



ASX / MEDIA RELEASE

17 FEBRUARY 2009

Stirling expands with high grade zircon investment

West Australian resources developer, Stirling Resources Limited (ASX:SRE), has expanded its resources investments with a \$4.8 million investment in high grade mineral sands assets in northern Australia previously owned by Matilda Minerals Limited (ASX:MAL).

Stirling has agreed to purchase the assets for \$4.8 million via Administrators Ferrier Hodgson, following Matilda Minerals' entry into voluntary administration in October last year.

The investment is intended to be made via Stirling's wholly owned subsidiary of Stirling Zircon in the first instance and, in line with the investment strategy previously announced, will be transferred to another listed vehicle with Stirling Resources retaining a substantial investment in that listed vehicle.

The investment includes high grade mineral sands projects located on the Tiwi Islands in the Northern Territory, and the highly prospective zircon tenements at the Cape York Peninsula in Queensland. Stirling Resources Managing Director, Michael Kiernan, said the investment in zircon producing assets, such as those of Matilda, were a key part in the Company's diversified commodity investment strategy.

"A key characteristic of the two assets are the high grade zircon product, along with low capital and production costs and the proximity to Chinese market. All of these factors make the assets an attractive part of a resources investment portfolio," Mr Kiernan said.

He said the Company retained a very positive outlook for the zircon market which is used in the ceramics and porcelain industries, and we would recommence production and exploration activity on the projects as soon as possible.

"Long term consumer trends in China and India will continue to support demand for products such as zircon, and we believe the current commodity cycle provides an opportune time to develop a quality asset base to meet this demand," Mr Kiernan said.

Product marketing and logistics would be undertaken by the Austrian international commodities trading group DCM DECOMetal.

The Tiwi Island Zircon Project acquired by Stirling was previously producing and shipping zircon concentrate to China. The investment includes a complete operating plant and all support equipment as well as the high grade tenement package.

The Cape York Zircon Project, north of Weipa in Queensland, includes more than 300 kilometers of prospective coastline. Previous preliminary exploration has identified high grade zircon occurrences and significant strandlines, with potentially low strip ratios and slime levels.

Stirling will spend up to \$500,000 on further exploration at Cape York, with the program to commence immediately after the wet season in mid 2009.

"The Tiwi Island Project will provide us with a quick avenue to production, while the Queensland project presents a particularly exciting longer term significant project," Mr Kiernan said.

Mr Kiernan said over the next five years, Stirling would be aiming to ramp up production of zircon concentrate to the equivalent of 50,000 tonnes per annum.



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Mr Kiernan said the mineral sands investment was a further step forward for Stirling, which was building a strategic and diversified resources portfolio, specifically focusing on investment opportunities in zircon, copper, gold, coking coal and iron ore.

The Company last week announced it had raised \$2.6 million with a convertible note and was partnering with global resource company DCM DECOMetal to develop Australian resources opportunities.

Stirling's resource industry interests will also include a 19.8% stake in ASX-listed Redbank Mines Limited (ASX:RBM), which is developing copper assets in the Northern Territory.

Stirling recently held a General Meeting of shareholders at which shareholders approved the acquisition of securities in Redbank Mines Limited in consideration for the payment of \$870,000 to Crawley. Crawley holds approximately 25% of the Company's issued capital and is controlled by Michael Kiernan and his son James.

Mr Kiernan said Stirling had in place a five year strategic development plan, with targeted production goals in the commodities of copper, iron ore, coal and gold, as well as zircon.

"The Company's approach is to identify investments within this suite of commodities that have not met their potential, through which we can generate shareholder value by leveraging our mining experience and the strength of our financial and marketing partners," Mr Kiernan said.

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Stirling Resources – Zircon and Copper interests



Stirling Resources Overview

Stirling Resources Limited is a West Australian resources developer focusing on investment and development of copper, zircon, coking coal, gold and iron ore projects. The Company consists of highly experienced resource development and mining personnel executive with track records of creating shareholder value.

Previously the group took control of a financially distressed manganese producer and developed it into a diverse mineral commodity producer to become included in the ASX 200 and was ultimately taken over by an international conglomerate for \$1.25b. The Company grew from being a small unreliable manganese producer to ultimately supplying 10% of the world's high grade manganese to global customers and developed significant projects in chromite, nickel, copper, zinc and iron ore.

The Company's strategy for creating shareholder value is to identify projects that comprise either commodities that are considered to have a strong future and demand or geological characteristics that have potential and yet for various reasons have not achieved their possibilities. The focus is on brown fields projects close to development or production.

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

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