Stirling Minerals Limited and its Controlled Entity

ABN 24 123 972 814

Annual Report

For the year ended 30 June 2009

Contents

Corporate Information

This Annual Report covers both Stirling Minerals Limited as an individual entity (the "company") and the Consolidated entity comprising Stirling Minerals Limited and its subsidiary (the "group"). The Group's functional presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's report on pages 3 to 15. The Director's report is not part of the Financial report.

Directors

Mr Tony King – Managing Director
Mr Jason Bontempo – Non-Executive Director
Mr Stephen Brockhurst – Non-Executive Director

Company Secretary

Ms Rebecca Sandford

Registered Office

945 Wellington Street
West Perth WA 6005

Share Registry

Advanced Share Registry
150 Stirling Highway
Nedlands
Perth WA 6009

Website

www.stirlingminerals.com.au

Auditors

Bentleys
Level 1, 12 Kings Park Road
West Perth WA 6005

Bankers

Westpac
109 St Georges Terrace
Perth WA 6000

Solicitors

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000

Stock Exchange

Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code: SMZ

Letter to Shareholders

Stirling Minerals Limited ("**Stirling**"), (the "**Company**"), was formed to identify mineral investment opportunities and to undertake exploration and assessment of minerals projects, both within Australia and overseas, with the aim of discovery and development of mineral deposits

Stirling is exploring the Quidong Base Metals and Gold Project located near Bombala, NSW, in southeastern portion of the highly prospective Lachlan Fold Belt. The Quidong Project comprises EL5671, EL6888, and EL7192 with a combined area of approximately 273 square kilometers.

Historical exploration of Quidong established widespread geochemical values for zinc-lead-silver, copper and gold over an area of 4kms by 4kms. Subsequent drilling returned significant ore grades at the main Clarke's Reef prospect on the eastern side of the Quidong Basin, including 12m @ 4.47% Zn, 2.71% Pb and 16m @ 4.9% Zn, 2.18% Pb.

During the year, the Company continued a modest exploration program of the project. The Board has decided to reduce the exploration spend on the Quidong project to a minimum as a result of the significant deterioration in global financial markets, and especially commodity prices in general. Stirling will endeavour to conserve its cash reserves whilst looking for new opportunities that come with appropriate funding.

Sufficient exploration is planned for 2009/2010 to keep the tenements in good standing, while options for progressing the project are evaluated.

Stirling continues to seek new project opportunities that can create significant value for shareholders.

On behalf of the Board of Directors of Stirling, I would like to thank you for your support as a shareholder of the Company, and we look forward to a successful future for the Company.

Yours faithfully

Tony King
Managing Director

Directors Report

Your Directors submit their report for the financial year ended 30 June 2009 for the company and its controlled entities.

Directors

The names of the Directors in office during the financial year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Mr Tony King – (Managing Director)
Mr Jason Bontempo – (Non Executive Director)
Mr Stephen Brockhurst – (Non Executive Director)

Principal Activities

The principal activity of the company for the financial year ended 30 June 2009 was resource mineral exploration.

Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

Review of Operations

The consolidated Income Statement shows a consolidated 2009 net loss attributable to members of $320,472 (2008: $182,585).

Significant Changes in State Of Affairs

There were no significant changes in the state of affairs of the Group during the year.

Matters Subsequent to the End of the Financial Year

On 21 July 2009 the $500,000 secured short term (90 day) receivable and the interest component of $125,000 became receivable from Continental Capital Limited. The director's have resolved to roll over half of the loan $250,000 for another 90 days earning a further $62,500 interest which will become receivable earlier should Continental Capital Limited sell the secured asset or raise no less than $4million of debt or equity. The remainder of the loan, $250,000 was repaid on the 21 July 2009. Under the original terms of the loan the $125,000 interest receivable was converted into 2.5million ordinary shares in Continental Capital Limited (issued 11 August 2009) plus 1.25million listed $0.05 options. A further 6.25million options will be issued (subject to CCL shareholder approval) under the terms of the loan agreement.

Likely Developments and Expected Results

The Group will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

Directors Report (continued)

Further information on likely development in the operations of the Group and the expected results of operation have not been included in the annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers. The company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current, nor subsequent financial year. The director will reassess this position as and when the need arises

The Directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment.

There have been no known breaches by the Group during the financial year.

