queensland to the transfer of the Matilda Assets;
- (d) (**Completion**): completion of the Agreement and the transfer of title to the Matilda Assets to Stirling Zircon will take place three business days after satisfaction of the condition precedent;
- (e) (**Representations and warranties**): the Agreement contains representations, warranties which are standard in agreements of this nature.

Following the transfer of the Matilda Assets to Stirling Zircon, the Company intends to vend the Matilda Assets to a third party listed entity in which the Company will, as consideration for the transfer, acquire a substantial interest in the share capital of that entity. The Company is currently in preliminary discussions with a number of listed entities in respect of this aspect of the proposed transaction.

1.2 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.

The Andranangoo project process plant includes very good condition plant and equipment including a 150 tonne per hour (TPH) wet plant spiral concentrator, 200 TPH apron feeder, switchroom and transfer conveyor trommel, various skid mounted pumps and all required peripherals plus a workshop with a good supply of associated pipes, spares and consumables. There is also a twenty five person leased camp and all camp equipment within a secured area.

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 Tiwi Islands tenements incorporate ML 24510, ML 24511, EL 24328-24336 and EL 23862.

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.

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.

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.

2. RESOLUTION 1 – APPROVAL FOR CHANGE IN SCALE OF ACTIVITIES

2.1 General

Resolution 1 seeks approval from Shareholders for a change in the scale of the activities of the Company. The proposed acquisition of the Matilda Assets, as detailed in Section 1 of this Explanatory Statement, constitutes a significant change in the scale of the Company's activities, and consequently requires Shareholder approval pursuant to ASX Listing Rule 11.1.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

For this reason, the Company is seeking Shareholder approval to make a significant change to the scale of its activities under ASX Listing Rule 11.1.

ASX has further advised the Company that, if Shareholders approve Resolution 1, Shares in the Company will be suspended from trading on ASX until the Company has satisfied all of its obligations under the ASX Listing Rules, including complying with Chapters 1 and 2 of the ASX Listing Rules. The Company anticipates that it will satisfy the conditions in Chapters 1 and 2 of the ASX Listing Rules in sufficient time to enable trading to resume on ASX by 24 April 2009.

**2.3 Pro-forma Balance Sheet****STIRLING RESOURCES****UNAUDITED PROFORMA BALANCE SHEET**

	Unaudited 31-Dec-08	Redbank Transaction	DCM Placement	Proforma Post Redbank and DCM	Proposed Share Placement	Proforma Post Placement	Matilda Transaction	Proforma Post Matilda
Assets								
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



2.4 Capital Structure

The current capital structure of Stirling is set out below:

Securities	Number
Current Shares on issue	552,757,500
Current Options on issue	226,292,508
Current Convertible Notes on issue	65,000,000

The capital structure of Stirling post the Consolidation is set out below:

Securities	Number
Current Shares on issue	55,275,750
Current Options on issue	22,629,251
Current Convertible Notes on issue	6,500,000

2.5 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	12 March 2009
Issue Prospectus	18 March 2009
Close Prospectus	15 April 2009
Shareholders Meeting	16 April 2009
Shares Suspended from Trading	16 April 2009
Issue Shares under Prospectus	21 April 2009
Dispatch Date	21 April 2009
Complete acquisition	21 April 2009
ASX Trading resumes	24 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 16 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 24 April 2009.



3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

Resolution 2 seeks Shareholder approval to consolidate the number of Shares on issue on a one (1) for ten (10) basis.

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its Shares into a larger or smaller number.

ASX Listing Rule 7.20 provides that if an entity proposes to reorganise its capital, it must advise Shareholders of certain matters (these matters are dealt with in this Section 3.1).

ASX Listing Rule 7.21 provides that an entity which has convertible securities (except options) on issue may only reorganise its capital if, in respect of the convertible securities, the number of securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of Shares do not receive. The Company confirms that this is the case in respect of its Convertible Notes on issue (refer below).

If Resolution 2 is passed, the number of Shares on issue will be reduced from 552,757,500 to 55,275,750.

Please note that the Company also has on issue as at the date of this Notice:

- (a) 76,292,508 options exercisable at \$0.04 each on or before 30 June 2012;
- (b) 75,000,000 options exercisable at \$0.10 each on or before 30 June 2010;
- (c) 75,000,000 options exercisable at \$0.10 each on or before 30 June 2012; and
- (d) 65,000,000 Convertible Notes each convertible into 1 Share on or before that date which is 36 months after the date of issue (being 30 January 2009).

These options will be consolidated on the same basis and their exercise price amended in inverse proportions to the consolidation ratio, in accordance with the Listing Rules. The Convertible Notes will also be consolidated on the same basis. As set out in Section 2.4 above, post consolidation the Company will have 6,500,000 Convertible Notes on issue each convertible into 1 Share.

From the date of the Consolidation all holding statements/certificates for Shares, options and Convertible Notes will cease to have any effect, except as evidence of entitlement to a certain number of Shares, options and Convertible Notes on a post Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements/certificates to be issued to Shareholders, optionholders and Convertible Note holders. It is the responsibility of each Shareholder, optionholder and Convertible Note holder to check the number of Shares, options and Convertible Notes held prior to a disposal.

Following implementation of all Resolutions in this Notice, the capital structure of the Company will be as set out in this Explanatory Statement.

3.2 Fractional Entitlements and Taxation

Not all Shareholders and optionholders will hold that number of Shares and Options which can be evenly divided by ten (10). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option.

It is not considered that any taxation implications will exist for Shareholders or optionholders arising from the Consolidation. However, Shareholders and optionholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.



