

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

STIRLING RESOURCES LIMITED

ABN

94 009 659 054

Quarter ended ("current quarter")

31 December 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 6 months \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	-	-
(c) administration	(327)	(1,192)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	5
1.5 Interest and other costs of finance paid	(2)	(6)
1.6 Income taxes paid	-	-
1.7 Other – project evaluation	(29)	(29)
<b>Net Operating Cash Flows</b>	<b>(353)</b>	<b>(1,222)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for : (a) prospects	-	-
(b) investments	-	(50)
(c) other fixed assets	(8)	(13)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) other fixed assets	-	-
(c) equity investments	-	-
1.10 Loans to other entities	(3,875)	(10,915)
1.11 Loans repaid by other entities	-	-
1.12 Other-proceeds from security refund	5	5
<b>Net investing cash flows</b>	<b>(3,878)</b>	<b>(10,973)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,231)</b>	<b>(12,195)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(4,231)	(12,195)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	3,400	12,300
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - share issue expenses	(8)	(8)
	<b>Net financing cash flows</b>	3,392	12,292
	<b>Net increase (decrease) in cash held</b>	(839)	97
1.20	Cash at beginning of quarter/year to date	941	5
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	102	102
	<b>NOTE:</b>		
	The Company has the financial support of its major shareholder, DCM DECOmetal which has advanced \$600,000 to the Company since the end of the December 2010 quarter.		

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	175
1.24	Aggregate amount of loans to the parties included in item 1.10	3,875

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	10,000	10,000
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	540
<b>Total</b>	540

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	102	941
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	102	941

**NOTE:**

The Company has the financial support of its major shareholder, DCM DECOmetal which has advanced \$3,400,000 to the Company since the end of the June 2010 quarter.

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	146,496,143	146,496,143		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, share buy-backs				
7.5 <b>+Convertible debt securities</b> Convertible notes convertible to 1 ordinary share per note maturing 30 Jan 2012	6,500,000	-	\$0.40	
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	7,505,120 7,500,000 87,486,705	7,505,120 - 87,486,705	<i>Exercise price</i> \$0.40 \$2.00 \$0.15	<i>Expiry date</i> 30 Jun 2012 30 Jun 2012 30 Jun 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Decrease during the quarter - lapsed				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

**Compliance statement**

+ See chapter 19 for defined terms.

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 27 January 2011  
(Company secretary)

Print name: Ildiko Wowesny

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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