

STIRLING RESOURCES LIMITED
ACN 009 659 054

PROSPECTUS

For the issue of 50,000,000 fully paid ordinary shares in the capital of the Company (Shares) at an issue price of \$0.02 to raise \$1,000,000 on a pre-Consolidation basis (5,000,000 Shares at an issue price of \$0.20 to raise \$1,000,000 on a post-Consolidation basis).

This is a Compliance Prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules.

The Offer is conditional upon Shareholders approving certain resolutions to be considered at a general meeting of the Company to be held on 22 May 2009. Please refer to Section 4.2 of this Prospectus for full details of the conditions.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.
The Shares offered by this Prospectus should be considered speculative.

IMPORTANT NOTICE

This Prospectus is dated 15 May 2009 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

The Offer is conditional upon Shareholders approving certain resolutions to be considered at a general meeting of the Company to be held on 22 May 2009. Please refer to Section 4.2 of this Prospectus for full details of the conditions.

Unless otherwise stated, all references to securities in this Prospectus are on a post-consolidation basis assuming the 1:10 consolidation proposed at the Company's General Meeting scheduled for 22 May 2009 is completed.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.stirlingresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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1. CORPORATE DIRECTORY

Directors

Mr Richard Poole – *Non-Executive Chairman*

Mr Michael Kiernan – *Managing Director*

Dr Rohtraut Skatsche-Depisch – *Non-Executive Director*

Mr Paul Page – *Non-Executive Director*

Mr James Kiernan – *Non-Executive Director*

Mr George (Giga) Bedineishvili – *Non-Executive Director*

Dr Tony Coulepis – *Non- Executive Director*

Company Secretary

Ms Ildiko Wowesny

Registered Office

Ground Floor
150 Hay Street
SUBIACO WA 6008

Telephone: (08) 6389 6800
Facsimile: (08) 6389 6810

Solicitors to the Company

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Share Registry*

Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Website

www.stirlingresources.com.au

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors, I invite you to become a Shareholder in Stirling Resources Limited (**Company**).

The Company is a 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. 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 with unfulfilled potential.

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. The assets to be acquired include the tenements and plant comprising the Andranangoo mineral sands project located on the Tiwi Islands, 60km 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**). Consideration for the proposed acquisition is \$4,800,000 cash.

On 6 May 2009, Stirling entered into an agreement to transfer its zircon assets in northern Australia to Olympia Resources Limited (**Olympia**) for 250 million Olympia shares and a deferred cash payment of \$1m. Further details of the Olympia transaction are set out in Section 5.5.

By this Prospectus, the Company is offering for subscription up to 50,000,000 Shares at 2 cents each to raise \$1,000,000 for additional working capital.

This Prospectus provides detailed information regarding this Offer, the Company's activities, strategic relationships, Board of Directors and risk factors relevant to this Offer.

I recommend that you read this Prospectus in its entirety prior to making a decision to invest in this Offer.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours sincerely

Richard Poole
CHAIRMAN

15 May 2009

3. INVESTMENT OVERVIEW

3.1 Important Notice

This section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

3.2 Objectives

The strategic objective of the Company is to identify resources projects that comprise either commodities that are considered to have a strong future and demand or geological characteristics with unfulfilled potential through which the Company can generate Shareholder value by leveraging the mining experience of the Board and utilising the extensive financial and marketing partners of the Board.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

3.3 Change in Scale of Activities

The proposed acquisition of the Matilda Assets constitutes a significant change in the scale of the Company's activities for which ASX has advised the Company that it is required to obtain the approval of Shareholders and to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

A general meeting of the Company has been convened to be held on 22 May 2009 at which approval will be sought for the change in the scale of activities. Compliance with Chapter 1 of the ASX Listing Rules requires the Company to lodge a prospectus with the ASIC; this Prospectus has been prepared for the purpose of satisfying that requirement.

ASX has further advised the Company that, upon obtaining Shareholder approval for the significant change in the scale of its activities, 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.

3.4 Indicative Timetable

Event	Date
Lodgement of Prospectus with the ASIC	15 May 2009
Opening Date	15 May 2009
Closing Date	5.00pm WST on 21 May 2009
General Meeting	22 May 2009
Shares suspended from trading on ASX	22 May 2009
Issue Shares pursuant to this Prospectus	29 May 2009

Despatch of holding statements	29 May 2009
Expected date for re-quotations of Shares on ASX	3 June 2009

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

3.5 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to raise approximately \$1,000,000 (before expenses). The proceeds of the Offer, after the payment of expenses associated with the Offer, are intended to be applied to the general working capital of the Company to meet the Company's stated objectives previously announced to ASX. These objectives include reviewing business opportunities and investment strategies to build a diversified resources group.

