



ASX / MEDIA RELEASE

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STIRLING LAUNCHES RIGHTS ISSUE TO FUND GOLD GROWTH

Australian resources developer Stirling Resources (ASX: SRE) has launched a share entitlement issue to raise approximately \$17.5 million to fund the recapitalisation of Monarch Gold, and the commencement of its gold operations near Kalgoorlie.

The Offer is being made as a Renounceable entitlement issue of two new shares for every share held, with an issue price of \$0.15 per share. It will also include one free attaching option for every two shares issued, with a strike price of \$0.15.

A Prospectus outlining the entitlement issue will be dispatched to shareholders shortly. The Offer is expected to close on 26 October 2009.

Stirling's major shareholders Crawley Investments and DCM DECOMetal, which combined account for 39% of Stirling's equity, propose take up their allocations under the entitlement. When fully subscribed, Stirling will have about 177 million shares on issue.

The funds raised will primarily be used to settle the transaction for the recapitalisation of Monarch, as well as to fund Stirling's ongoing working capital requirements.

Monarch shareholders last week approved Stirling's proposal to recapitalise the Company and a name change to Swan Gold Mining Limited. On completion of the recapitalisation Stirling will hold and control 47% of Swan Gold.

Mr Kiernan said Swan was now focused on commencing gold mining operations as soon as possible before a proposed re-listing on the ASX in December.

"We are in a position to hit the ground running, with a quick path to start-up and cashflow, as the Carnegie project is planned to commence production within the next two months" he said.

"Swan has a forecast cash margin in the first year of \$18 million, and a margin of \$63 million for the following year once Mt Ida comes on line."

The Swan Gold portfolio includes:

- Mt Ida – high grade underground gold mine, with a Resource of 139,000oz at 13.8 g/t gold, including a Reserve of 64,000oz at 17.4 g/t gold, and existing mine infrastructure.
- Carnegie - Resource of 1.5moz at 2.3 g/t gold, with a 1.2 mtpa gold processing facility currently on care and maintenance.

Mr Kiernan said Mt Ida was targeted to produce 50,000 ounces per year at a projected cash cost of AUD\$420/oz with production is expected to commence in June 2010.



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At Carnegie the production target is 60,000 ounces per year at a projected cost of AUD\$800/oz, with first production scheduled for November 2009.

“With gold trading above AUD\$1,100/oz and tipped to go higher, we are well placed to deliver value for shareholders from the Swan Gold business.”

“We have undertaken a comprehensive mine study to refine the geological and metallurgical understanding of the projects, with a focus on improved mine planning, management control of mine grade and costs,” he said.

For a corporate overview on Swan Gold, please visit www.stirlingresources.com.au or www.swangoldmining.com.au

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Competent Person

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.



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

