



## QUARTERLY ACTIVITIES REPORT      31 DECEMBER 2009

### HIGHLIGHTS

- Redbank Copper (26% owned by Stirling) upgrades total resource to 6.24Mt @ 1.5% copper following successful completion of 2009 exploration programme including:
  - *28% increase in total copper metal resource to 95,900 tonnes*
  - *50% increase in Indicated Resource to 2.76Mt*
  - *Four new breccia pipes with mineralisation confirmed*
- Redbank enters into agreement for US\$7.5m in development funding
- Matilda Zircon (63% owned by Stirling) finalizes Mine Plan for the Tiwi Islands
- TZMI study confirms development potential for Matilda's Keysbrook leucoxene project
- The Company issued a renounceable right issue prospectus



## Overview

During the December quarter the Company continued its approach 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, focusing on copper, zircon and gold.

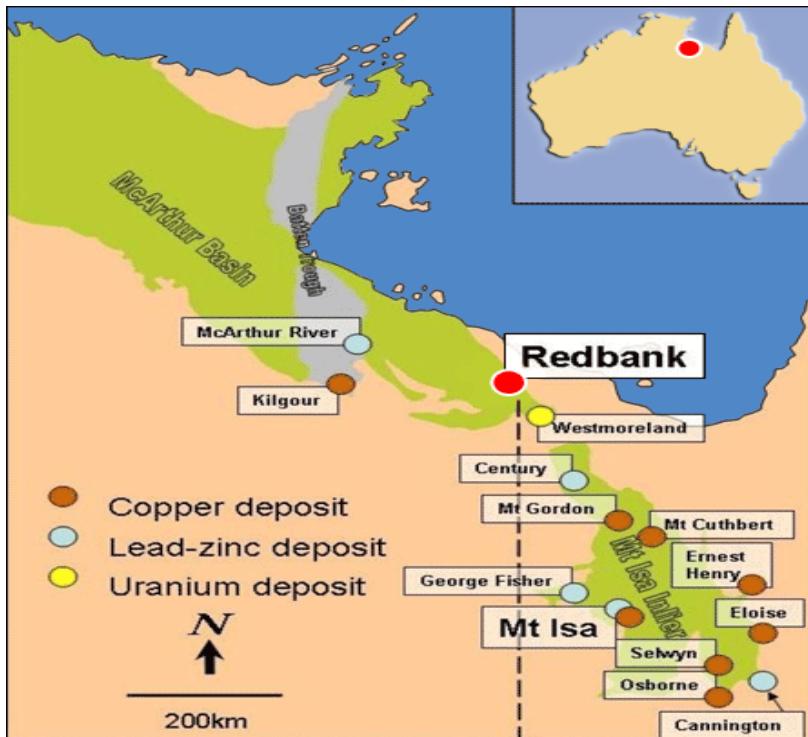
The Company continued with this philosophy with its development of Redbank Copper Limited (ASX: RCP) in which Stirling currently holds 26% and Matilda Zircon Limited (ASX: MZL) in which Stirling's shareholding is 63%. During the quarter, the Company issued a renounceable rights issue prospectus to raise funds for the recapitalization of Monarch Gold Mining Limited (ASX: MON) and recommencement gold mining operations



## Redbank Copper

Redbank holds a substantial ground position (approximately 3,600km<sup>2</sup> granted or under application) including the centre of the Redbank Mineral Field which hosts significant economic copper mineralisation and is highly prospective for copper, cobalt, phosphate, manganese and uranium.

