



## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2013

ASX ANNOUNCEMENT

30 APRIL 2013

### HIGHLIGHTS

- Proposed restructure and recapitalisation approved by shareholders of Redbank and Swan Gold.
- Post quarter end completion of restructure and recapitalisation of Redbank.
- MZI Resources Limited makes final shipment from Lethbridge South and upgrades Keysbrook Mineral Resource by 60%.
- Stirling's investment shareholdings at 31 March 2013:
  - MZI Resources Limited (formerly Matilda Zircon Limited) 29.50%*
  - Redbank Copper Limited 29.50% (reduced to 2% post quarter end on completion of restructure and recapitalisation of Redbank)*
  - Swan Gold Mining Limited 11.6%*

### RESTRUCTURE AND RECAPITALISATION OF REDBANK AND SWAN GOLD

During the March quarter, the terms of the proposed restructure and recapitalisation of Redbank Copper Limited ("Redbank") and Swan Gold Mining Limited ("Swan Gold") involving Investmet Limited ("Investmet"), Redbank, Swan Gold, Stirling Resources Limited ("Stirling" or "the Company") and the Company's major shareholder DCM DECOmetal GmbH ("DCM") ("Transaction") were revised.

On 27 March 2013, the Company executed agreements to allow for the early debt purchase by Investmet of certain debts owed by Swan to Stirling, DCM and MGMC Pty Ltd (as trustee for the Group Trust and Territory Trust) ("MGMC"). Stirling procured the transfer to Investmet of 88,053,475 shares in Swan and assigned to Investmet \$2,590,000 of the \$7,590,000 debt owed by Swan to Stirling. In turn, Investmet paid \$2,590,000 to Stirling.

Further, the inter-conditionality of the Swan and Redbank Transactions, being a condition in each of the Swan and Redbank Copper Restructure Deeds, to which Stirling is a party, was waived by Investmet, who had the sole benefit of the condition, meaning that the Swan and Redbank Transactions could complete separately.

On 23 April 2013, Completion of the Redbank Transaction occurred. Stirling procured the transfer to Investmet of 68,876,665 shares in Redbank. Stirling also released Redbank from all rental, office and personnel costs which accrued or arose prior to completion of the Restructure Deed in relation to Redbank's former registered office at 143 Hay Street, Subiaco WA and Redbank repaid the debt of approximately \$778,986 owed to Stirling ("Stirling Debt"), in consideration for which the Company released Redbank from all claims in relation to the Stirling Debt and irrevocably and unconditionally released all security held by Stirling in respect of the Stirling Debt.



The proposed restructure and recapitalisation of Swan Gold Mining Limited is still to complete and the Company will keep shareholders informed of any further developments.

The Stirling Board is considering its future strategy and will update the market in due course.

## **CORPORATE**

Stirling's cash balance at 31 March 2013 was \$532,000. However, on completion of the Redbank Copper Transaction, an additional \$778,986 was repaid to the Company by Redbank.

## **INVESTMENTS**

### ***MZI RESOURCES LIMITED (FORMERLY MATILDA ZIRCON LIMITED)***

#### ***MZI: Operations***

##### ***Keysbrook***

MZI upgraded the Keysbrook mineral resource by 60% during the March quarter (see MZI ASX announcement dated 1 March 2013) and noted that in its view, there was potential for further increases.

During the March quarter, MZI signed a binding term sheet with Doral Pty Ltd for Doral to treat ore from MZI's Keysbrook project at its neighbouring Picton Mineral Sands Separation Plant, which was expected to deliver costs savings of more than \$20 million and significant operational benefits for Keysbrook, assisting with financing plans for the Project. Post the end of the quarter, on 22 April 2013, MZI confirmed that the formal Processing Agreement had been executed with Doral.

The Company noted during the quarter that the due diligence phase of funding process for the Keysbrook development had been successfully completed and two leading banks mandated to provide debt finance for the development.

Post the end of the quarter, MZI announced that the Board of the Bunbury Port Authority ("BPA") had authorised BPA management to negotiate a Port Services Agreement with MZI. MZI noted it planned to export Keysbrook's average annual production of approximately 91,000 tonnes of leucoxene and zircon concentrate products through the port.

Further, MZI noted that it had secured the remaining land owner agreements it needed to start development of the project.

In a project update announced on 22 April 2013, MZI noted it had:

- Executed the Doral Processing Agreement;
- Mandated two leading banks to provide debt funding for project development;
- Secured all necessary landowner agreements or the life of its Ore Reserves;
- Secured port access, subject only to formal documentation;
- Recruited staff to fill key roles for project development; and
- Significantly increased Mineral Resources at the project.