Directors Report (continued)

Information on Directors

Mr Tony King	-	Managing Director
Qualifications	-	BCom CA
Experience	-	A chartered accountant by training, Mr King's career has included several years of investment banking and financing experience, including periods based in London and the Eastern States. Mr King is currently a managing director of Max Capital Pty Ltd, a Perth based corporate finance organisation that specialises in the financing of small to mid-cap public companies. In this role, Mr King is responsible for business development and transaction execution. Mr King is currently a director of Grange Consulting Group Pty Ltd, a Perth based consulting firm that specialises in corporate advisory and financial management services. Over a number of years Tony has developed key relationships and extensive networks with fund managers and financiers.
Interest in Shares and Options	-	2,475,865 Ordinary shares 1,493,333 Listed Options (20 cents, 30 June 2010)
Current directorships	-	Non Executive Director of Empire Beer Group Ltd
Former directorships held in past three years	-	Non Executive Director of NeuroDiscovery Ltd

Mr Jason Bontempo	-	Non-Executive Director
Qualifications	-	BCom CA
Experience	-	Mr Bontempo has worked in Investment Banking and Corporate Advisory since qualifying as a chartered accountant with Ernst & Young in 1997. This has also included 4 years in London working in both equity and debt market divisions for major investment banks. Recently Mr Bontempo has been closely involved with advising and financing of AIM and ASX listings for resource and venture based companies.
Interest in Shares and Options	-	1,200,000 Ordinary shares 1,250,000 Listed options (20 cents, 30 June 2010)
Current directorships	-	Executive Director of Tianshan Goldfields Limited Executive Director of Mojo Limited
Former directorships held in past three years	-	Nil

Directors Report (continued)

Mr Stephen Brockhurst	-	Non-Executive Director
Qualifications	-	BCom
Experience	-	Mr Brockhurst is an accountant with considerable corporate and company secretarial experience. He has been involved in the listing of many mineral exploration companies on the ASX. Specialising in capital raisings, due diligence, corporate advisory, compliance and regulatory requirements. Mr Brockhurst was a founding Director and Company Secretary of Bannerman Resources Limited from incorporation to July 2007 and Company Secretary of Ironbark Gold Limited to August 2007. Mr Brockhurst is also currently a director of Mining Corporate Pty Ltd, a Perth based consulting firm that specialises in corporate advisory and financial management services
Interest in Shares and Options	-	385,000 Ordinary shares 192,500 Listed options (20 cents, 30 June 2010)
Current directorships	-	Non-Executive Director Red Emperor Resources NL
Former directorships held in past three years	-	Bannerman Resources Limited Blackham Resources Limited

Ms Rebecca Sandford
Company Secretary
Qualifications: BBus

Ms Sandford is an employee of Grange Consulting Pty Ltd. Grange Consulting specialises in corporate advisory and financial management services. Ms Sandford has experience with companies in financial accounting, and other corporate matters. Her experience has given her exposure to junior mining explorers and the food & beverage sector.

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information.

The information in this report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Directors Report (continued)

Remuneration report (cont'd)

A Principles used to determine the nature and amount of remuneration

The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

The following items are considered and discussed as deemed necessary at the board meetings:

- make specific recommendations to the board on remuneration of directors and senior officers;
- recommend the terms and conditions of employment for the Managing Director;
- undertake a review of the Managing Director's performance, at least annually, including setting with the Managing Director goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the board on the recommendations of the Managing Director on the remuneration of all direct reports; and
- develop and facilitate a process for board and director evaluation.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Directors' Fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $150,000 per annum and was approved at the annual general meeting.
As of the 1st of March 09, the Stirling Minerals board resolved to reduce director's fees paid by 50%.

The following fees have applied:

Base fees before the reduction	**2009**
Executive director	$120,000
Other non-executive directors	$30,000

Directors Report (continued)

Remuneration report (cont'd)

A Principles used to determine the nature and amount of remuneration (cont'd)

Base fees after the reduction	**2009**
Executive director	$60,000
Other non-executive directors	$15,000

Additional fees

A Director may also be paid fees or other amounts as the Directors determines if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements.

Executive pay

The executive pay and reward framework has three components:

- base pay and benefits, including superannuation; and
- long-term incentives through participation in the Employee Share Option Plan.

The combination of these comprises the executive's total remuneration. The Group intends to revisit its long-term equity-linked performance incentives for executives as deemed necessary by the board.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed every 12 months and may increase every 12 months.

Benefits

No benefits other than noted above are paid to Directors or Management except as incurred in normal operations of the business.

