



ASX / MEDIA RELEASE

27 FEBRUARY 2009

Preliminary Final Report For the year ending 31 December 2008

West Australian resources developer Stirling Resources Limited (ASX:SRE), has today released its full year 2008 results, which highlight strong progress during the period as it develops a diversified resources business.

Stirling has been successful during the year in revitalising the company with a five year strategic development plan in the commodities of copper, zircon, coking coal, iron ore and gold.

Highlights include :

- Change of company name to Stirling Resources Limited
- Addition of major shareholder - global commodity marketing group DCM DECOmetal
- Addition of new expertise on the Board, including new Managing Director
- Successfully raised \$1.2m during the financial year and \$4.8m raised post financial year end
- Divestment of the Cellsense business
- Acquisition of 20% interest in ASX-listed Redbank Mines (ASX:RBM) which is developing a high grade copper asset in the Northern Territory
- Purchase of high grade mineral sands assets in northern Australia previously owned by Matilda Minerals (ASX:MAL)

Managing Director Michael Kiernan said Stirling was building a strategic and diversified resources portfolio, specifically focusing on investment opportunities in copper, zircon, coking coal, iron ore and gold.

“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 global marketing partners,” Mr Kiernan said.

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A West Australian Resource Developer

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ABN 94 009 659 054



APPENDIX 4E

FULL REPORT TO THE AUSTRALIAN STOCK EXCHANGE

Name of Entity	Stirling Resources Limited (formerly Alexanders Securities Limited)
ABN	94 009 659 054
Year ended	31 December 2008
Previous corresponding period	31 December 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$
REVENUE FROM ORDINARY ACTIVITIES (CONTINUING)	Up 41%	111,774	To	158,114
Trading (loss) prior to fair value adjustments, attributable to members	Down 15%	(447,669)	To	(381,672)
Fair value adjustments	Down 24%	(2,133,471)		(1,631,445)
Gain on sale of subsidiary		-		2,013,117
Loss from discontinuing operations		(758,914)	To	(657,490)
Loss from ordinary activities after tax attributable members	Down 78%	(5,298,450)		(268,922)
Net Loss for the period attributable to members	Down 78%	(5,298,450)	To	(268,922)

No interim dividend was paid and it is not proposed to pay any final dividend.

Audit

The Financial Report at the date of this release is still in the process of being audited.



Explanation of Revenue

The Loss from ordinary activities before income tax expense includes the following revenues whose disclosure is relevant in explaining the financial performance of the entity:

	Year Ended 31 December 2008 \$	Year Ended 31 December 2007 \$
Revenue from services-discontinued operations	2,341,844	2,417,098
Interest	136,114	111,475
Other Revenue from ordinary activities	22,000	299
Total Revenue	2,499,958	2,528,872

Explanation of Net Loss

During the year, there was a loss of \$1,151,702 (December 2007 loss: \$5,298,450). The company's stemcell business entered into an agreement to merge with Biocell Pty Ltd on 29 December 2008 which resulted in a gain on disposal of 1,518,905. However \$1,631,445 of provision was taken up for investments.

	Year Ended 31 December 2008 \$	Year Ended 31 December 2007 \$
Loss from continuing operations	(381,672)	(447,669)
Fair value adjustments	(1,631,445)	(2,133,471)
Gain on disposal of subsidiary	2,041,615	-
Loss on disposal of subsidiary	-	(1,916,237)
Loss from continuing operations	(657,490)	(758,914)
Loss from ordinary activities	(268,992)	(5,298,450)

The result for the full-year is in line with management and Board expectations.

	31 December 2008	31 December 2007
Net tangible asset backing (cents per share)	\$0.43	\$0.12



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.

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

A West Australian Resource Developer

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ABN 94 009 659 054

STIRLING RESOURCES LIMITED

(FORMERLY ALEXANDERS SECURITIES LIMITED)

ABN 94 009 659 054

UNAUDITED FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2008

STIRLING RESOURCES LIMITED

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for the year ended 31 December 2008

ABN 94 009 659 054

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STSTIRLING RESOURCES LIMITED
INCOME STATEMENT
for the year ended 31 December 2008

	Note	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$
Revenue from continuing operations			
Revenue from sales or services	2	-	-
Other revenue from ordinary activities	2	158,114	111,774
Expenses			
	3a		
Employment costs		(86,836)	-
Related party expenses		(284,573)	(440,545)
Accounting and Audit fees		(22,962)	(35,483)
Other expenses from continuing operations		(145,415)	(114,415)
Profit/(Loss) from continuing operations before income tax expense		<u>(381,672)</u>	<u>(447,669)</u>
Loss on sale of financial assets		-	(11,159)
Fair value adjustments		(1,631,445)	(2,133,471)
Profit / (Loss) from ordinary activities before income tax expense		<u>(2,013,117)</u>	<u>(2,623,299)</u>
Income tax expense relating to ordinary activities	7	-	-
Profit / (Net Loss) from continuing operations after related income tax		<u>(2,013,117)</u>	<u>(2,623,299)</u>
Loss on sale of subsidiary		-	(1,916,237)
Profit on disposal of subsidiary	3b	2,401,615	-
Loss from discontinuing operations	3b	(657,490)	(758,914)
Profit/(Loss) from ordinary activities after related income tax		(268,992)	(5,298,450)
Earnings Per Share:			
Basic (cents per share)	15	(0.1)	(2.3)
Diluted (cents per share)	15	(0.1)	(2.3)
Dividends per share		-	-

The above Income Statement should be read in conjunction with the accompanying notes