To the extent that the Offer is not fully subscribed, then the funds received from the Offer will be applied in a scaled back proportional manner subsequent to the payment of the expenses of the Offer.

As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis

There is no minimum subscription for the Offer.

3.6 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares¹	Number
Shares on issue at date of Prospectus	557,494,378
Shares on issue following Consolidation (10:1)	55,749,438
Shares offered pursuant to Prospectus	5,000,000 ²
Total Shares on issue at completion of the Offer³	60,749,438
Options	Number
Options on issue at date of Prospectus ⁴	226,292,508
Options on issue following Consolidation (10:1)	22,629,251
Options offered pursuant to Prospectus	Nil
Total Options on issue at completion of the Offer	22,629,251
Convertible Notes	Number

Convertible Notes on issue at date of Prospectus ⁵	65,000,000
Convertible Notes on issue following Consolidation (10:1)	6,500,000
Convertible Notes offered pursuant to Prospectus	Nil
Total Convertible Notes on issue at completion of the Offer²	6,500,000

Notes:

¹ Refer to Section 10.1 of this Prospectus for rights attaching to Shares.

² This figure is on a post Consolidation basis.

³ Assumes that the Offer is fully subscribed.

⁴ These options consist of the following options:

- (a) 76,292,508 options exercisable at \$0.04 each on or before 30 June 2012 on a pre-Consolidation basis (7,629,251 options exercisable at \$0.40 each on or before 30 June 2012 on a post-Consolidation basis);
- (b) 75,000,000 options exercisable at \$0.10 each on or before 30 June 2010 on a pre-Consolidation basis (7,500,000 options exercisable at \$1.00 each on or before 30 June 2010 on a post-Consolidation basis); and
- (c) 75,000,000 options exercisable at \$0.20 each on or before 30 June 2012 on a pre-Consolidation basis (7,500,000 options exercisable at \$2.00 each on or before 30 June 2012 on a post-Consolidation basis).

⁵ These Convertible Notes are each convertible into 1 Share on or before that date which is 36 months after the date of issue (being 30 January 2009).

Restricted securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, certain Shares and Options issued to related parties are likely to be classified by ASX as restricted securities and will be required to be held in escrow.

4. DETAILS OF THE OFFER

4.1 The Offer

By this Prospectus, the Company offers for subscription up to 50,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of \$0.02 to raise \$1,000,000 on a pre-consolidated basis (5,000,000 Shares at an issue price of \$0.20 to raise \$1,000,000 on a post-consolidated basis).

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

4.2 Conditions of the Offer

The Offer is conditional upon Shareholders approving the following resolutions to be considered at the General Meeting to be held on 22 May 2009:

- (a) a change in the nature and scale of the Company's activities; and
- (b) a consolidation of capital on the basis that every 10 Shares be consolidated into one (1) Share (and the Options and Convertible Notes on issue be consolidated on the same basis).

A full explanation of the above matters is set out in the Company's Notice of Meeting dated 12 March 2009 (including the Addendum to the Notice of Meeting dated 15 May 2009). A copy of the Notice of Meeting (including the Addendum) can be obtained by contacting the Company using the details set out in the Corporate Directory in Section 1 of this Prospectus or from www.asx.com.au.

If the conditions set out above are not satisfied within four (4) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act.

4.3 Applications

Applications for Shares offered under this Prospectus must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of 2 cents per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Completed Application Forms and accompanying cheques must be mailed or delivered to:

<p><i>Posted to:</i> Stirling Resources Limited</p> <p>C/- Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840</p>

OR

<p><i>Delivered to:</i> Stirling Resources Limited</p> <p>C/- Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace PERTH WA 6000</p>
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Cheques should be made payable to "Stirling Resources Limited – Share Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early.

4.4 Allotment

Subject to Shareholders approving the matters set out in Section 4.2 at the General Meeting and the Company complying with Chapters 1 and 2 of the ASX Listing Rules, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

4.5 Minimum Subscription

There is no minimum subscription to this Prospectus.

4.6 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares offered under this Prospectus. If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

4.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

4.8 Underwriter

The Offer is not underwritten.

4.9 Commissions on Application Forms

The Company reserves the right to pay a commission of 5% (inclusive of goods and services tax) of amounts subscribed to any Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee.

4.10 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

4.11 Risk factors

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 0 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 0, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

4.12 Privacy Statement

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

5. COMPANY AND PROJECT OVERVIEW

5.1 Background

Stirling Resources is a 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.

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 but for various reasons this potential remains unfulfilled.