Later, on 24 April 2013, MZI announced it had entered into a sales agreement with DuPont Titanium Technologies covering all of the leucoxene 70% titanium dioxide planned production from the Keysbrook project for 5 years.

### ***Lethbridge South***

In January 2013, MZI announced that it had made its fourth and final shipment of mineral sands product from its Lethbridge South mine in the Tiwi Islands to China's largest mineral sands processor and substantial shareholder of MZI, Tricoastal Minerals (Holding) Company Limited, which is contracted to acquire all the zircon-rutile heavy metal concentrate from Lethbridge South, generating US\$6 million in revenue.

MZI noted that rehabilitation at Lethbridge South had commenced and senior staff had been retained to work on the Keysbrook project.

### ***Kilimiraka***

On 25 January 2013, MZI announced that it was progressing with development approvals and planning for further exploration activities and early studies on its Kilimiraka mineral sands project on the Tiwi Islands.

### ***MZI: Corporate***

#### ***Funding***

MZI's cash position stood at \$5.6 million as at 31 December 2012. During the quarter, MZI announced that it had received US\$6 million in revenue from its fourth and final shipment of high grade rutile and zircon concentrate from Lethbridge South.

#### ***Legal Action***

In December 2012, MZI commenced legal action against Stirling and its subsidiary, Stirling Zircon Pty Ltd ("Stirling Zircon"), with respect to certain tenements in the Tiwi Islands ("Tiwi Island Tenements"), which includes the Lethbridge South and Killimiraka tenements. The Tiwi Island Tenements were the subject of an historic sale agreement between Stirling Zircon and MZI pursuant to which Stirling Zircon was to transfer the Tiwi Island Tenements to MZI in consideration for the issue of approximately 78 million ordinary MZI shares. MZI Resources Limited has not issued these shares to Stirling Zircon and Stirling believes that the agreement may have terminated.

The Company intends to defend the action and will update the market in due course on progress.

### **REDBANK COPPER LIMITED**

#### ***Redbank: Restructure and Recapitalisation***

As noted above, during the March 2013 quarter, Redbank progressed with the proposed restructure and recapitalisation of Redbank pursuant to the Restructure Deed between the Redbank, Investmet, Stirling and DCM, as amended and re-stated ("Transaction"). On 23 April 2013, Redbank completed the Transaction ("Completion").



At Completion, a total of 1,646,800,000 fully paid ordinary shares at an issue price of \$0.005 each were issued pursuant to the Company's partially underwritten placement to raise approximately \$8.23 million pursuant to the Company's Prospectus dated 13 February 2013 and Supplementary Prospectus dated 27 March 2013 ("Placement"). The Underwriter, Investmet Limited ("Investmet"), subscribed for 1 billion shortfall shares pursuant to the Underwriting Agreement, details of which were set out in the Prospectus.

The proceeds of the Placement were used partly to repay debts of approximately \$3,568,017 (including capitalised interest) to DCM DECOMetal GmbH and approximately \$779,986 to Stirling Resources Limited.

A further 300,000,000 fully paid ordinary shares were issued to Investmet on conversion of the Company's \$1,500,000 debt to Investmet, at a deemed issue price of \$0.005 per share.

#### ***Redbank: Operations***

During the March quarter, Redbank's copper project located in the Northern Territory McArthur River Basin ("Redbank Copper Project") remained on "care and maintenance" and no exploration activities were conducted.

The Board of Directors of Redbank will shortly seek to carry out an initial exploration program to firm up the known resources of the Redbank Copper Project. The initial focus will be on exploration drilling. Development and feasibility work will then follow which should allow the establishment of a JORC defined reserve.

#### ***Redbank: Corporate***

On 5 February 2013, Mr Peter Farris resigned as non-executive director.

Post quarter end, at Completion of the Redbank Transaction on 22 April 2013, the nominee directors for DCM DECOMetal GmbH, Martin Depisch, Gerhard Kornfeld and Thomas Styblo, resigned from the Board and Craig Readhead was appointed as non-executive Director.

Further, on that date, the Company's registered office, principal place of business and contact details changed to:

Level 1, 24 Mumford Place  
BALCATT WA 6021  
Tel: 6241 1888  
Fax: 6241 1811

#### **SWAN GOLD MINING LIMITED**

##### ***Swan Gold: Restructure and Recapitalisation***

As noted above, during the March 2013 quarter, Swan Gold progressed with its strategy to restructure and recapitalise to ensure adequate funding, suitable Board and management appointments, and re-quotations of the Company on ASX.