STIRLING RESOURCES LIMITED
INCOME STATEMENT
for the year ended 31 December 2008

	Note	Parent Company 31 December 2008 \$	Parent Company 31 December 2007 \$
Revenue			
Revenue from sales or services			
Interest	2	136,114	111,475
Other revenue from ordinary activities	2	22,000	299
Expenses			
Employment costs	3	(86,836)	-
Related party expenses		(284,573)	(440,545)
Auditing and accounting		(22,962)	(35,483)
Other expenses from ordinary activities		(67,469)	(114,415)
Trading loss		<u>(303,726)</u>	<u>(478,669)</u>
Loss on sale of subsidiary		-	(1,916,237)
Loss on sale of financial assets		(7,967)	(11,159)
Fair value adjustments		(951,231)	(2,864,613)
Profit / (Loss) from ordinary activities before income tax expense		<u>(1,262,924)</u>	<u>(5,270,678)</u>
Income tax expense relating to ordinary activities	7	-	-
Profit / (Net Loss) from ordinary activities after related income tax		<u>(1,262,924)</u>	<u>(5,270,678)</u>
Profit attributable to minority equity interest		-	-
Profit attributable to members of the parent entity		<u><u>(1,262,924)</u></u>	<u><u>(5,270,678)</u></u>

The above Income Statement should be read in conjunction with the accompanying notes

ECONOMIC ENTITY BALANCE SHEET

as at 31 December 2008

	Note	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$
CURRENT ASSETS			
Cash assets		407,935	1,316,790
Receivables	5	<u>112,921</u>	<u>432,110</u>
TOTAL CURRENT ASSETS		<u>520,856</u>	<u>1,748,900</u>
NON-CURRENT ASSETS			
Receivables	5	2,005,209	345,482
Property, plant and equipment	6	3,075	175,378
Other financial assets	8	21,324	116,729
Intangibles	9	-	<u>40,469</u>
TOTAL NON-CURRENT ASSETS		<u>2,029,608</u>	<u>678,058</u>
TOTAL ASSETS		<u>2,550,464</u>	<u>2,426,958</u>
CURRENT LIABILITIES			
Bank Overdraft	10	205,729	177,966
Payables	10	424,128	1,453,668
Interest-bearing liabilities	11	17,682	17,682
Provisions	12	-	<u>14,918</u>
TOTAL CURRENT LIABILITIES		<u>647,539</u>	<u>1,664,234</u>
NON-CURRENT LIABILITIES			
Payables	12	-	<u>400,122</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>400,122</u>
TOTAL LIABILITIES		<u>647,539</u>	<u>2,064,356</u>
NET ASSETS		<u>1,902,925</u>	<u>362,602</u>
EQUITY			
Contributed equity	13	20,326,590	18,673,342
Reserves		2,037,155	1,881,088
Accumulated losses		<u>(20,460,820)</u>	<u>(20,191,828)</u>
Equity attributable to members of the parent entity		<u>1,902,925</u>	<u>362,602</u>
Outside equity interests		-	-
TOTAL EQUITY		<u>1,902,925</u>	<u>362,602</u>

The above Balance Sheet should be read in conjunction with the accompanying notes

STIRLING RESOURCES LIMITED

BALANCE SHEET

as at 31 December 2008

	Note	Parent 31 December 2008 \$	Parent 31 December 2007 \$
CURRENT ASSETS			
Cash assets		407,923	1,316,378
Receivables	5	112,396	67,130
TOTAL CURRENT ASSETS		<u>520,319</u>	<u>1,383,508</u>
NON-CURRENT ASSETS			
Receivables	5	1,587,751	323,982
Property, plant and equipment	6	3,075	-
Other financial assets	8	21,326	116,732
TOTAL NON-CURRENT ASSETS		<u>1,612,152</u>	<u>440,714</u>
TOTAL ASSETS		<u>2,132,471</u>	<u>1,824,222</u>
CURRENT LIABILITIES			
Payables	10	424,129	662,271
Interest-bearing liabilities	11	17,682	17,682
TOTAL CURRENT LIABILITIES		<u>441,811</u>	<u>679,953</u>
TOTAL LIABILITIES		<u>441,811</u>	<u>679,953</u>
NET ASSETS		<u>1,690,660</u>	<u>1,144,269</u>
EQUITY			
Contributed equity	13	20,326,590	18,673,342
Reserves		2,038,155	1,882,088
Accumulated losses		(20,674,085)	(19,411,161)
TOTAL EQUITY		<u>1,690,660</u>	<u>1,144,269</u>

The above Balance Sheet should be read in conjunction with the accompanying notes

ECONOMIC ENTITY CASH FLOW STATEMENT

for the year ended 31 December 2008

	Note	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,108,793	2,439,451
Payments to suppliers and employees		(3,159,797)	(3,453,090)
Interest paid		(26,031)	(19,442)
Interest received		102,648	37,709
Income taxes paid		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	<u>(974,387)</u>	<u>(995,372)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of shares in listed companies		15,844	6,341
Payments for Intangibles		-	-
Loans to other entities		(1,250,000)	-
Dividends received		-	51
Payments for Property, plant and equipment		(3,075)	(138,996)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(1,237,231)</u>	<u>(132,604)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		1,275,000	2,332,300
Payment for share issue costs		-	(52,272)
Proceeds from borrowings		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>1,275,000</u>	<u>2,280,028</u>
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		(936,618)	1,152,052
Cash assets at the beginning of the Year		1,138,824	(13,228)
CASH ASSETS AT THE END OF THE YEAR	17	<u>202,206</u>	<u>1,138,824</u>