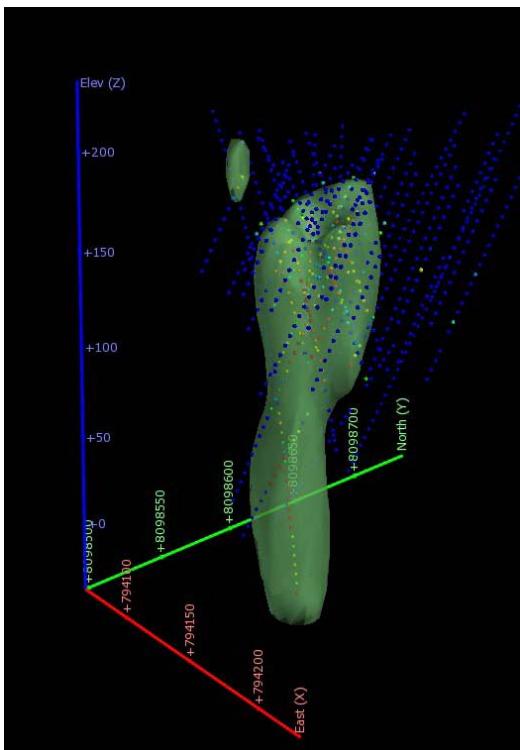
The Redbank Copper Project is located in the Northern Territory McArthur River Basin, some 30km from the Queensland border and 70km south of the Gulf of Carpentaria.



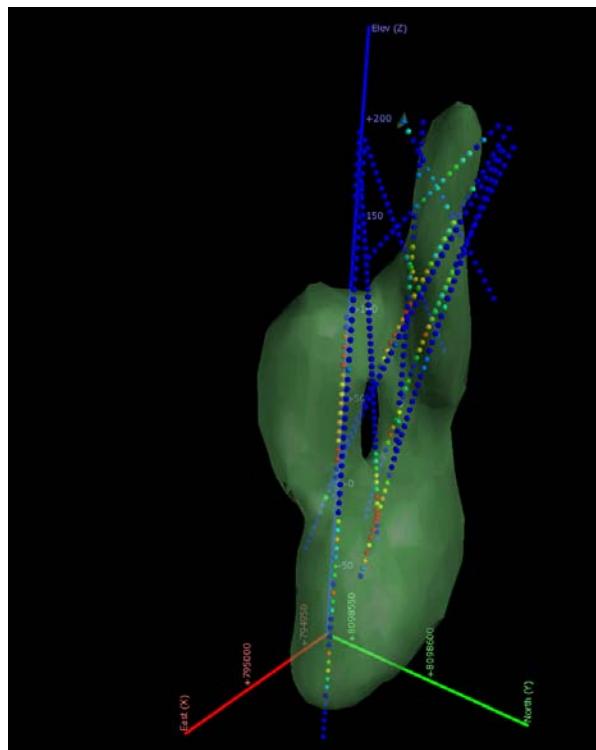
## Exploration

On 8<sup>th</sup> December 2009 Redbank presented a new resource statement for its Redbank Copper Project located in the South McArthur Basin in the Northern Territory. The total Indicated and Inferred JORC Resource is now **6.24Mt @ 1.5% Cu** for 95,900 tonnes of contained metal. This includes an Indicated Resource of 2.76Mt tonnes at 1.6% Cu and Inferred Resources of 3.48Mt tonnes at 1.5% Cu. The new Resource was generated from work completed by independent consultants SRK, following Redbank's 2009 field program.

