



ASX / MEDIA RELEASE

7 October 2009

CORPORATE UPDATE

Australian resources developer Stirling Resources (ASX: SRE) is pleased to provide an update for shareholders with regards to Swan Gold Mining and the proposed recommencement of operations at the Mt Ida and Carnegie gold projects. In particular, Stirling would like to advise the following in relation to the production targets previously announced.

Stirling has announced production targets as follows:

- Mt Ida - target production of 50,000 oz per annum at projected cash costs of A\$420/oz.
- Carnegie - target production of 60,000 oz per annum at projected cash costs of A\$800/oz.

In order for shareholders to gain a better understanding of the potential of these projects, the processes, data and assumptions used to develop these targets are described below.

Mt Ida Gold Project

Stirling Resources engaged independent company Mining One Consultants to undertake an extensive mine study which involved reassessing, reviewing and mine planning including metallurgical, engineering and geological analysis. The Mt Ida Implementation Plan and Two Year Production Plan was prepared by Mining One Consultants for Stirling Resources in March 2009.

The JORC Indicated Resources estimated by SRK Consulting for the Baldock Lode amounts to 135,500 tonnes @ 18.6 g/t Au containing 81,038 ounces.

Mining One developed that resource into a mining plan to give a Probable Reserve of 115,000 tonnes @ 17.4 g/t Au.

Material underlying assumptions pertaining to the Mt Ida production targets are:

Mining One conducted mining studies at a range of gold prices based from A\$750 per oz
Average mine head grade: 17.4 g/t Au
Milling rate: 72,000 tpa.
Recovery: 85%
Capex: \$7.7 million.
Mining costs: A\$200 per oz.
Processing costs: \$150 per oz.
Other costs: A\$70 per oz.
Total production costs: A\$420 per oz.

Carnegie Gold Project.

Prior Reserves at Carnegie were estimated based on optimisations conducted at A\$800 per ounce. Pit designs were based on those optimisations and production had commenced on three pits which were in production when Carnegie's operations were

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suspended in June 2008. The production profile proposed is based on those pit designs. The combined production profile recovers 69,000 ounces per year.

Material underlying assumptions pertaining to the Carnegie production targets are:

Average mine head grade: 2.0 g/t Au
Milling rate: 1,080,000 tpa.
Recovery: 96%
Mining costs: A\$500 per oz.
Processing costs: \$240 per oz.
Other costs: A\$60 per oz.
Total production costs: A\$800 per oz.

All project Resources are currently being re-evaluated and re-optimised at current gold prices which are substantially greater than those used in the previous optimisation works conducted in 2007.

Costing and production details have also been evaluated using Stirling management's intimate knowledge of previous production and costings experienced with this project.

Managing Director, Michael Kiernan, said the Company was well positioned for a quick start up of gold operations.

"The proposal we put forward in June looks even more compelling today, given the commodity and equity market rebound and the increased strength in gold," Mr Kiernan said.

"We have refined our geological and metallurgical understanding of the projects, and it will allow us to hit the ground running with a focus on improved mine planning, and management control of mine grade and costs," he said.

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Competent Persons

The information contained in this announcement insofar as it relates to the resources and reserves, has been prepared by Mr Robin Simpson of SRK Consulting, Mr Mark Nelson of Monarch Gold Mining Company and Mr Ian Price of Mining One Consultants. Mr Robin Simpson, Mr Mark Nelson and Mr Ian Price each have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code.

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Stirling Resources Overview

Stirling Resources Limited is an Australian resources developer focusing on investment and development of copper, zircon, coking coal, gold and iron ore projects. It has significant investments in zircon and copper projects through major shareholdings in Matilda Zircon (ASX: MZI) and Redbank Copper (ASX: RCP).

The Company consists of highly experienced resource development and mining personnel with track records of creating shareholder value.

Stirling's strategy for creating shareholder value is to identify projects that comprise commodities that are considered to have strong future demand, and favourable geological characteristics. The focus is on brown fields projects close to development or production.

Driven by the underlying fundamentals of the Chinese economy and the continued massive urbanisation process commodities such as copper, zircon, gold and iron ore will continue to be in strong future demand. The Chinese growth is augmented by the Indian economic growth particularly in the steel industry leading to increasing demands of coking coal.

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



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