STIRLING RESOURCES LIMITED
CASH FLOW STATEMENT

for the year ended 31 December 2008

	Note	Parent 31 December 2008 \$	Parent 31 December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(993,667)	(1,086,490)
Interest received		47,503	36,469
Income taxes paid		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	<u>(946,164)</u>	<u>(1,050,021)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of shares in listed companies		15,784	6,341
Payments for property, plant and equipment		(3,075)	-
Dividends received		-	51
Loans made to other entities		(1,250,000)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(1,237,291)</u>	<u>6,392</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		1,125,000	2,332,300
Payment for share issue costs		-	(52,272)
Proceeds from issue of options on equity securities		150,000	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>1,275,000</u>	<u>2,280,028</u>
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		(908,455)	1,236,399
Cash assets at the beginning of the Year		1,316,378	80,391
CASH ASSETS AT THE END OF THE YEAR	17	<u>407,923</u>	<u>1,316,790</u>

STIRLING RESOURCES LIMITED

ECONOMIC ENTITY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

ITEM	NOTE	ORDINARY SHARES	RETAINED EARNINGS	CAPITAL RESERVE	OPTIONS RESERVE	REVALUATION RESERVE	OUTSIDE EQUITY INTERESTS	TOTAL
Balance at 1 January 2007		16,388,862	(14,384,197)	1,886,076	8,250	(13,238)	(509,181)	3,376,572
Profit/(Loss) for the period		-	(5,298,450)	-	-	-	-	(5,298,450)
Transfer to retained earnings		-	(509,181)	-	-	-	509,181	-
Proceeds on the issue of shares		2,552,000	-	-	-	-	-	2,552,000
Cost of share issue		(267,520)	-	-	-	-	-	(267,520)
Balance at 31 December 2007		18,673,342	(20,191,828)	1,886,076	8,250	(13,238)	-	362,602
Balance at 1 January 2008		18,673,342	(20,191,828)	1,886,076	8,250	(13,238)	-	362,602
Profit/(Loss) for the period		-	(268,992)	-	-	-	-	(268,992)
Options issued		-	-	-	156,067	-	-	156,067
Proceeds on the issue of shares		1,653,248	-	-	-	-	-	1,653,248
Cost of share issue		-	-	-	-	-	-	-
Balance at 31 December 2008		20,326,590	(20,460,820)	1,886,076	164,317	(13,238)	-	1,902,925

This page should be read in conjunction with the accompanying notes

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

ITEM	NOTE	ORDINARY SHARES	RETAINED EARNINGS	CAPITAL RESERVE	OPTIONS RESERVE	REVALUATION RESERVE	TOTAL
Balance at 1 January 2007		16,388,862	(14,221,739)	1,778,391	8,250	176,703	4,130,467
Profit/(Loss) for the period		-	(5,270,678)	-	-	-	(5,270,678)
Adjustments to reserves as a result of changes in fair value of investments		-	81,256	(81,256)	-	-	-
Proceeds on issue of shares		2,552,000	-	-	-	-	2,552,000
Cost of fund raising		(267,520)	-	-	-	-	(267,520)
Balance at 31 December 2007		18,673,342	(19,411,161)	1,697,135	8,250	176,703	1,144,269
Balance at 1 January 2008		18,673,342	(19,411,161)	1,697,135	8,250	176,703	1,144,269
Profit/(Loss) for the period		-	(1,262,924)	-	-	-	(1,262,924)
Options issued		-	-	-	156,067	-	156,067
Proceeds on issue of shares		1,653,248	-	-	-	-	1,120,248
Cost of fund raising		-	-	-	-	-	-
Balance at 31 December 2008		20,326,590	(20,674,084)	1,697,135	164,317	176,703	1,690,660

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. BASIS OF PREPARATION

The financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, applicable Accounting Standards and interpretations and other mandatory professional reporting requirements. The financial report has been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value.

There has been no material impact of changes in these accounting policies.

The financial report covers Stirling Resources Limited and its subsidiary companies. Stirling Resources Limited is a listed public company, incorporated and domiciled in Australia. The financial report complies with all International Financial Reporting Standards in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity controlled by Stirling Resources Limited. Control exists where Stirling Resources Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Stirling Resources Limited to achieve the objectives of Stirling Resources Limited.

A list of controlled entities is contained in Note 18 of the accounts.

All inter-company balances and transactions between entities in the economic entity, including any unrealized profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the Economic Entity financial report.

(b) Income Tax

Current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. Basis of Preparation (cont)**(c) Inventory**

Inventories are measured at the lower of cost and net realizable value. Cost of manufactured units includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating activity. Costs are assigned on the basis of weighted average costs.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and Equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overhead.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalized lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation rate
Plant and Equipment – electrical	30-60%
Furniture	10-20%

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to the retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. Basis of Preparation (cont)

(e) Financial Instruments

Financial instruments are originally recorded at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit and loss

A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

Held-to-Maturity Investments

These investments have fixed maturities and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Instruments

Available-for-sale financial instruments include any financial assets not included in the above categories. Available-for-sale financial instruments are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial instruments are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the value of all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. Basis of Preparation (cont)

(f) Impairment

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(g) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in the intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(h) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cashflows to be made for those benefits.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. Basis of Preparation (cont)

(i) Provisions

Provisions are recognized when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
- investments in money market instruments with less than 14 days to maturity; and
- Cash floats and cash in bank.