Directors Report (continued)

Remuneration report (cont'd)

A Principles used to determine the nature and amount of remuneration (cont'd)

Long term incentives

The executives are entitled to participate in the Employee Incentive Scheme. Other than options disclosed in section E of the remuneration report, there have been no options issued to employees at the date of this financial report. The options on issue will be approved at the next general meeting.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of the Company and the Group is found below:

Mr Tony King
Mr Jason Bontempo
Mr Stephen Brockhurst

Key Management personnel and other executives of the Company and the Group

	Short- term employee benefits			Post-employment benefits		Share-based payments	Total	Total Remuneration Represented by
30 June 2009	**Cash salary & Fees**	**Other**	**Non Monetary Benefits**	**Super-annuation Pensions**	**Retire-ment Benefits**	**Options**		**Options**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-executive directors								
Mr Jason Bontempo	25,000	-	-	2,250	-	-	27,250	-
Mr Stephen Brockhurst	25,000	-	-	2,250	-	-	27,250	-
Sub-total								
Non-executive directors	**50,000**	**-**	**-**	**4,500**	**-**	**-**	**54,500**	**-**
Executive directors								
Mr Tony King	100,000	68,250(i)	-	9,000	-	-	109,000	-
Total key management personnel compensation (Group)	**150,000**	**68,250**	**-**	**13,500**	**-**	**-**	**163,500**	**-**

(i) An aggregate amount of $68,250 was paid, or was due and payable to Grange Consulting Pty Ltd, a company of which Messrs King is a Director, for the provision of financial and company secretarial services to the Company.

Directors Report (continued)

Remuneration report (cont'd)

B Details of remuneration (cont'd)

Key Management personnel and other executives of the Company and the Group

	Short- term employee benefits			Post-employment benefits		Share-based payments	Total	Total Remuneration Represented by
30 June 2008	**Cash salary & Fees**	**Other**	**Non Monetary Benefits**	**Super-annuation Pensions**	**Retire-ment Benefits**	**Options**		**Options**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-executive directors								
Ms Suzie Foreman	26,185	-	-	2,357	-	-	28,542	-
Mr Jason Bontempo	30,000	-	-	2,700	-	-	32,700	-
Mr Stephen Brockhurst	6,480	-	-	583	-	-	7,063	-
Sub-total Non-executive directors	**62,665**	**-**	**-**	**5,640**	**-**	**-**	**68,305**	**-**
Executive directors								
Mr Tony King	120,000	62,250(ii)	-	10,800	-	-	130,800	-
Total key management personnel compensation (Group)	**182,665**	**62,250**	**-**	**16,440**	**-**	**-**	**199,105**	**-**

(ii) An aggregate amount of $62,250 was paid, or was due and payable to Grange Consulting Pty Ltd, a company of which Messrs King is a Director, for the provision of financial and company secretarial services to the Company.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	**Fixed Remuneration**		**At risk-STI**		**At risk-LTI**	
	2009	**2008**	**2009**	2008	**2009**	2008
Executive Directors						
Mr Tony King	100%	100%	-	-	-	-

C Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Managing Director, is formalised in a service agreement. This agreement provides for the provision of performance-related conditions, other benefits including car allowances and when eligible, participation in the Stirling Minerals Employee Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

Directors Report (continued)

Remuneration report (cont'd)

C Service agreements (cont'd)

Service agreement

Tony King (Managing Director)

- Terms of agreement: Minimum 12 months.
- Remuneration: Base salary inclusive of superannuation to be reviewed annually.
- Termination: Can be terminated with 14 days notice if an act of serious misconduct is committed.

Consultancy agreement

The Group has entered into a consultancy agreement with Ferris Metals Pty Ltd pursuant to which Mr Bret Ferris is engaged as consulting geologist to the company. The agreement may be terminated by either party upon 4 weeks written notice unless Ferris Metals commits an act of serious misconduct in which case the Company may terminate the agreement without notice.

Options

Options over shares in Stirling Minerals Limited are granted options under the Stirling Minerals Employee Incentive Scheme which was approved by general meeting. The Employee Incentive Scheme is designed to enable the company to retain and attract skilled employees, board members and executive officers and provide them with motivation to make the Company successful. Under the plan, participants are granted options which are granted for no issue price and the exercise prices will be 125% of market value at issue date or $0.20 or any greater price determined by the board (in its discretion). Once vested, the options remain exercisable for a period of two years and five years after grant date. Options are granted under the plan for no consideration.