5.2 Matilda Minerals Limited

On 8 February 2009, the Company entered into an agreement to purchase certain assets in Northern Australia from the administrators of Matilda Minerals Limited (**Matilda**). The assets to be acquired include the tenements and plant comprising the Andranangoo mineral sands project located on the Tiwi Islands, 60km 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**). The Matilda Assets comprise zircon and rutile rich mineral sands projects on tenements on the Tiwi Islands 60km north of Darwin in the Northern Territory with a wet concentrator plant located at the Andranangoo project, and the highly prospective mineral sands tenements at the Cape York Peninsula in Queensland. A full list of the tenements is set out in section 5.3.

The assets include all mining information, the wet concentrator plant, associated camp, laboratory and administration buildings, workshop and spares, Perth based office furniture and equipment and motor vehicles. The concentrator plant includes feeders, screens, pumping equipment, HMC spiral separator and cyclones. The concentrator is complete for re-assembly and is easily re-locatable.

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 Island (the largest of the Tiwi Islands) and the western side of Bathurst Island.

The Andranangoo mine site has been operating since October 2006 and was placed on care and maintenance in October 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. Shipping operations continued but required barges to tranship HMC to anchored ships.

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 and 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 350km 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.

5.3 Matilda Tenements

Lease	Locality	Lease Status	Current Area	Application Date	Grant Date	Expiry Date
EL25457	NT	Application	17 blocks	1/7/2006	N/A	N/A
EL25458	NT	Application	18 blocks	1/7/2006	N/A	N/A
EL25459	NT	Application	14 blocks	1/7/2006	N/A	N/A
EL25460	NT	Application	74 blocks	1/7/2006	N/A	N/A
EL25461	NT	Application	17 blocks	1/7/2006	N/A	N/A
EL25421	NT	Application	56 blocks	3/9/2007	N/A	N/A
EL23862	NT - Tiwi	Granted	67 blocks	15/4/2003	1/4/2004	31/3/2010
EL24328	NT - Tiwi	Granted	18 blocks	11/6/2004	24/1/2005	23/1/2011
EL24329	NT - Tiwi	Granted	79 blocks	11/6/2004	24/1/2005	23/1/2011
EL24330	NT - Tiwi	Granted	19 blocks	11/6/2004	24/1/2005	23/1/2011
EL24331	NT - Tiwi	Granted	1 block	11/6/2004	24/1/2005	23/1/2011
EL24332	NT - Tiwi	Granted	2 blocks	11/6/2004	24/1/2005	23/1/2011
EL24333	NT - Tiwi	Granted	2 blocks	11/6/2004	24/1/2005	23/1/2011
EL24334	NT - Tiwi	Granted	1 block	11/6/2004	24/1/2005	23/1/2011
EL24335	NT - Tiwi	Granted	1 block	11/6/2004	24/1/2005	23/1/2011
EL24336	NT - Tiwi	Granted	4 blocks	11/6/2004	24/1/2005	23/1/2011
EL24819	NT - Tiwi	Granted	101 blocks	14/7/2005	1/8/2008	28/7/2014
EL24820	NT - Tiwi	Granted	10 blocks	15/7/2005	1/8/2008	28/7/2014
EL24821	NT - Tiwi	Granted	13 blocks	15/7/2005	1/8/2008	28/7/2014
EL24851	NT - Tiwi	Granted	24 blocks	17/7/2006	1/8/2008	28/7/2014
EL25150	NT - Tiwi	Granted	2 blocks	17/7/2006	1/8/2008	28/7/2014
ML24510	NT - Tiwi	Granted	821.7 ha	10/12/2004	7/9/2005	6/9/2030
ML24511	NT - Tiwi	Granted	909.40 ha	10/12/2004	5/12/2005	4/12/2030
EPM15222	QLD	Application	31 blocks	21/9/2005	N/A	N/A
EPM15223	QLD	Application	55 blocks	21/9/2005	N/A	N/A
EPM15224	QLD	Application	68 blocks	21/9/2005	N/A	N/A
EPM15225	QLD	Application	63 blocks	21/9/2005	N/A	N/A
EPM15258	QLD	Application	66 blocks	30/9/2005	N/A	N/A

Lease	Locality	Lease Status	Current Area	Application Date	Grant Date	Expiry Date
EPM15259	QLD	Application	30 blocks	30/9/2005	N/A	N/A
EPM15276	QLD	Application	10 blocks	14/10/2005	N/A	N/A
EPM15280	QLD	Application	69 blocks	21/10/2005	N/A	N/A
EPM15525	QLD	Granted	32 blocks	29/3/2006	7/11/2007	6/11/2012
EPM15526	QLD	Granted	47 blocks	29/3/2006	7/11/2007	6/11/2012

5.4 Olympia Resources Limited

(a) Olympia Transaction

On 6 May 2009, Stirling entered into an agreement to transfer the Matilda Assets to Olympia Resources Limited (**Olympia**) for 250 million Olympia shares and a deferred cash payment of \$1m. The transaction is subject to the following conditions precedent:

- (i) Olympia shareholders approval;
- (ii) Ministerial approval to transfer the tenements; and
- (iii) Stirling's completion of the transaction to acquire the Matilda Assets.