(k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Dividend revenue is recognized when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(n) Going Concern

The accounts have been prepared on the basis of going concern. The Directors believe that this is appropriate as the Company has certain investments that may be sold and be used to pay its debts as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

(o) Critical accounting estimates and judgments:

Impairment testing

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Critical estimates and judgments relating to the impairment testing of the assets of the group are as follows:

Mortgage

Given continuing uncertainties as to the recoverability of the existing mortgage over land based in Fiji, the Directors consider it prudent to maintain the full provision for the possibility that this mortgage will not be recovered. As a result of this, the Directors have reviewed the net carrying value of the mortgage investment as nil and believe this to be a prudent measurement of the fair value as at 31 December 2008 (December 2007: nil).

There is continuing uncertainty as there has been no approval of a Draft Master Plan for development of the site by the relevant planning authorities. The land subject to mortgage is based in Fiji and therefore subject to enforceability issues of security based in Fiji. The Directors have been unable to obtain assurance from the developers that there is no diminution in the value of the mortgage to the Company. These factors have required the maintenance of full provisioning of the mortgage.

(p) Authorisation

The financial report was authorized for issue by the board of directors on [] March 2009.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

2. OTHER REVENUE FROM ORDINARY ACTIVITIES

	Economic Entity 31 December 2008	Economic Entity 31 December 2007	Parent 31 December 2008	Parent 31 December 2007
	\$	\$	\$	\$
Revenue from sales	-	-	-	-
Other revenue	22,000	248	22,000	248
Dividends received from other corporations	-	51	-	51
Interest received – related parties	-	-	-	-
Interest received – third parties	136,114	111,475	136,114	111,475
	<u>158,114</u>	<u>111,774</u>	<u>158,114</u>	<u>111,774</u>

3A. PROFIT FROM ORDINARY ACTIVITIES

	Economic Entity 31 December 2008	Economic Entity 31 December 2007	Parent 31 December 2008	Parent 31 December 2007
	\$	\$	\$	\$
Profit from ordinary activities before income tax has been determined after:				
Loss on sale of subsidiary	-	-	-	1,916,237
Fair value adjustments on financial assets	1,631,445	1,301,464	79,622	11,558
Provision for loan write down	-	-	804,734	2,021,048
Provision for mortgage	74,841	832,007	74,841	832,007
Cost of Sales	-	-	-	-
Employee costs	86,836	-	86,836	-
Office	41,573	158	41,573	158
Consulting	101,229	175,545	101,229	175,545
Depreciation and asset write downs	-	-	-	-
Directors and management fees	147,332	265,000	147,332	265,000
Marketing	2,649	9,036	2,649	9,036
Corporate maintenance	12,512	53,992	12,512	53,992
Travel	373	10,713	373	10,713
Research and Development	-	-	-	-
Audit and Accounting fees	22,962	35,483	22,962	35,483
Bank charges	542	1,685	542	1,685
Bad debts expense	-	-	-	-
Interest paid	-	-	-	-
Legal costs	25,959	31,452	25,959	31,452
Share based payments	-	-	-	-
Other	22,978	18,539	19,875	18,539
	<u>2,171,231</u>	<u>2,735,073</u>	<u>1,421,039</u>	<u>5,382,453</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

3B. DISCONTINUED OPERATIONS

On 29 December 2008, Cellsense merged with Biocell. The Company will maintain a continuing interest in the stem cell business through its 50% non-controlling interest in Australian Stem Cell Healthcare Pty Ltd. Completion of the merger occurred on 29 December 2008.

	Discontinued Ops 31 December 2008	Discontinued Ops 31 December 2007
	\$	\$
Discontinued Operations		
Revenue from sale or services	2,341,844	2,394,077
Other revenue from ordinary activities		23,021
Cost of Sales	1,283,338	917,204
Employee costs	822,277	710,068
Office	278,228	352,972
Consulting	118,761	147,152
Depreciation and asset write downs	32,435	300,588
Marketing	162,849	236,295
Corporate maintenance	54,174	75,772
Travel	68,210	98,670
Research and Development	16,000	77,685
Audit and Accounting fees	35,151	46,183
Bank charges	45,709	43,337
Bad debts expense	(49,000)	39,378
Interest paid	26,031	19,442
Legal costs	14,466	29,334
Other	90,704	81,932
Profit/(loss) before income tax expense	(657,490)	(758,914)
Income tax expense	-	-
Profit/(Loss) from discontinued operations after related income tax	(657,490)	(758,914)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

3B. DISCONTINUED OPERATIONS (CONTINUED)

Carrying amount of assets and liabilities

	Discontinued Ops 31 December 2008	Discontinued Ops 31 December 2007
	\$	\$
The carrying amount of assets and liabilities sold:		
Current receivables	416,426	301,488
Prepayment	175,831	84,992
Property, plant and equipment	284,740	40,469
Intangibles – TGC Licence	47,147	40,469
Trade Creditors	(1,203,954)	(493,661)
Current liabilities	(144,558)	(312,654)
Net assets	<u>(424,368)</u>	<u>(338,897)</u>

Details of sale of discontinued operation

Consideration	1,977,247
Carrying amount of asset sold	<u>424,368</u>
Gain on sale	<u>2,401,615</u>

4. AUDITORS REMUNERATION

	Economic Entity 31 December 2008	Economic Entity 31 December 2007	Parent 31 December 2008	Parent 31 December 2007
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	10,182	28,700	10,182	12,100
- other professional services	<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>
	<u>10,982</u>	<u>28,700</u>	<u>10,982</u>	<u>12,100</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

5. RECEIVABLES (CURRENT)

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Debtors and prepayments	112,921	432,110	112,396	67,130
Mortgage investment – secured	906,848	832,007	906,848	832,007
Less: provision for mortgage	(906,848)	(832,007)	(906,848)	(832,007)
	<u>112,921</u>	<u>432,110</u>	<u>112,396</u>	<u>67,130</u>

Refer to note 1(o), Critical accounting estimates and judgments, for an explanation on the accounting treatment for the Fiji Mortgage investment.