If an eligible person leaves the employment of the group earlier than two years after the employee options are issued then the options will lapse.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Date Vested and Exercisable	Expiry Date	Expiry Price	Value Per Option at Grant Date
31 March 2007	31 March 2007	30 June 2010	$0.20	$0.032

No options were granted under the Stirling Minerals Employee Incentive Plan during the current financial year.

Options granted under the plan carry no dividend or voting rights.

Directors Report (continued)

Remuneration report (cont'd)

D Share-based compensation

Details of options over ordinary shares in the company provided as remuneration to each Director of Stirling Minerals and each of the key management personnel of the Company and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Stirling Minerals Ltd. Further information on options is set out in note 25.

No options has been granted or vested during the current and previous financial years.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

E Additional information

Details of remuneration: Options

Options are issued to Directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of Directors and executives of Stirling Minerals Limited to increase goal congruence between executives, Directors and shareholders.

Directors	Year Granted	Number Granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Mr Tony King	2007	**1,000,000**	100%	-	-	-	-
Mr Jason Bontempo	2007	**500,000**	100%				
Mr Stephen Brockhurst	-	**-**	-	-	-	-	-

Directors Report (continued)

Remuneration report (cont'd)

E Additional information (cont'd)

Directors Meetings

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Company for the time the Director held office during the financial year are:

	Number of Meetings Eligible to Attend	Remuneration Committee Meetings	Audit Committee Meetings	Directors' Meetings
Number of Meetings Held	1	-	-	1
Number of Meetings Attended				
Director				
Mr Tony King	1	-	-	1
Mr Jason Bontempo	1	-	-	1
Mr Stephen Brockhurst	1	-	-	1

Loans to Directors and Executives

There were no loans to Directors and Executives during the financial year.

Shares under option

Unissued ordinary shares of Stirling Minerals Limited under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Issue Price of Shares	Number Under Option
31 March 2007	30 June 2010	$0.20	2,150,000
25 September 2007	30 June 2010	$0.20	13,500,000

Shares issued on the exercise of options

There were no options exercised during the financial year.

Insurance of Officers

During the financial year, Stirling Minerals Limited paid a premium of $11,045 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group.

Directors Report (continued)

Remuneration report (cont'd)

E Additional information (cont'd)

Insurance of Officers (cont'd)

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor Bentleys for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Directors Report (continued)

Remuneration report (cont'd)

E Additional information (cont'd)

Non-Audit Services (cont'd)

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated 2009 $	Consolidated 2008 $
Audit services		
Bentleys		
- Audit and review of financial reports	21,550	16,500
- Other audit work under the *Corporations Act 2001*	-	-
Total remuneration for audit services	21,550	16,500
Total remuneration for auditors	21,550	16,500

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

Bentleys is appointed to office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of Directors.

Tony King
Managing Director

Perth, Western Australia, 11 September 2009

Bentleys
Thinking ahead

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our audit of the financial report of Stirling Minerals Limited and Controlled Entities for the year ended 30 June 2009 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC
Director

DATED at PERTH this 11 day of September 2009

Bentleys
Thinking ahead

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& Corporate (WA) Pty Ltd
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Independent Audit Report

To the Members of Stirling Minerals Limited

We have audited the accompanying financial report of Stirling Minerals Limited (the company) and Stirling Minerals Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. The financial report of Stirling Minerals Limited and Stirling Minerals Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the report of the directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Stirling Minerals Limited for the year ended 30 June 2009, complies with s 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC
Director

DATED at PERTH this 11 day of September 2009

Income Statement
For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
Revenue	4	225,626	191,241	225,626	191,241
Employee and director benefits expense	5	(171,190)	(205,134)	(171,190)	(205,134)
External contractors expense	5	(68,250)	(62,250)	(68,250)	(62,250)
Writedown of investment in subsidiary	11	-	-	(1)	-
Writedown of intercompany loan	22d	-	-	(16,598)	(148,979)
Impairment expense of financial assets at fair value through profit or loss	12	(202,500)	-	(202,500)	-
Loss on sale of financial assets at fair value through profit or loss		(11,951)	-	(11,951)	-
Other expenses	5	(91,755)	(105,880)	(91,631)	(90,724)
Finance costs	5	(452)	(562)	(452)	(562)
Loss before income tax		(320,472)	(182,585)	(336,947)	(316,408)
Income tax expense	6	-	-	-	-
Loss for the year		(320,472)	(182,585)	(336,947)	(316,408)
Loss attributable to members of Stirling Minerals Limited		(320,472)	(182,585)	(336,947)	(316,408)
Earnings per share (cents per share)					
- Basic loss for the year	7	(0.012)	(0.006)		

The above income statements are to be read in conjunction with the accompanying notes.