Under the transaction, Stirling will sell to Olympia the Matilda Assets, being the mineral sands assets it agreed to acquire in February 2009 which were previously owned by Matilda Minerals Limited. Stirling will also acquire approximately 171m Olympia shares currently held by Territory Resources Limited and a \$1.75m debt owed by Olympia to Territory. Stirling will pay \$1.75m to Territory.

Stirling will also be issued an additional approximately 79m Olympia shares and the \$1 million deferred payment is to be satisfied by cash flow from the mineral sands assets.

Following the transaction, Stirling will hold approximately 82% of Olympia.

Stirling has also provided an immediate loan of \$350,000 to Olympia for working capital purposes, which will ultimately be converted to 35 million shares in Olympia. The \$350,000 loan would be repayable within 3 months if the transaction is not completed.

(b) Background on Olympia

Olympia Resources was incorporated in 1997 to carry out exploration and develop mineral deposits within Australia into profitable mining operations. The company listed on the ASX in August 2004.

Initially Olympia focused on developing the Harts Range Abrasives deposit near Alice Springs in the Northern Territory. In 2003, Olympia discovered the Keysbrook mineral sands deposit in the Southwest of

Western Australia. Both projects are well advanced through the development phase.

Olympia also has identified mineral sands projects at Pinjarra, Coolup and Yalyalup in the southwest of Western Australia and is undertaking exploration to identify further resources in this well established mineral sands mining province.

The Company is also active in the mineral rich province of Kalimantan in Indonesia. Olympia's 90% owned subsidiary, PT Olympia Resources Indonesia owns and operates a small processing plant in Sampit, Kalimantan purchasing zircon concentrate from local mining interests.

5.5 Redbank Mines Limited

The Company holds (through its wholly owned subsidiary, Stirling Copper Pty Ltd) holds 30.37% of Redbank Mines Limited (**Redbank**). Redbank is an Australian based mining company focused on the development of the Redbank Copper Project in the north-eastern part of the Northern Territory. Redbank has been listed on ASX since 1993 (ASX:RBM). Redbank holds a substantial ground position of just under 3,700 km² of tenements granted or under application. The project focus is the historical Redbank Mining Centre, contained within the 19km² Exploration Retention Licence (REL) 94 and associated Mining Leases. The tenement package hosts significant copper mineralisation and is considered highly prospective for additional copper discoveries, as well as cobalt, phosphate, manganese and uranium.

The Redbank Copper Project comprises a number of mineralised breccia pipes with known copper mineralization defined at least to the current depth of drilling of around 300 metres from surface. Pipes range in diameter from 40 to 100 metres and contain copper oxide mineralisation in the top 35 metres and copper sulphide mineralisation below that.

Redbank acquired the project in December 2005 and conducted drilling across the known deposits in 2006 and 2007. Redbank completed a preliminary feasibility study on the project in November 2007. The study demonstrated the technical and financial viability of the project based on a staged development plan comprising mining and treatment of oxides from the Bluff, Azurite and Redbank deposits followed by mining of sulfides from the Sandy Flat and Bluff deposits. The existing mine infrastructure, camp facilities, airstrip and roads resulted in a relatively low capital cost to bring the project into commercial production, which was proposed to ramp up to deliver annual copper metal production of 6,000 tpa over 2 years. The initial mine life based solely on mining of the top 100 metres of the known deposits was estimated at 5 years. Further drilling in 2008 enhanced confidence in the resource and the potential for a viable project.

The Bluff, Sandy Flat, Azurite, Redbank and Punchbowl deposits contain delineated JORC resources classified as 1,718,000 tonnes of 1.7% copper Indicated, and 3,490,000 tonnes at 1.3% copper Inferred, for a total resource of 5.2M tonnes at a grade of 1.4% for 75,000 tonnes of contained Cu metal. Further breccia pipes have been identified and an ongoing exploration effort is planned to test these pipes for further economic grade mineralization. Redbank has committed to spend \$1.9M on its 2009 exploration programme, which will focus on discovery and delineation of high grade sulfide resources in order to grow the mine life of a proposed new copper production facility.

The mine site copper leaching operation is presently on a care and maintenance programme.

Redbank has an exploration joint venture with Glencore International (**Glencore**) covering approximately 805km² of its overall ground position, to the north east of the Redbank Mining Centre. Glencore has the opportunity to earn a 50% interest in the joint venture (EL 24654), known as Copperado.