RECEIVABLES (NON – CURRENT)

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Deposits and advances – controlled entities	-	-	2,292,782	2,021,084
Less: provision for Deposits and advances – controlled entities	-	-	(2,292,782)	(2,021,084)
Deposits and advances – related entities	1,257,505	-	1,257,505	-
Deposits and advances – other	747,704	345,482	330,246	323,982
	<u>2,005,209</u>	<u>345,482</u>	<u>1,587,751</u>	<u>323,982</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

6. PROPERTY, PLANT AND EQUIPMENT

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Laboratory Equipment				
At cost	-	162,300	-	-
Accumulated Depreciation	-	(18,165)	-	-
	<u>-</u>	<u>144,135</u>	<u>-</u>	<u>-</u>
Office Equipment				
At cost	3,075	51,834	-	-
Accumulated Depreciation	-	(20,591)	3,075	-
	<u>3,075</u>	<u>31,243</u>	<u>-</u>	<u>-</u>
	<u>3,075</u>	<u>175,378</u>	<u>3,075</u>	<u>-</u>
Movement in carrying value				
Costs	Laboratory Equipment	Office Equipment		
Balance at 1 Jan 2008	162,300	51,834		
Additions	120,154	21,501		
Disposal of PPE included in sale of subsidiary	(282,454)	(70,260)		
Balance at 31 Dec 2008	<u>-0</u>	<u>3,075</u>		
Accumulated Depreciation	Laboratory Equipment	Office Equipment		
Balance at 1 Jan 2008	(18,165)	(20,591)		
Depreciation	(23,585)	(5,632)		
Disposal of PPE included in sale of subsidiary	41,750	26,223		
Balance at 31 Dec 2008	<u>-</u>	<u>-</u>		

STIRLING RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

7. DEFERRED TAX

The Directors have not recognise any Deferred Tax Assets as they do not believe that it continues to meet the recognition criteria outlined in Note 1(b).

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
The prima facie on loss from ordinary activities before income tax reconciled to income tax as follows:				
Prima facie tax receivable on loss from ordinary activities at 30% (2007: 30%)	(80,698)	(1,950,535)	(2,321,081)	(1,942,203)
Tax effect of deferred tax assets not brought to account	80,698	1,950,535	2,321,081	1,942,203
Income tax expense attributable to entity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rates as follows:	-%	-%	-%	-%

8. OTHER FINANCIAL ASSETS (NON-CURRENT)

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Available for Sale				
Shares in Corporations listed on Prescribed Stock exchanges - other Corporations				
At fair value	21,323	116,729	21,323	116,729
At Fair Value through Profit & Loss				

Shares in Controlled Entities				
At fair value	-	-	3	3
Investment in Third Party Entities	1,599,789	-	-	-
Less: Provision for impairment of investment	(1,599,788)	-	-	-
	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>21,324</u>	<u>116,729</u>	<u>21,326</u>	<u>116,732</u>

Refer to Note 1 for critical accounting estimates and judgments used in determining fair value and any potential impairment of this asset.

In the directors' opinion, the consolidated entity at 31 December 2008 is not exposed to any material credit risk or any material market risk in relation to the above other financial assets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

9. INTANGIBLES

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Goodwill on consolidation	-	-	-	-
Therapeutic Goods Administration license	-	40,469	-	-
	<u>-</u>	<u>40,469</u>	<u>-</u>	<u>-</u>

Refer to Note 1 for critical accounting estimates and judgments used in determining fair value and any potential impairment of this asset.

10. PAYABLES (CURRENT)

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Bank overdraft	205,729	177,966	-	-
Trade creditors - related parties	-	61,248	-	61,248
Trade creditors - others	232,329	824,368	202,547	259,423
Loans - other	50,000	72,000	50,000	72,000
Accruals	141,800	496,052	171,582	269,600
	<u>629,858</u>	<u>1,631,634</u>	<u>424,129</u>	<u>662,271</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

10. PAYABLES (CURRENT) (CONTINUED)

The bank overdraft of a subsidiary, Cellsense Pty Ltd is secured by a fixed and floating charge over the assets of Cellsense Pty Ltd and a parent company guarantee provided by Stirling Resources Limited. The maximum amount of the overdraft is \$150,000.

PAYABLES (NON- CURRENT)

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Loans – related parties	-	400,122	-	-
11. INTEREST BEARING LIABILITIES				
	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Loans - other	17,682	17,682	17,682	17,682
12. PROVISIONS				
	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Employee entitlements	-	14,918	-	-