On 13 February 2013 Swan Gold lodged a Prospectus with ASIC for a placement Offer ("Offer") to sophisticated and professional investors. The Offer is expected to raise a minimum of \$15 million by the issue of 750,000,000 Shares at an issue price of \$0.02 per Share and a maximum of \$17.5 million by the issue of up to 875,000,000 Shares at an issue price of \$0.02 per Share. Swan also lodged a supplementary Prospectus with ASIC extending the Closing Date of the placement Offer from 26 February 2013 to 11 April 2013 and extending the Offer to investors who do not fall within an exception to section 708 of the Corporations Act (Cth). The offer has been extended on 11 April 2013 to 26 April 2013.

Following the early debt purchase, Completion of the Swan Gold Transaction as contemplated remains outstanding. Accordingly Swan Gold has executed an Amendment Deed to the Swan Gold Restructure Deed with Stirling, Investmet and DCM, the effect of which is to amend the Completion Date for the Transaction to the date on which settlement of the Swan Gold placement is to occur, which is expected to be on or around 15 May 2013. Swan Gold entered into an Interim Loan Agreement with Investmet for total interim funding of up to \$3,000,000 for working capital purposes.

### ***Swan Gold: Operations***

Swan Gold announced that the auger sampling program that commenced during the 2012 December quarter continued, with a further 2,790 samples collected during the quarter from the Riverina and Mt Ida project areas. This brings the total number of samples collected by the program to approximately 8,500.

At the Davyhurst – Mt Ida Project, the auger data is being used to replace existing lag and soil survey data.

Results of the program are still being received from the laboratory and merged with other GIS datasets for interpretation and target definition.

During the quarter, an experienced structural geologist was engaged to commence a detailed mapping program of the open pits within the project area. Initial work has focused on the Sand King, Missouri and Camberdown deposits in the Siberia Gold Camp, 35km east of the Davyhurst Plant. The data will be used to reinterpret the existing geological and resource models for the deposits as well as target infill and extensional drilling on the deposits.

Newexco Pty Ltd has been engaged to review the nickel sulphide potential of the Cullens Nickel Prospect within the Mt Ida Project. A ground EM crew was mobilized to site in early April to complete a 30km line survey over the prospect where drilling completed during the 1970's and 1990's intersected nickel sulphide mineralisation.

### ***Swan Gold: Corporate***

On 27 March 2013, Swan Gold announced that Martin Depisch, Damian Delaney, Gerhard Kornfeld and Thomas Styblo resigned as Directors of Swan Gold. John Poynton, Craig Readhead and Wayne Zekulich were appointed on the same day to the Swan Board to join continuing Director, Michael Fotios.

On the 26 February 2013, 115,000,000 unlisted options at an exercise price of \$0.05 expired unexercised.



# STIRLING RESOURCES LIMITED

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## **FOR FURTHER INFORMATION**

**Martin Depisch**

**Non-Executive Chairman**

Telephone: 08 6389 6400

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

STIRLING RESOURCES LIMITED

ABN

94 009 659 054

Quarter ended ("current quarter")

31 March 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 9 months \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) administration	- - (285)	- - (881)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	4
1.5 Interest and other costs of finance paid	-	(5)
1.6 Income taxes paid	-	-
1.7 Other	53	183
<b>Net Operating Cash Flows</b>	<b>(231)</b>	<b>(699)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for : (a) prospects (b) investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) other fixed assets (c) equity investments	- - 2,590	- - 2,590
1.10 Loans to other entities	(1,846)	(1,961)
1.11 Loans from other entities	-	546
1.12 Other-security deposits refund	-	-
<b>Net investing cash flows</b>	<b>744</b>	<b>1,175</b>
1.13 Total operating and investing cash flows (carried forward)	513	476

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	513	476
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - share issue expenses	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	513	476
1.20	Cash at beginning of quarter/year to date	19	56
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	532	532

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	N/A	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities (Commercial Bond with DCM DECOMetal GmbH)	10,000	10,000
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
4.3	Production	-
4.4	Administration	300
<b>Total</b>		<b>300</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	32	19
5.2	Deposits at call	500	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		<b>532</b>	<b>19</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

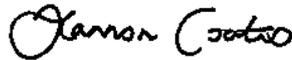
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>	Convertible Note: 2,600,000	Convertible Note: 2,600,000		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	419,829,476	419,829,476		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, share buy-backs				
7.5 <b>+Convertible debt securities</b> Convertible notes convertible to 1 ordinary share per note maturing 30 Jul 2014	65,000,000	-	\$0.04	
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>				
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Decrease during the quarter - lapsed				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 April 2013  
(Company secretary)

Print name: Shannon Coates

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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