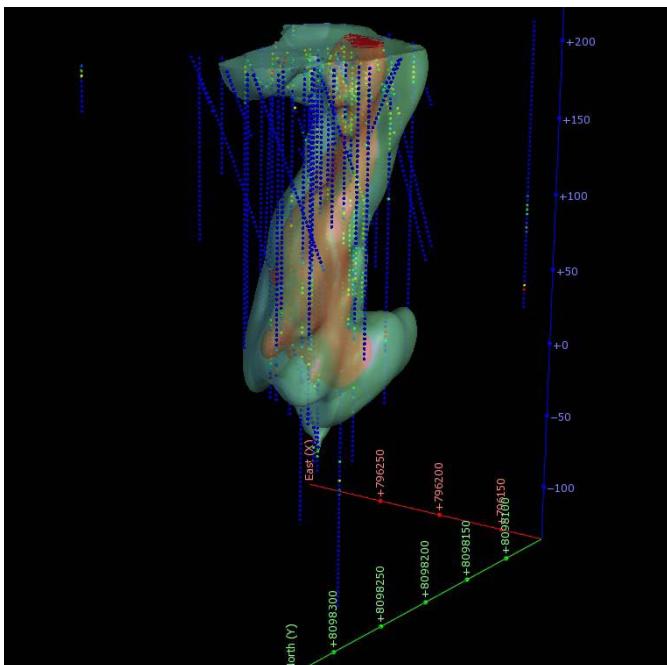
Highlights of the resource upgrade include a **28% increase in total copper metal to 95,900 tonnes** and a **50% increase in Indicated Resource to 2.76Mt**. The average copper grade has been increased by 10% to 1.54% Cu, with a notable 30% increase in grade at the Sandy Flat deposit. It also includes a maiden Inferred Resource calculation for the new Roman Nose discovery (1.29Mt @ 1.4% Cu). The cost of discovery for the new resource increase equates to around A\$0.04/lb of copper defined. During 2009, Redbank discovered five new mineralised pipes of which Camp Valley, San Manuel, Quartzite and the undrilled regional prospect GC2 were not included in current Resource calculations, but may contribute with further drilling.



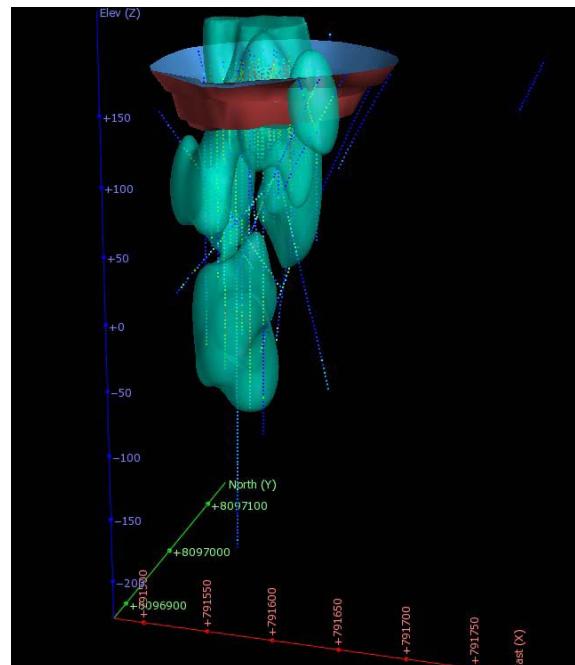
Punchbowl Model, Shell is >0.6% Copper



Roman Nose model, Shell is >0.5% Copper



Bluff Model, Green Shell is >0.5% Copper, Red >2.0% Cu



Sandy Flat model, Shell is >0.7% Cu

In excess of 20,000m of RC and diamond drilling is planned for next year, and will include drilling of additional shallow oxide targets (less than 50m depth) at known prospects, and at more than 20 defined soil anomalies within ERL94. The 2010 exploration programme will also test possible sulphide pipes to 150m depth below these shallow oxide targets, and the Company is planning a deeper drilling program to test high grade sulphide targets available to 300m in defined pipes.

The source of copper mineralisation will also be tested by deep drilling (some 500m vertical) through the Wollogorang formation and beyond.