STIRLING RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

13. ISSUE OF SECURITIES

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
442,757,500 (2007: 303,607,500) fully paid ordinary shares	20,326,590	18,673,342	20,326,590	18,673,342
	Number of Shares/options	Number of Shares/options	Number of Shares/options	Number of Shares/options
Ordinary Shares				
Opening Balance as at 1 January	303,607,500	176,000,000	303,607,500	176,000,000
Placement 18 July 2007	-	88,000,000	-	88,000,000
Options exercised 28 July 2007	-	7,500	-	7,500
Placement 7 August 2007	-	39,600,000	-	39,600,000
Placement 22 October 2008	139,500,000	-	139,500,000	-
Closing Balance as at 31 December	<u>442,757,500</u>	<u>303,607,500</u>	<u>442,757,500</u>	<u>303,607,500</u>
	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Options – Exercisable at 4c, expiry date 30 June 2012				
Opening Balance	63,792,508	-	63,792,508	-
Issue of options (18 July 2007)	-	44,000,008	-	44,000,008
Exercise of options	-	(7,500)	-	(7,500)
Issue of options (7 August 2007)	-	19,800,000	-	19,800,000
Issue of options (24 October 2008)	12,500,000	-	12,500,000	-
Closing Balance	<u>76,292,508</u>	<u>63,792,508</u>	<u>76,292,508</u>	<u>63,792,508</u>
Options – Exercisable at 10c, expiry date 30 June 2010				
Opening Balance	-	-	-	-
Issue of options (24 October 2008)	75,000,000	-	75,000,000	-
Closing Balance	<u>75,000,000</u>	<u>-</u>	<u>75,000,000</u>	<u>-</u>
Options – Exercisable at 20c, expiry date 30 June 2012				
Opening Balance	-	-	-	-
Issue of options (24 October 2008)	75,000,000	-	75,000,000	-
Closing Balance	<u>75,000,000</u>	<u>-</u>	<u>75,000,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

13. ISSUE OF SECURITIES (CONTINUED)

Ordinary shares participate in dividends and proceeds of the winding up of the Parent Entity in proportion to the number of shares held.

At the Shareholders' Meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

14. CAPITAL AND LEASING COMMITMENTS

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Non cancellable operating lease commitments contracted for but not capitalized in the financial statements				
Payable – minimum lease payments				
- not later than 12 months	-	47,904	-	-
- between 12 months and 5 years	-	115,768	-	-
- greater than 5 years	-	-	-	-
	<u>-</u>	<u>163,672</u>	<u>-</u>	<u>-</u>

The above commitments are in relation to the rental of the business premises occupied by the operating subsidiary of the group, Cellsense Pty Ltd.

15. ASSET BACKING AND EARNINGS PER SHARE

	Economic Entity 31 December 2008	Economic Entity 31 December 2007
Net tangible asset backing (cents per share)	0.43	0.12
Basic earnings per share (cents per share)	<u>(0.3)</u>	<u>(2.3)</u>
Earnings used in calculation of earnings per share (\$)	<u>(268,992)</u>	<u>(5,298,450)</u>
Weighted average number of units on issue used in calculation of earnings per unit	<u>329,460,413</u>	<u>231,861,918</u>

As the company reported a loss for the years ended 31 December 2008 and 31 December 2007, options on issue were not included in the calculation of diluted earnings per share.

STIRLING RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

16. DIRECTORS AND DIRECTOR RELATED PARTIES

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$
Directors Remuneration		
A Coulepis*	96,000	96,000
K Philip	24,000	24,000
R J Poole	24,000	24,000
P Page	36,000	36,000
M Kiernan*	20,833	-
J Kiernan	-	-
	<u>200,833</u>	<u>180,000</u>

* The company has two Executive Directors. Total remuneration amount contains salaries paid for the year.

Directors equity holdings (including relevant interests)

	Balance 1 January 2008	Change	Balance 31 December 2008
Ordinary Shares			
A Coulepis	2,150,000	-	2,150,000
P K Philip	187,500	300,000	487,500
P Page	8,750,000	² 24,600,645	33,350,645
R J Poole	12,029,600	² 2,496,045	14,525,645
R J Poole & P Page	32,801,355	² (2,505,800)	30,295,555
J Kiernan	-	5,000,000	5,000,000
M Kiernan & J Kiernan	-	¹ 106,000,000	106,000,000
	<u>55,918,455</u>	<u>135,890,890</u>	<u>191,809,345</u>
Options			
A Coulepis	1,100,000	-	1,100,000
P K Philip	28,750	-	28,750
P Page	-	7,466,654	7,466,654
R J Poole & P Page	10,000,033	(2,533,345)	7,466,688
J Kiernan	-	5,000,000	5,000,000
M Kiernan & J Kiernan	-	¹ 190,011,467	190,011,467
	<u>11,062,059</u>	<u>200,011,500</u>	<u>211,073,559</u>

Significant transactions

¹ On 24 October 2008, a Placement of 100,000,000 ordinary shares and 150,000,000 options were issued to Crawley Investments Pty Ltd, an associate of Mr Michael Kiernan and Mr James Kiernan.

² In the same Placement, a further 26,650,000 ordinary shares were placed with Mr Richard Poole, Mr Paul Page and associates of the two directors.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

16. DIRECTORS AND DIRECTOR RELATED PARTIES (CONTINUED)**Directors and related party transactions and balances**

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$	Parent 31 December 2008 \$	Parent 31 December 2007 \$
Receivables (see Note 5)				
Crawley Investments Pty Limited	1,007,505	-	1,007,505	-
Redbank Mines Limited	250,000	-	250,000	-
	<u>1,257,505</u>	<u>-</u>	<u>1,257,505</u>	<u>-</u>
Payables (see Note 11)				
Arthur Phillip Pty Limited	-	61,248	-	61,248
	<u>-</u>	<u>61,248</u>	<u>-</u>	<u>61,248</u>

P Page and R Poole are directors of Arthur Phillip Pty Limited during the period. During the period, Arthur Phillip Pty Limited has provided accounting, administration, company secretarial, management and fund raising services to the company, amounting to \$110,680 (2007: \$71,000).