Redbank has also signed an off-take agreement with Glencore for the life of mine, based on market based spot price of copper, confirming the high quality of the product and ensuring that the mine has a ready market for its output.

5.6 Other Assets

The Company has other assets of loans to related parties including Redbank as detailed in item 9.3 and other minor investments in listed entities.

6. DIRECTORS AND CORPORATE GOVERNANCE

6.1 Directors

Mr Richard Poole **Non-Executive Chairman**

Richard Poole commenced his career as a lawyer specialising in mergers and acquisitions. In 1990 he started to build a research and development company and then listed the company raising the necessary capital for the company's operations in Australia and overseas. He is a specialist in corporate activities including ASX listings, funding, strategy and business development. He has recently been involved in projects as diverse as the creation of an organic skincare business and the growth and development of a number of companies including White Energy Company Limited and Australian Power and Gas Limited. He is currently a director of Australian Power and Gas Limited.

Mr Michael Kiernan **Managing Director**

Michael Kiernan has more than 35 years experience in transport, mining, contracting and resources industries, including the development and operation of mining projects in iron ore, manganese, chromite, nickel, copper, coal, gold and mineral sands. He has a track record in management and leadership of resources based projects having held executive positions with Australia's major mining and transport contractors. He was founding Managing Director of the diversified minerals producer Consolidated Minerals Limited. He is currently non-executive Director of Redbank Mines Limited and Australian Zircon Limited.

Dr Anthony Coulepis **Non-executive Director**

Dr Coulepis has over 25 years experience in healthcare, biotechnology and bioscience industry. He was the founding Executive Directors and CEO of Australia's peak biotechnology industry organisation, AusBiotech Ltd. Prior to his involvement at AusBiotech, Dr Coulepis was the Business Development Director of AMRAD Corporation, which is a company operating in the biotechnology and healthcare sector.

Mr Paul Page **Non-executive Director**

Paul Page has experience in the equity capital markets operating in both large and small firm environments. His experience includes investment banking, financial network, capital raising and stockbroking. He has held roles as Director and Head of Equity Capital Markets for a number of broking firms. He has successfully raised funding and listed a range of companies on the ASX. He was previously Director of ComputerCorp Limited and Australian Power and Gas Limited.

Mr James Kiernan **Non-executive Director**

James Kiernan has been involved in the logistic management of several production mines in Western Australia from Kalgoorlie – Bardoc – Leonora to the Pilbara – Newman – Port Hedland – Woodie Woodie. He previously has been an

investment advisor at stockbroking firm William Noall Ltd and a corporate advisor specialising in initial public offers and secondary listings both in London and Dubai, capital raisings and mergers and acquisitions.

Mr George (Giga) Bedineishvili
Non-executive Director

Giga Bedineishvili has a strong background in global investment banking and private equity fund management, having spent time with the US Bank Salomon Brothers and Salford Capital Partners. He was previously a Chief Economic Advisor to the President of Georgia. He is currently a Director of Business Development at DCM DECOmetal.

Dr Rohtraut Skatsche-Depisch
Non-executive Director

Dr Skatsche-Depisch is the Managing Director of international mining and commodity trading company DCM DECOmetal (DCM), and has held this position since 1985. She has led the growth of DCM as a global commodity company, with a network across 40 countries and annual revenues of US\$850 million in 2008. Based in Austria, DCM is a leader in the trade of ore, alloys and metals, with interest in manganese, chromite, zircon and iron ore assets. It also provides finance, logistics and warehousing services. DCM is a major shareholder of Stirling Resources, and a strategic partner in the development of its Australian resources portfolio

6.2 Corporate Governance

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Company's main corporate governance policies and practices are outlined below:

The Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;

- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-executive Director. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of \$150,000 per annum. It is proposed that this amount will be increased to \$300,000 at the Company's upcoming annual general meeting.

The Board may award additional remuneration to Non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate constituted audit committee.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