Balance Sheet
As at 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents	9	2,100,273	2,782,351	2,100,272	2,782,350
Trade and other receivables	10	582,592	17,161	582,592	17,161
Total Current Assets		2,682,865	2,799,512	2,682,864	2,799,511
Non-Current Assets					
Financial assets available for sale	11	-	-	-	1
Financial assets at fair value through profit and loss	12	-	202,500	-	202,500
Exploration and evaluation expenditure	13	415,961	297,538	101,951	-
Total Non-current Assets		415,961	500,038	101,951	202,501
TOTAL ASSETS		3,098,826	3,299,550	2,784,815	3,002,012
LIABILITIES					
Current Liabilities					
Trade and other payables	15	29,767	17,710	29,767	17,708
Provisions	16	17,822	10,131	17,822	10,131
Total Current Liabilities		47,589	27,841	47,589	27,839
TOTAL LIABILITIES		47,589	27,841	47,589	27,839
NET ASSETS		3,051,237	3,271,709	2,737,226	2,974,173
EQUITY					
Issued Capital	17	3,587,840	3,487,840	3,587,840	3,487,840
Accumulated losses		(740,449)	(419,977)	(1,054,460)	(717,513)
Reserves	18	203,846	203,846	203,846	203,846
TOTAL EQUITY		3,051,237	3,271,709	2,737,226	2,974,173

The above balance sheets are to be read in conjunction with the accompanying notes.

Cash Flow Statement
For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
Cash flows from operating activities					
Payments for exploration and evaluation (inclusive of GST)		(18,424)	(169,517)	(1,952)	(47,092)
Payments to suppliers and employees (inclusive of GST)		(309,655)	(350,188)	(321,479)	(484,012)
Interest received		150,039	211,338	158,404	211,338
Finance cost		(452)	(562)	(452)	(562)
Net cash flows used in operating activities	27	(178,492)	(308,929)	(165,479)	(320,328)
Cash flows from investing activities					
Payments for other financial assets		(552,000)	(202,500)	(500,000)	(202,500)
Proceeds from other financial assets		568,414	-	-	-
Loans to subsidiary		-	(11,399)	(16,599)	-
Loans to other entities		(700,000)	-	-	-
Proceeds from loans to other entities		180,000	-	-	-
Net cash flows used in investing activities		(503,586)	(213,899)	(516,599)	(202,500)
Cash flows from financing activities					
Proceeds from issue of shares and options		-	135,000	-	135,000
Payment of share issue and IPO costs		-	(10,047)	-	(10,047)
Net cash flows from financing activities		-	124,953	-	124,953
Net decrease in cash and cash equivalents		(682,078)	(397,875)	(682,078)	(397,875)
Cash and cash equivalents at beginning of period		2,782,351	3,180,226	2,782,350	3,180,225
Cash and cash equivalents at end of year/ period	9	2,100,273	2,782,351	2,100,272	2,782,350
Non-cash financing and investing activities	26				

The above cash flow statements are to be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 30 June 2009

Consolidated Entity

	Share Capital				
	Ordinary	Retained Earnings	Option Reserve	Share Based Payment Reserve	Total
	$	$	$	$	$
Balance at 1 July 2007	3,497,887	(237,392)	-	68,846	3,329,341
Profits attributable to members of Parent Entity	(10,047)	-	-	-	(10,047)
Transfers to and from reserve					
-General reserves	-	-	-	-	-
Profit / (loss) attributable to members	-	(182,585)	-	-	(182,585)
Option reserve on recognition of bonus element of options	-	-	135,000	-	135,000
Sub-total	3,487,840	(419,977)	135,000	68,846	3,271,709
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2008	**3,487,840**	**(419,977)**	**135,000**	**68,846**	**3,271,709**
Profits attributable to members of Parent Entity	100,000	-	-	-	100,000
Transfers to and from reserve					
General reserves	-	-	-	-	-
Profit / (loss) attributable to members	-	(320,472)	-	-	(320,472)
Option reserve on recognition of bonus element of options	-	-	-	-	-
Sub-total	3,587,840	(740,449)	135,000	68,846	3,051,237
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2009	**3,587,840**	**(740,449)**	**135,000**	**68,846**	**3,051,237**