2009 Redbank Copper Project Resource Statement									
By Deposit	Indicated			Inferred			Total		
	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)
Azurite	219,000	1.6	3,400	102,000	1.3	1,300	321,000	1.5	4,700
Redbank	198,000	2.2	4,400	181,000	1.1	2,000	379,000	1.7	6,400
Punchbowl	435,000	1.2	5,100	259,000	1.6	4,200	694,000	1.3	9,300
Roman Nose	-	-	-	1,287,000	1.4	17,900	1,287,000	1.4	17,900
Bluff	1,062,000	1.6	17,400	922,000	1.6	14,600	1,984,000	1.6	32,000
Sandy Flat	851,000	1.5	12,800	688,000	1.8	12,000	1,539,000	1.6	24,800
Stockpiles	-	-	-	40,000	2.0	800	40,000	2.0	800
<b>Total Project</b>	<b>2,765,000</b>	<b>1.6</b>	<b>43,100</b>	<b>3,479,000</b>	<b>1.5</b>	<b>52,800</b>	<b>6,244,000</b>	<b>1.5</b>	<b>95,900</b>
By Style									
	Indicated			Inferred			Total		
Oxide	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)
Azurite	128,000	1.6	2,000	28,000	1.2	300	156,000	1.5	2,300
Redbank	99,000	2.1	2,100	47,000	1.1	500	146,000	1.8	2,600
Punchbowl	20,000	0.7	100	-	1.6	-	20,000	0.5	100
Roman Nose	-	-	-	46,000	0.7	300	46,000	0.7	300
Bluff	436,000	1.3	5,700	-	-	-	436,000	1.3	5,700
Sandy Flat	-	-	-	-	-	-	-	-	-
Stockpiles	-	-	-	27,000	1.9	500	27,000	1.9	500
<b>Total Oxide</b>	<b>683,000</b>	<b>1.4</b>	<b>9,900</b>	<b>148,000</b>	<b>1.1</b>	<b>1,600</b>	<b>831,000</b>	<b>1.4</b>	<b>11,500</b>
Transitional	Indicated			Inferred			Total		
	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)
Azurite	11,000	1.4	200	9,000	1.3	100	20,000	1.5	300
Redbank	35,000	2.4	900	16,000	1.8	300	51,000	2.4	1,200
Punchbowl	-	-	-	-	-	-	-	-	-
Roman Nose	-	-	-	-	-	-	-	-	-
Bluff	-	-	-	-	-	-	-	-	-
Sandy Flat	-	-	-	-	-	-	-	-	-
Stockpiles	-	-	-	13,000	2.3	300	13,000	2.3	300
<b>Total Transition</b>	<b>46,000</b>	<b>2.4</b>	<b>1,100</b>	<b>38,000</b>	<b>1.8</b>	<b>700</b>	<b>84,000</b>	<b>2.1</b>	<b>1,800</b>
Sulfide	Indicated			Inferred			Total		
	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)	tonnes	Cu%	Metal (t)

Azurite	80,000	1.5	1,200	65,000	1.4	900	145,000	1.4	2,100
Redbank	64,000	2.2	1,400	118,000	1.1	1,200	182,000	1.4	2,600
Punchbowl	415,000	1.2	5,000	259,000	1.6	4,200	674,000	1.4	9,200
Roman Nose	-	-	-	1,241,000	1.4	17,500	1,241,000	1.4	17,500
Bluff	626,000	1.9	11,700	922,000	1.6	14,600	1,548,000	1.7	26,300
Sandy Flat	851,000	1.5	12,800	688,000	1.8	12,000	1,539,000	1.6	24,800
Stockpiles	-	-	-	-	-	-	-	-	-
<b>Total Sulfide</b>	<b>2,036,000</b>	<b>1.6</b>	<b>32,100</b>	<b>3,293,000</b>	<b>1.5</b>	<b>50,400</b>	<b>5,329,000</b>	<b>1.5</b>	<b>82,500</b>
<b>Total Project</b>	<b>2,765,000</b>	<b>1.6</b>	<b>43,100</b>	<b>3,479,000</b>	<b>1.5</b>	<b>52,700</b>	<b>6,244,000</b>	<b>1.5</b>	<b>95,900</b>

*NB. Resource Estimates in this statement have tonnes rounded to 1,000t, metal rounded to 100t, and grades reported to 1 decimal place. Total metal content has been rounded directly from the estimate.*

### **Agreement for US\$7.5M Development Funding**

On 11 December 2009 Redbank announced an agreement with La Jolla Cove Investors Inc, a US based institutional investor for the issue of up to five convertible notes each with a face value of US\$1,500,000 to raise US\$7,500,000. The funds raised through the convertible notes will be used in the construction of the SX-EW plant and general working capital.