7. FINANCIAL INFORMATION

STIRLING RESOURCES CONSOLIDATED REVIEWED PROFORMA BALANCE SHEET

	Audited 31-Dec-08	Redbank Transaction	DCM Convertible Notes	Share Placement and Purchase Plan	Proforma Post Redbank, DCM and share issues	Matilda Transaction	Loan to Olympia	Prospectus capital raising (net of costs)	Estimate of losses to May 2009.	Proforma Post Matilda, Olympia loan and capital raising
Current assets										
Cash assets	408,435	(2,370,000)	2,600,000	2,295,000	2,933,435	(20,000)	(350,000)	977,840	(981,000)	2,560,275
Receivables	108,821				108,821					108,821
Total current assets	517,256	(2,370,000)	2,600,000	2,295,000	3,042,256	(20,000)	(350,000)	977,840	(981,000)	2,669,096
Non-current assets										
Receivables	1,675,684	500,000			2,175,684		350,000			2,525,684
Property, plant & equipment	3,075				3,075	2,750,000				2,753,075
NT and Qld Tenements	-				-	2,270,000				2,270,000
Other financial assets	21,324	1,870,000			1,891,324					1,891,324
Total non-current assets	1,700,083	2,370,000	-	-	4,070,083	5,020,000	350,000	-	-	9,440,083
Total assets	2,217,339	-	2,600,000	2,295,000	7,112,339	5,000,000	-	977,840	(981,000)	12,109,179
Current liabilities										
Bank overdraft	206,229				206,229					206,229
Payables	171,581				171,581					171,581
Total current liabilities	377,810	-	-	-	377,810	-	-	-	-	377,810
Non-current										

liabilities										
Interest bearing liabilities	-		2,600,000		2,600,000	5,000,000				7,600,000
Total non-current liabilities	-	-	2,600,000	-	2,600,000	5,000,000	-	-	-	7,600,000
Total liabilities	377,810	-	2,600,000	-	2,977,810	5,000,000	-	-	-	7,977,810
Net assets	1,839,529	-	-	2,295,000	4,134,529	-	-	977,840	(981,000)	4,131,369
Equity										
Contributed Equity	20,326,590			2,295,000	22,621,590			977,840		23,599,430
Reserves	2,031,088				2,031,088					2,031,088
Accumulated losses	(20,518,149)				(20,518,149)				(981,000)	(21,499,149)
Total Equity	1,839,529	-	-	2,295,000	4,134,529	-	-	977,840	(981,000)	4,131,369

The information in this Proforma balance sheet is based on the audited consolidated balance sheet as at 31 December 2008 and as provided to the ASX on 27 Feb 2009, adjusted with subsequent major transactions including:

- 1) The Redbank transaction including the acquisition of shares in Redbank, assignment of a loan and convertible notes.
- 2) The issue of \$2.6 million of convertible notes to DCM DECOMetal in February 2009.
- 3) A share placement of \$2.2 million in February 2009.
- 4) Share Purchase Plan in April 2009 raising \$95,000.
- 5) Proposed acquisition of the Matilda assets and associated debt funding of \$5 million. The debt funding is drawn down from the \$10 million commercial bond detailed in section 9.3. The full amount of the \$10 million commercial bond facility is not included in this proforma balance sheet where it is yet to be drawn down.
- 6) A loan to Olympia Resources in May 2009 as detailed in section 5.5.
- 7) The proposed capital raising under this Prospectus (\$1,000,000) less estimated costs (\$22,160).
- 8) The estimate of losses incurred for the five months since the end of the previous financial year.

This Proforma comprises the amounts from the audited balance sheet of Stirling for the year ended 31 December 2008 adjusted for the transactions noted in Section 7 of the Prospectus and excludes the proposed transaction of the sale of the Matilda assets to Olympia Resources Limited as detailed in section 9.4.

This Proforma has been reviewed by a registered company auditor and their review report follows.

15 May 2009

The Directors
Stirling Resources Limited
Level 14, 15-19 Bent Street
SYDNEY NSW 2000

Dear Sirs

We have been requested by the directors of Stirling Resources Limited (“Stirling”) to review the Proforma balance sheet (“Proforma”) of Stirling as at 31 December 2008 pursuant to the Australian Securities Exchange Listing Rule 1.3.5 (c) for inclusion of the Proforma in a Prospectus to be issued by Stirling on or about 15 May 2009 (“Prospectus”).

The Proforma balance sheet as at 31 December 2008 which has been prepared by the directors and included under Section 7 of the Prospectus comprises the amounts as extracted from the audited balance sheet of Stirling as at 31 December 2008 adjusted for the completion of the transactions noted in Section 7 of the Prospectus and excludes the proposed transaction of the sale of the Matilda assets to Olympia Resources Limited.

All of the financial information referred to above has not been audited however has been subject to audit review. The Directors of Stirling are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however reviewed the Proforma and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

- a) Discussions with Directors and other key management of Stirling;
- b) Review of the audited accounts for the year ended 31 December 2008;
- c) A review of publicly available information; and
- d) A review of the proforma transactions.

8. RISK FACTORS

8.1 Introduction

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

8.3 Market Conditions

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

8.4 Exploration Success

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial

and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the case reserves of the Company and possible relinquishment of the Tenements.

