STIRLING RESOURCES LIMITED

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STIRLING OFFERS TO RECAPITALISE MONARCH GOLD TO TAKE IT OUT OF ADMINISTRATION

Australian resources developer, Stirling Resources Limited (ASX: SRE), today announced it had reached an agreement with Administrators Pitcher Partners to inject funds into Monarch Gold Mining Limited (subject to Deed of Company Arrangement) (ASX: MON) to fund the recommencement of operations at the Davyhurst and Mt Ida gold projects located in the Western Australian Goldfields.

Stirling will provide the capital through wholly-owned subsidiary, Stirling Gold Pty Ltd and the agreement will ensure all Monarch creditors and debt providers receive 100 cents in the dollar, being a total payout of $55 million, based upon creditor figures provided by the Administrator.

In July 2008, Monarch Gold was placed in voluntary administration due to the continued underperforming of the Davyhurst open pit mine.

However with the strong rise in the gold price over recent times the previous cash negative operations of Davyhurst would now deliver a healthy cash margin.

Managing Director Michael Kiernan said the aim was to recommence the operations as soon as possible, ahead of a proposed name change and re-listing on the ASX.

Stirling Resources have undertaken an extensive $250,000 mine study which included reassessing, reviewing, mine planning including metallurgical, engineering and geological analysis.

Mr Kiernan said Mt Ida was targeted to produce 48,000 ounces per year at a projected cash cost of A$450/oz and Davyhurst which was intended to be re-commissioned within three months of settlement with a production target of 65,000 ounces per year at a projected cost of A$850/oz.

“We had been determined to reach an agreement that enabled all creditors and debt providers to receive full payment and to see the Monarch corporate structure survive for the benefit of all existing shareholders together with ensuring a healthy return for Stirling Resources via dividends,” Mr Kiernan said.

“Going forward, we propose to change the name to Swan Gold Mining Limited and re-list the company as soon as possible, focusing solely on the Mt Ida and Davyhurst operations.”

Mr Kiernan said he expected Stirling Resources to ultimately hold in the order of 40% of Swan Gold Mining Limited. Equity funding for Swan Gold Mining is expected to be satisfied by Stirling Gold issuing a Commercial Bond to Austrian international commodity leader DCM DECOmetal, a major shareholder in Stirling Resources.

Mr Kiernan said Stirling Gold was well positioned to operate the gold assets, with a Board and management team having strong gold experience and specific knowledge of the Monarch projects.

For more information:

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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 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 strong future demand or geological characteristics that have potential and 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 substantial urbanisation movement, 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.

The Company's website is www.stirlingresources.com.au

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MATERIAL TERMS OF RECAPITALISATION DEED.

Stirling Resources Ltd and the Monarch group of companies (Monarch Group).

1. Monarch Gold Mining Company Ltd (subject to DOCA) (**Monarch**) will make the following share issues:
   a. 300m shares to Stirling Gold Pty Ltd (**Stirling Gold**) at an issue price of $0.05 per share and 100m free attaching 3 year $0.05 options for a total consideration of $15m.
   b. 35m shares to Crawley Investments Pty Ltd in satisfaction of a $1.75m debt owed by Monarch to Crawley Investments Pty Ltd.
   c. 176.8m shares to Monarch Group creditors' trusts at a deemed issue price of $0.05 per share. The trustee will sell the shares over a 12 month period and pay the net proceeds to creditors of the Monarch Group (other than Territory Resources Ltd (**Territory**)).
2. Monarch will make the following payments to creditor trusts for the following creditors:
   a. Creditors of the Monarch Group (other than Mt Ida Gold Pty Ltd and Mt Ida Gold Operations Pty Ltd (together **Mt Ida**)) will be paid $6.630m at completion, and 3 equal payments of $3.341m within 4, 8 and 12 months from completion (these payments being secured by a charge over the Monarch Group other than Davyhurst Gold Pty Ltd and Siberia Mining Corporation Pty Ltd). Creditors will also receive the proceeds from the sale of Monarch shares issued under paragraph 1(c) above.
   b. Creditors of Mt Ida will be paid $1.202m at completion and 2 equal payments of $0.574m within 4 and 8 months from completion. Creditors will also receive the proceeds from the sale of Monarch shares issued under paragraph 1(c) above.
   c. Territory will be paid $2.961m at completion. Monarch will also assign its claims arising from the sale of Minjar Gold Pty Ltd to the Territory Trust, and within 24 months from completion pay the shortfall so that Territory receives 100c in the dollar on its claim (these payments being secured by a charge over Davyhurst Gold Pty Ltd and Siberia Mining Corporation Pty Ltd).

   The funds will be distributed to creditors according to the principles applicable to liquidations with employees to be paid their full entitlements at completion.
3. The recapitalisation is conditional upon the following occurring by 31 August 2009:
   a. (**Creditor approval**) The deed of company arrangement of each member of the Monarch Group (other than Mount Magnet Gold Pty Ltd (in liquidation)) is varied in accordance with the terms of the recapitalisation deed.
   b. (**Shareholder approval**) Monarch shareholders approve the issue of securities under the recapitalisation.
   c. (**Territory**) Territory becomes bound by the varied deeds of company arrangement.
4. The deed contains the usual pre-completion and completion obligations.
5. Stirling Resources Ltd guarantees the obligations of Stirling Gold and (post completion), Monarch.
6. The deed of company arrangement of each member of the Monarch Group (other than Mount Magnet Gold Pty Ltd (in liquidation) is varied so that upon completion of the recapitalisation, the Monarch Group are released from all creditors' claims arising prior to administration (excluding inter-company loans); those claims being exchanged for claims against the creditors' trusts. Upon satisfaction of all of Monarch's obligations under the recapitalisation, Monarch's directors will also be released from all claims.

An Australian Resources Developer
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