### **Matilda Zircon**

#### **Project Strategy**

Matilda's strategy is to develop the advanced zircon projects in the Tiwi Islands and the leucoxene project at Keysbrook to provide an immediate revenue stream.

Mining in the Tiwi Islands is scheduled to commence in April 2010 and at Keysbrook in 2011.

#### **Tiwi Islands**

In late 2009 a major Study was carried out on the mining of the Lethbridge South and Lethbridge West deposits on the Tiwi Islands. This Study made the following recommendations in order to increase the financial return:

- Conduct mining using a loader and excavator into a near pit screening and slurrying unit
- Mine the lower grade Lethbridge South deposit at 300 tph instead of the current 150 tph mining capacity

Having considered the recommendations of the Study, the Board has approved the construction of a screening/slurrying unit and a 300 tph pre-concentrator.

Work on the Slurry/Screening unit commenced in December 2009 and work on the pre-concentrator is planned to start in January 2010.



Tiwi Island Exploration Drilling

### Keysbrook

The Keysbrook Project consists of a low overburden and clay deposit with a reserve of 41m tonnes (Proven 39m tonnes, Probable 2m tonnes) at 2.7% to produce approximately 1.2mt Heavy Mineral Concentrate. The deposit is unusual in that it has leucoxene as its major constituent which makes the heavy mineral suite of higher value than the ilmenite dominated deposits normally found in south-west of Western Australia.

In October 2009 the Western Australian Minister for the Environment approved the Keysbrook project.

The Company is now finalising applications for Development Approval for the two shires over which the Keysbrook deposit lies. These applications will be submitted in January/February 2010. Once these approvals are granted Matilda plans to obtain project finance and start development of the mining operations in mid 2010 with mining to commence in 2011.



## Drilling on the Keysbrook Deposit

### **Monarch Gold (to be renamed Swan Gold)**

Earlier in the year, Stirling reached agreement with Administrators Pitcher Partners to inject funds into Monarch to recommence operations at the Carnegie and Mt Ida gold projects in the WA Goldfields. Monarch shareholders in September approved the proposal, which is based on a total consideration of ultimately \$55 million. Shareholders also approved the change of name to Swan Gold Mining Limited.

### **Corporate**

#### **Rights Issue**

During the quarter, Stirling has issued a pro-rata rights issue prospectus to raise approximately \$9.8million to finalize the recapitalisation of Monarch Gold, and the commencement of its gold operations near Kalgoorlie.

The Offer was made as a Renounceable entitlement issue of one new share for every share held, with an issue price of \$0.15 per share. It also includes one free attaching option for every share issued, with a strike price of \$0.15.

For further information please contact

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#### *Competent Person 1:*

*The information in this document that relates to the Mineral Resources summary of Redbank Copper Limited is based on information compiled by Mr Phil Jankowski, who is a Member of the Australasian Institute of Mining and Metallurgy. Phil Jankowski is a full-time employee of SRK Consulting (Australasia) Pty Ltd, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jankowski consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

#### *Competent Person 2:*

*The information contained in this announcement, insofar as it relates to Redbank Copper Limited's exploration results at the Redbank Copper Project, is sourced from information compiled by Mr Craig Hall, B.Sc (Hons), MAusIMM, MAIG. Mr Hall is a senior manager of Redbank Copper Limited. Mr Hall has sufficient expertise relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Reserves'. Mr Hall has approved the inclusion of the statement in the form and context in which it appears.*

#### *Competent Person 3:*

*The information in this document that relates to resources or reserves of Matilda Zircon Limited has been prepared by Mr John Baxter, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Baxter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Baxter consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.*