8.5 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having only recently moved into the resources sector, the Company does not have any operating history in this sector, although it should be noted that the Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

8.6 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

8.7 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

8.8 Environmental Risks

The operations and proposed activities of the Company are subject to State, Territory and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources and the Queensland Department of Mines and Energy, from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

8.9 Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

8.10 Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

8.11 Title Risk and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Tenements extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its Tenements and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

8.12 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

8.13 Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

8.14 Liquidity of investments

The Company may invest in companies whose securities are thinly traded. Therefore, its ability to sell such securities may well be restricted.

8.15 Industry Risk

There are a number of industry risk factors that may affect the future operational performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs, unforeseen Government legislation, and collapse in equity markets.

8.16 Individual Investment Risk

Individual investments which the Company makes may fall in value for many reasons such as changes in the entity's internal operations, management or in its business environment. If this occurs it is likely to have a negative affect on the Company's Share price.

8.17 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. MATERIAL CONTRACTS

9.1 Acquisition of Matilda Assets

On 8 February 2009, the Company 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**).

The Agreement contemplates the transfer of the Matilda Assets to a wholly owned subsidiary of the Company, Stirling Zircon Limited (**Stirling Zircon**).

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.

9.2 Olympia Agreement

On 6 May 2009, Stirling entered into an agreement to transfer its zircon assets in northern Australia to Olympia for 250 million Olympia shares and a deferred cash payment of \$1m (**Olympia Agreement**). The Olympia Agreement is subject the following conditions precedent:

- (a) Olympia shareholders approval;
- (b) Ministerial approval to transfer the tenements; and
- (c) Stirling's completion of the transaction to acquire the Matilda Assets from Matilda.

Under the Olympia Agreement, Stirling will sell to Olympia the Matilda Assets (being mineral sands assets it agreed to acquire in February 2009 which were previously owned by Matilda Minerals). As part of the transaction, Stirling will acquire approximately 171m Olympia shares currently held by Territory Resources Limited and a \$1.75m debt owed by Olympia to Territory. Stirling will pay \$1.75m to Territory.

Stirling will also be issued an additional approximately 79m Olympia shares and the \$1 million deferred payment is to be satisfied by cash flow from the mineral sands assets.

Following the transaction, Stirling will hold approximately 82% of Olympia.

9.3 Redbank Loan

Stirling entered into a deed of assignment with Macquarie Bank Limited (**MBL**) pursuant to which it took an assignment of a \$1.5m debt owed by Redbank to MBL and also the various securities which MBL held over Redbank and its subsidiaries. The principal terms relating to the debt now owed by Redbank to Stirling are as follows:

Principal:	AUD\$1,500,000
Interest Rate:	Total of BBSY Rate plus a margin of 2.5%. Payable monthly in arrears,
Repayment date:	Extended by 2 years to 28 February 2011
Security:	Fixed and floating charge over the assets and undertakings of Redbank together with share mortgages over the shares of each of the subsidiaries.
Conversion:	Loan is able to be converted based on a price equal to 90% of the weighted average share price of the five days preceding conversion. Full or partial conversion is permissible.

9.4 DCM Commercial Bond

The Company announced on 5 May 2009 it has concluded an agreement with international commodity trading group and strategic partner DCM DECOMetal GmbH to fund the Company's expanding zircon portfolio.

DCM (www.dcm-vienna.com) agreed to provide the funding to Stirling's wholly owned subsidiary Stirling Zircon Pty Ltd. A summary of the key terms and conditions are:

Principal:	AUD\$10,000,000
Interest Rate:	Fixed at 9.375% Payable quarterly in arrears Interest may be capitalized at DCM's discretion
Repayment date:	3 years
Security:	Fixed and floating charge over the assets of Stirling Zircon (subject to shareholder approval).

The funds will be used to complete the Matilda Assets acquired from Matilda Minerals Limited, recommence mining at the Tiwi Islands zircon project, undertake a significant exploration programme on the highly prospective Cape York tenements and provide funding for Olympia Resources Limited.

10. ADDITIONAL INFORMATION

10.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

The Directors may from time to time declare a dividend to be paid to the shareholders entitled to the dividend. Subject to the rights of any preference shareholder and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all shares according to the proportion that the amounts paid (not credited) is of the total amount paid and payable (excluding credited) in respect of such shares in accordance with Part 2H.5 of the Chapter 2H of the Corporations Act. The Directors may from time to time pay to the Shareholders any interim dividends that they may determine. No dividend shall be payable except out of profits.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in

kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

Subject to the rights of Shareholders (if any) entitled to shares with special rights in a winding up and the Corporations Act, all monies and property that are to be distributed among Shareholders on a winding up shall be distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on such Shares.

Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

10.2 **Employee Share Option Scheme**

The main terms of the Company Employee Share Option Scheme (**Scheme**) are summarised below and a full copy of the Scheme is available for inspection at the Company's registered office.