4. RESOLUTION 3 – RATIFICATION OF CONVERTIBLE NOTE ISSUE

4.1 General

On 30 January 2009, the Company issued 65,000,000 convertible notes in the capital of the Company at an issue price of \$0.04 each to raise \$2.6m to DCM DECOmetal GmbH (**DCM**) (**Notes**).

The subscriber pursuant to this issue, DCM, was not a related party of the Company.

Interest is payable on the Notes at 7.5% per annum payable quarterly in arrears. The redemption value at maturity is the principal amount. The conversion ratio is set at one (1) Share per one (1) Note. The term of the Notes is 36 months. The Notes may be converted into Shares at any time on or before the repayment date, being 36 months after the date of issue.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Notes (**Note Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as a convertible note), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Note Ratification:

- (a) 65,000,000 Notes were allotted;
- (b) the issue price was \$0.04 per Note;
- (c) the Notes were issued on the terms described above and are convertible into fully paid ordinary shares in the capital of the Company and will rank equally with the Company's existing Shares on issue;
- (d) the Notes were allotted and issued to DCM; and
- (e) the funds raised from this issue were used for working capital.

5. RESOLUTION 4 – APPROVAL FOR ISSUE OF SHARES

5.1 General

Resolution 4 seeks Shareholder approval for the allotment and issue of Shares raising a total of up to \$5,000,000 (**Share Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.



The effect of Resolution 4 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$5,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement towards completing the acquisition of the Matilda Assets and for working capital purposes.

6. RESOLUTION 5 – ADOPTION OF INCENTIVE OPTION SCHEME

6.1 General

Resolution 5 seeks the approval of Shareholders for the adoption of the "Stirling Resources Limited Incentive Option Scheme" (**Scheme**) to allow the issue of Options under the Scheme as an exception to ASX Listing Rule 7.1 in accordance with exception 9(b) of ASX Listing Rule 7.2.

If Resolution 5 is passed, the Company will have the ability to issue Options to eligible participants under the Scheme over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

6.2 Terms of Scheme

The main terms of the Scheme are summarised below and a full copy of the Scheme is available for inspection at the Company's registered office until the date of the General Meeting.

The Scheme will be administered by the Directors who may grant Options to acquire Shares in the Company to any of the Company's employees (**Employees**).

The key terms and conditions applying to any issue of Options under the Scheme include:

Objectives

The objective of the Scheme is to assist in the recruitment, reward, retention and motivation of employees of Stirling Resources.

Consideration

Each Option issued under the Scheme (**Employee Option**) will be issued free of charge.



Exercise Price

The exercise price for Employee Options granted under the Scheme will be fixed by the Board prior to the grant of the Employee Option.

Exercise Restrictions

The options granted under the Scheme may be subject to such other restrictions on exercise as may be fixed by the Directors prior to grant of the Employee Options including, without limitation, length of service by the employee and threshold prices at which Shares are traded on the ASX. Any restrictions so imposed by the Directors must be set out on the Employee Option certificate.

Participation in Dividends, Rights Issues and Bonus Issues

The Employee Options granted under the Scheme do not give any right to participate in dividends or rights issues until Shares are allotted pursuant to the exercise of the relevant Employee Option. The number of Shares issued on the exercise of Employee Options will be adjusted for bonus issues made prior to the exercise of the Employee Options.

Eligibility

The Directors may invite full or part time employees to participate in the Scheme and receive Employee Options. An employee may receive the Employee Options or nominate a relative or associate to receive the Employee Options.

Employees do not possess any rights to participate in the Plan, as participation is solely determined by the Board. Directors are not eligible to participate in the Scheme.

Term of Employee Options

The Employee Options granted under the Scheme have a term specified on the face of each certificate.

Subdivision or Consolidation

If Stirling Resources, after having granted any Employee Option, reduces its issued Share capital or subdivides or consolidates its Shares, the number of the Shares issued to the option holder on exercise of an Employee Option will be reduced, subdivided or consolidated, as the case may be, in accordance with the ASX Listing Rules.

Restrictions on Transfer

Employee Options are not transferable.

Limitation on offers

If the Company makes an offer under the Scheme where:

- (a) the total number of Shares to be received on exercise of Options the subject of that offer exceeds the limit set out in ASIC Class Order 03/184; or
- (b) the Offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 03/184,

the Company must comply with Chapter 6D of the Corporations Act at the time of that Offer.

7. ENQUIRIES

Shareholders are required to contact Shannon Caporn on (+ 61 8) 9322 7600 if they have any queries in respect of the matters set out in these documents.



GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Stirling Resources Limited (ACN 009 659 054).

Constitution means the Company's constitution.

Convertible Note means a convertible note the subject of Resolution 3.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Matilda Assets means the assets as described in Section 1 of the Explanatory Statement.

Note means a convertible note the subject of Resolution 3.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Scheme means the "Stirling Resources Limited Incentive Option Scheme" summarised in Section 6.2 of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.



PROXY FORM

APPOINTMENT OF PROXY

Stirling Resources Limited

ACN 009 659 054

GENERAL MEETING

I/We []

of []

being a member of Stirling Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint []

Name of Proxy

OR [] the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10:30 am (WST), on 16 April 2009 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

[] If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of Resolutions 1 to 5 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 5 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 5 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 5.

OR

Voting on Business of the General Meeting

Table with 3 columns: FOR, AGAINST, ABSTAIN and 5 rows of resolutions with checkboxes.

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s):

Date:

Individual or Member 1 [] Sole Director/Company Secretary

Member 2 [] Director

Member 3 [] Director/Company Secretary

Contact Name: Contact Ph (daytime):



INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Stirling Resources Limited, P.O. Box 870, West Perth, WA 6872; or
 - (b) facsimile to the Company on facsimile number +61 8 6389 6810,so that it is received not later than 10:30 am (WST) on 14 April 2009.

Proxy forms received later than this time will be invalid.