P Page is a director of Brovest Pty Limited during the period. During the period, Brovest Pty Limited provided consulting services to the company, amounting to \$91,729 (2007: \$69,607).

Dr A Coulepis is a director of AGC Consulting Pty Limited during the period. During the period, AGC Consulting Pty Limited provided consulting services to the company, amounting to \$27,500 (2007: \$70,000).

M Kiernan and J Kiernan are directors of Crawley Investments Pty Limited during the period. During the period, Crawley Investments Pty Limited:

- Provided rental premises to the company, amounting to total rent paid of \$11,099 (2007: \$nil); and
- Received loans from the company, amounting to \$1,107,505 (2007: \$nil). The full amount of the loan remains payable to the company at 31 December 2008.

M Kiernan is a director of Redbank Mines Limited during the period. During the period, Redbank Mines Limited received loans from the company, amounting to \$250,000 (2007: \$nil). The full amount remains payable to the company at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

16. DIRECTORS AND DIRECTOR RELATED PARTIES (CONTINUED)**Directors' fees accrued**

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$
A Coulepis	-	96,000
PK Philip	6,000	44,000
R J Poole	-	52,000
P Page	-	52,200
M Kiernan	-	-
J Kiernan	-	-
	<u>6,000</u>	<u>244,200</u>

Aggregate amounts included in the determination of loss from ordinary activities before income tax that result from transactions with related parties are as follows:

	Economic Entity 31 December 2008 \$	Economic Entity 31 December 2007 \$
Interest revenue	-	6,264
Directors and management fees	328,612	265,000
Consulting Fees	119,229	175,545

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

17. NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of Net Cash from/(used in) operating activities to Net loss from ordinary activities after income tax	Consolidated 2008 \$	Consolidated 2007 \$
Net cash (used in) operating activities	(974,387)	(995,372)
Dividend income	-	51
Gain/(Loss) on disposal of subsidiary	(2,401,615)	(1,916,237)
Loss on disposal of financial assets	(79,561)	(11,159)
Fair value adjustments on financial assets	1,559,788	(2,133,471)
Transfer to investing activities		(40,361)
Write off assets/depreciation	32,435	(19,416)
Bad debts expense	(39,060)	(39,378)
Other non-cash items	1,238	(5,324)
Share based payments	(6,067)	-
Write off Deferred Income Tax Asset		-
Change in operating assets and liabilities		
(Decrease)/Increase in receivables	296,247	50,662
Decrease/(Increase) in payables and other liabilities	(363,260)	(244,500)
Increase in provisions	21,596	56,055
Net loss from ordinary activities after Income Tax	<u>(268,992)</u>	<u>(5,298,450)</u>
Cash and Cash Equivalents		
Cash	407,935	1,316,790
Bank Overdraft	(205,729)	(177,966)
	<u>202,206</u>	<u>1,138,824</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

17. NOTES TO THE STATEMENT OF CASHFLOWS (CONTINUED)

Reconciliation of Net Cash from/(used in) operating activities to Net loss from ordinary activities after income tax	Parent 2008 \$	Parent 2007 \$
Net cash (used in) operating activities	(946,164)	(1,050,021)
Dividend income	-	51
Loss on disposal of subsidiary	-	(1,916,238)
Loss on disposal of financial assets	(7,967)	(11,159)
Accrued interest	88,611	-
Options granted to employees	(6,067)	-
Other non-cash items	4,752	(4,863)
Fair value adjustments on financial assets	(679,497)	(2,864,613)
Change in operating assets and liabilities		
Decrease/(Increase) in receivables	45,266	846,868
(Decrease)/Increase in payables and other liabilities	238,142	(270,703)
Net loss from ordinary activities after Income Tax	<u>(1,262,924)</u>	<u>(5,270,678)</u>
Cash and Cash Equivalents		
Cash	<u>407,923</u>	<u>1,316,790</u>

18. PARTICULARS RELATING TO CONTROLLED ENTITIES

Controlled Entities	Place of Incorporation	Class of Shares	2008 %	2007 %
Alexanders C- Commerce Pty Limited	NSW	Ord	100	100
Stem Cell Healthcare Pty Ltd	NSW	Ord	100	100
Cell Sense Pty Ltd	NSW	Ord	50	100
Bubba Stuff Pty Ltd	VIC	Ord	100	100

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

19. SHARE-BASED PAYMENTS

The following share based payment arrangements existed at 31 December 2008:

On 6 June 2008, shareholders approved the issue of 10,000,000 directors' options over ordinary shares to Dr A Coulepis as follows:

Number	Date of Expiry	Exercise Price
5,000,000	31 October 2008	\$0.07
2,500,000	31 October 2009	\$0.10
2,500,000	31 October 2010	\$0.15

The options issued had a weighted average exercise price of \$0.0975 and a weighted average contractual life of 14 months. The weighted average fair value of the options granted during the year was \$0.06065.

The price was calculated by using a Black Scholes option pricing model applying the following inputs:

▪ Weighted average exercise price	\$0.0975
▪ Weighted average life of the option	14 months
▪ Underlying share price	\$0.012
▪ Expected share price volatility	100%
▪ Risk free interest rate	7.25%

An estimate of share price volatility has been used in the calculation, having had regard to historical levels of volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Based on the above valuation, the directors options have been valued at \$6,067.