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 the Company.

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 the Company, 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.

10.3 Disclosure of Interests

Directors are not required under the Constitution to hold any Securities. As at the date of this Prospectus, the Directors have relevant interests in Securities as follows:

Director	Shares	Options	Convertible Notes
Mr Richard Poole	14,525,645	7,466,688	NIL
Mr Michael Kiernan	112,250,000	150,000,000	NIL
Dr Tony Coulepis	2,150,000	NIL	NIL
Mr Paul Page	40,700,650	14,933,342	NIL
Mr James Kiernan	112,250,000	150,000,000	NIL
Mr George Bedineishvili	NIL	NIL	NIL
Dr Rohtraut Skatsche-Depisch	110,000,000	NIL	65,000,000

10.4 Remuneration

The Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors has been set at an amount not to exceed \$150,000 per annum. At the Company's upcoming annual general meeting, a resolution will be put to shareholders to consider the increase of this amount to \$300,000.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

Since the date of the most recent annual report to 31 December 2008 and up to 30 April 2009, Mr R Poole has received director fees as Chairman totalling \$9,000 and Mr M Kiernan has received salary payments as Managing Director totalling \$78,000. No other directors have received payment for any director fees in the period to 30 April 2009 for directors fees or consulting fees earned in the period.

Furthermore, as at the date of this Prospectus, the Company has not entered into any service agreements with its Directors (other than Mr Kiernan).

10.5 Deeds of Indemnity, Insurance and Access

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting in the capacity as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the Director and must also allow the Directors to inspect Company documents in certain circumstances.

10.6 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director of the Company;
- (b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (c) promoter of the Company,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
- (f) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Steinepreis Paganin \$10,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees for legal services of approximately \$165,000 from the Company.

10.7 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

This Prospectus contains references to a Resources and Reserves Statement prepared by Mr Craig Hall for Redbank Mines Limited (**Statement**). The Statement was not prepared for inclusion in this Prospectus, however the author of the Statement has consented to the references to the Statement being made in this Prospectus.

Stantons International has given its written consent to being named in this Prospectus in respect of the reviewed proforma balance sheet of the Company as at 31 December 2008 in the form and context in which the Proforma balance sheet and review statement is included in the Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Robert Neilson Partners has given its written consent to the inclusion of references to the audited accounts of the Company contained in Section 7 of this Prospectus in the form and context in which they are included and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

10.8 Restricted Securities

ASX has indicated that certain existing security holders may be required to enter into agreements which restrict dealings in Securities held by them. These agreements will be entered into in accordance with the Listing Rules.

10.9 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$22,160 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount
ASIC fees	\$2,010
ASX fees	\$4,150
Advisers' fees	\$10,000
Printing	\$4,000
Miscellaneous	\$2,000
TOTAL	\$22,160

10.10 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.11 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at admin@stirlingresources.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.stirlingresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.12 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.13 Forecasts

The Company is a resource development company. Given the speculative nature of exploration, mineral development, production and resource investment, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

11. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in dark ink, appearing to read 'Michael Kiernan', written in a cursive style.

**Mr Michael Kiernan
Director
For and on behalf of
Stirling Resources Limited**

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or **\$** means an Australian dollar.

Application Form means the application form accompanying this Prospectus relating to the Offer.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange (as the context requires).

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

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

Closing Date means the closing date of the Offer as set out in Section 3.3.

Consolidation means the consolidation of capital on the basis that every 10 Shares be consolidated into one (1) Share (and the Options and Convertible Notes on issue be consolidated on the same basis) which is subject to the approval of Shareholders at the Company's Shareholder meeting to be held on 22 May 2009.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Listing Rules means the official listing rules of ASX.

Offer means the offer to Shareholders and investors to apply for Shares set out in Section 4 of this Prospectus.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Securities means Shares and Options.

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

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a holder of Shares.

Tenements means the mining and exploration tenements in which the Company has an interest.

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

GUIDE TO THE APPLICATION FORM

If an applicant has any questions on how to complete this Application Form, please telephone Computershare Investor Services Pty Limited on 1300 557 010.

A. Application for Shares

The Application Form must only be completed in accordance with instructions included in Prospectus.

B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

F. CHESS HIN or existing SRN Details

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. Cheque Details

Make cheques payable to **"Stirling Resources Limited – Share Offer Account"** in Australian currency and cross them **"Not Negotiable"**. Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

H. Declaration

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the constitution of the Company;
- (3) authorises the directors of the Company to complete or amend this Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the Prospectus attached this Application Form or a copy of the Application Form before applying for the Shares; and
- (5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the Prospectus.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	(a) Mr John Alfred Smith (b) <Peter Smith A/C>	(c) Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund