



ASX / MEDIA RELEASE

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Stirling's Strategy Going Forward

West Australian resource developer Stirling Resources Limited (ASX: SRE) today announced a series of initiatives to reorganise the group's investment and development strategy.

Stirling is the major shareholder, owning and controlling:

Matilda Zircon Limited (ASX: MZI) 58%
Swan Gold Mining Limited (ASX: SWA) 35%
Redbank Copper Limited (ASX: RCP) 26%

Stirling's Managing Director, Michael Kiernan, commented that due to the current hiatus in sourcing funding for junior miners, as a direct result from the knock-on effect of the Resources Super Profits Tax debacle, we need to cut our cloth accordingly and adapt to the present climate.

"Our target is to reduce the group's overall corporate, administrative and overhead costs by bringing the copper and zircon projects together as business units of Stirling. This rationalisation will save some \$1.5m per year in corporate public company costs" he said.

Strategic Changes:

1. Stirling will seek to merge with Matilda Zircon and Redbank Copper. The terms and conditions of the proposed mergers are in the process of being negotiated.
2. Delay the recommencement of mining for Swan Gold.
3. Seek a significant strategic partner to continue the development of Swan Gold's Mt Ida and Carnegie projects.
4. Reduce board members.

Stirling: Jeremy Shervington and David Nabarro will step down.

Board will comprise of:
Michael Kiernan – Chairman
Rohtraut Skatsche-Depisch
James Kiernan
Giga Bedineishvili

Matilda: Michael Kiernan, Bruce Maluish and John Baxter will step down.

Board will comprise of:
Mal Randall – Chairman
Peter Gazzard – Technical Director
Keith Vuleta
Nathan Wong





Redbank: James Searle and Michael Kiernan will step down.

Board will comprise of:
Ian Price – Chairman
Bruce Morrin – Managing Director
Allan Brown
Keith Vuleta

Swan Gold: Bruce Maluish and John Baxter will step down.

Board will comprise of:
Michael Kiernan – Chairman
Ian Price
Allan Brown
Keith Vuleta

5. Re-listing Swan Gold

The original intention was to seek relisting in early May. This has been delayed by several months due to the requirement by statutory authorities for the 2 half yearly and 2 annual reports during the time of Administration to be prepared and audited.

This requirement took some 10 weeks of accounting catch up and auditing time costing in the order of \$500,000 of unexpected expense and delay.

The expense together with delays in mining start up and subsequent gold revenues has placed pressure on working capital.

Swan Gold was in the process of securing a \$10m funding package when the RSPT issue unfolded.

Notwithstanding these events are beyond the control of Swan Gold, Stirling Resources as the facilitator of the recapitalisation is mindful these delays are regrettable to those who participated in the recapitalisation process by acquiring Swan Gold stock.

In order to address this situation Stirling Resources intends to issue (at no cost), on a 1 for 10 basis, one Stirling share for every ten Swan Gold shares acquired from Stirling Resources during the recapitalisation of Swan Gold.

This will result in 12,850,831 new Stirling shares being issued by Stirling Resources, subject to compliance with the ASX Listing Rules and the Corporations Act.

It will now be a requirement of relisting for Swan Gold to demonstrate it has sufficient working capital to meet its commitments.

'Once funding is secured, relisting will be imminent. We anticipate this may take 1 or 2 months to complete' Mr Kiernan said.





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Stirling Resources major shareholder DCM DECOmetal, considers the reorganisation appropriate and supports the strategic direction.

DCM's Managing Director, Dr Rohtraut Skatsche-Depisch commented "We think this is a good way forward particularly with the current difficulties confronting the Australian resources industry and we are totally supportive of Stirling's new strategy".

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About Stirling

Stirling Resources Limited is a West Australian resources developer focusing on investment and development of copper, gold and zircon projects and has significant investments in Redbank Copper (ASX: RCP), Matilda Zircon (ASX: MZI) and Swan Gold Mining (ASX: SWA).

Stirling consists of experienced resource development and mining personnel with track records of creating shareholder value. Personnel previously 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. That 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 projects in chromite, nickel, copper, zinc and iron ore.

Stirling's strategy is to identify projects that comprise commodities considered to have strong future demand, and with favorable geological characteristics. The focus is on brown fields projects close to development or production.

Driven by the underlying fundamentals of the Chinese economy and their continued substantial urbanization process taking place requiring commodities such as copper, gold and zircon (for the use in ceramics and porcelain) Stirling is well placed to benefit from the resulting strong continuing demand for these resources.

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