Economic Entity & Parent Company

	31 December 2008		31 December 2007	
	No of options	Exercise price	No of Options	Exercise price
Outstanding at the beginning of the financial year	1,100,000	\$0.05	1,100,000	\$0.05
Granted 6 June 2008	5,000,000	\$0.07	-	-
Granted 6 June 2008	2,500,000	\$0.10	-	-
Granted 6 June 2008	2,500,000	\$0.15	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at period end	<u>10,100,000</u>	-	<u>1,100,000</u>	-
Exercisable at period end	<u>10,100,000</u>	-	<u>1,100,000</u>	-

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20. SHARE-BASED PAYMENTS (CONTINUED)

Parent Company

	31 December 2008		31 December 2007	
	No of options	Exercise price	No of Options	Exercise price
Outstanding at the beginning of the financial year	1,100,000	\$0.05	1,100,000	\$0.05
Granted 6 June 2008	5,000,000	\$0.07	-	-
Granted 6 June 2008	2,500,000	\$0.10	-	-
Granted 6 June 2008	2,500,000	\$0.15	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at period end	<u>10,100,000</u>	-	<u>1,100,000</u>	-
Exercisable at period end	<u>10,100,000</u>	-	<u>1,100,000</u>	-

Included under employee benefits expense in the income statement is \$6,067 (2007:\$nil).

20. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There are no material contingent liabilities or contingent assets of the company in existence as at 31 December 2008 other than the following:

As part of the agreement to sell SCHT Pty Ltd through the cancellation of Stirling Resources Limited's holding in SCHT Pty Ltd, and the purchase of the business and certain assets and liabilities from SCHT Pty Ltd effective 1 July 2007, Stem Cell Healthcare Pty Ltd agreed to:

- Pay or allocate to SCHT Pty Ltd in cash or scrip 25% of the proceeds derived from the on sale of the stem cell business; and
- In the event the business had not been sold twenty four months after completion, Stirling Resources Limited agreed to commence paying 25 percent of the net profit after tax from the existing stem cell business each calendar year.

21. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than the following:

On 18 December 2008, the Company entered into an agreement to acquire from Crawley Investments Pty Ltd, an interest in Redbank Mines Limited (ASX:RBM) for a total consideration of \$1,870,000. The acquisition is subject to shareholder approval which remains pending at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

22. DIVIDENDS

No dividends have been declared or paid during the year ended 31 December 2008 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the Year ended 31 December 2008.

23. SEGMENT REPORTING

The business operates in one segments. The segment reporting is detailed below:

Primary Reporting – Business Segments 2008	Other	Discontinued Operations	Profit on sale of Stem Cell Sub	Total
	\$	\$	\$	\$
Revenue				
Sales	-	2,341,844	-	2,311,844
Other	158,114	-	-	136,114
Total Segment Revenue	158,114	2,341,844	-	2,447,958
Segment Result				
Profit/(loss) from ordinary activities before income tax	(2,013,117)	657,490	2,401,615	(268,992)
Income tax expense	-	-	-	-
Net Profit	(2,013,117)	657,490	2,401,615	(268,992)

Primary Reporting – Business Segments 2007	Other	Discontinued Operations	Loss on sale of Stem Cell Sub	Total
	\$	\$	\$	\$
Revenue				
Sales	-	2,394,077	-	2,394,077
Other	111,774	22,022	-	133,796
Total Segment Revenue	111,774	2,416,099	-	2,527,873
Segment Result				
Profit from ordinary activities before income tax	(2,623,299)	(758,914)	(1,916,237)	(5,298,450)
Income tax expense	-	-	-	-
Net Profit	(2,623,299)	(758,914)	(1,916,237)	(5,298,450)

The economic entity operates in one geographic segment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

24. FINANCIAL INSTRUMENTS

(a) Credit risk exposures

The credit risk on financial assets of the consolidated entity which has been recognised on the statement of financial performance, other than investments in shares is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

	Notes	Rate *	Floating interest rate	Fixed 1 year or less	Non-interest bearing	Total
2008						
Financial Assets						
Cash and Deposits		5.27%	407,935	-	-	407,935
Receivables (current)	5		-	-	112,921	112,921
Investments	8		-	-	21,324	21,324
Receivables (non-current)	5		-	2,005,209	-	2,005,209
			407,935	2,005,209	134,245	2,547,389
Financial Liabilities						
Payables (current)	10	10.13%	205,729	-	889,381	1,095,110
Interest bearing liabilities	11		17,682	-	-	17,682
Payables (non-current)	10		-	-	-	-
Net financial assets/(liabilities)			184,524	2,005,209	(755,136)	1,434,597
2007						
Financial Assets						
Cash and Deposits		4.74%	1,316,790	-	-	1,316,790
Receivables	5	7.00%	-	832,007	432,110	1,264,117
Investments	8	-	-	-	116,729	116,729
Receivables (non-current)	5	1.93%	-	323,982	21,500	345,482
			1,316,790	1,155,989	570,339	3,043,118
Financial Liabilities						
Payables (current)	10	14.30%	177,966	-	1,453,668	1,631,634
Interest bearing liabilities	11	-	17,682	-	-	17,682
Payables (non-current)	10	-	-	-	400,122	400,122
Net financial assets/(liabilities)			1,121,142	1,155,989	(1,283,451)	993,680

* Weighted average rate of return

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

25. RESERVES

a. Option Reserve

The option reserve records items recognized as expenses on valuation of employee share options.

b. Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances, dividends can be paid from this reserve.

c. Capital Profits Reserve

The capital profits reserves records non taxable profits on sale of investments.

26. COMPANY DETAILS

The registered office of the company is:

Stirling Resources Limited
150 Hay Street
Subiaco
Western Australia 6008

The principal places of business are:

Stirling Resources Limited
150 Hay Street
Subiaco
Western Australia 6008