Statement of Changes in Equity
For the year ended 30 June 2009

Parent Entity

	Share Capital				
	Ordinary	Retained Earnings	Option Reserve	Share Based Payment Reserve	Total
	$	$	$	$	$
Balance at 1 July 2007	3,497,887	(401,105)	-	68,846	3,165,628
Profits attributable to members of Parent Entity	(10,047)	-	-	-	(10,047)
Transfers to and from reserve					
-General reserves	-	-	-	-	-
Profit / (loss) attributable to members	-	(316,408)	-	-	(316,408)
Option reserve on recognition of bonus element of options	-	-	135,000	-	135,000
Sub-total	3,487,840	(717,513)	135,000	68,846	2,974,173
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2008	**3,487,840**	**(717,513)**	**135,000**	**68,846**	**2,974,173**
Profits attributable to members of Parent Entity	100,000	-	-	-	100,000
Transfers to and from reserve					
General reserves	-	-	-	-	-
Profit / (loss) attributable to members	-	(336,947)	-	-	(336,947)
Option reserve on recognition of bonus element of options	-	-	-	-	-
Sub-total	3,587,840	(1,054,460)	135,000	68,846	2,737,226
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2009	**3,587,840**	**(1,054,460)**	**135,000**	**68,846**	**2,737,226**

The statement of recognised income and expense are to be read in conjunction with the accompanying note

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Stirling Minerals Limited as an individual entity and the consolidated entity consisting of Stirling Minerals Limited and its subsidiaries. Stirling Minerals Limited is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

<u>Compliance with IFRS</u>
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Stirling Minerals Limited comply with International Financial Reporting Standards (IFRS).

<u>Historical cost convention</u>
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

<u>Critical accounting estimates</u>
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(a) Principles of Consolidation

A controlled entity is any entity over which Stirling Minerals Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

(a) Principles of Consolidation (cont'd)

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

(b) Income Tax (cont'd)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Stirling Minerals Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 24 March 2007. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

(c) Exploration and Development Expenditure (cont'd)

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.
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(d) Investments and other financial assets

Classification

- The group classifies its investments in the following categories;
- Loan receivables; and
- Financial assets at fair value through profit and loss.

The classification depends on the purpose for which the investments were acquired. Management determine the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

(d) Investments and other financial assets (cont'd)

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(e) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

(f) Employee Benefits

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Share-based payments*

Share-based compensation benefits are provided to employees via the Stirling Minerals Limited Employee Option Plan and an employee share scheme.

The fair value of options granted under the Stirling Minerals Limited Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

(iii) *Share-based payments (cont'd)*

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Under the employee share scheme, shares issued by the Stirling Minerals Limited Employee Share Plan to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

(g) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even of the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision die to the passage of time is recognised as interest expense.

(h) Cash and Cash Equivalents

For cashflow statement presentation proposed, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in rate and bank overdrafts.

(i) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expense in the period in which they are incurred.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods that the Group have decided not to adopt. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

Reference	Title	Summary	Application date of standard	Impact on Company Financial Report	Application date for Company
AASB 8	Operating Segments	New standard replacing disclosure requirements of AASB 114.	1 January 2009	As this is a disclosure standard only there will be no impact on the amounts disclosed. The company does not currently required to report on segments.	1 July 2009
AASB 123	Borrowing Costs	Revised standard requiring the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	As it is the Company's current policy to capitalise interest on qualifying assets, there will be no impact on the Company's financial statements.	1 July 2009

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Company Financial Report	Application date for Company
AASB 2008-1	Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations	The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share-based payment expense and are treated in a manner similar to market conditions.	Periods commencing on or after 1 January 2009	To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.	1 July 2009
AASB 2008-7	Amend-ments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]	Removal of the definition of the "cost method" in AASB 127, meaning that pre and post-acquisition dividends no longer need to be differentiated and all dividends are to be recognised as revenue. However, whenever a dividend is received from a subsidiary, associate or jointly controlled entity, an impairment test will be required under AASB 136 where there is an indicator for impairment, i.e. where:	Periods commencing on or after 1 January 2009	There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 January 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities. This is because such amounts would previously have been written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.	1 July 2009
AASB 136	Impairment of Assets	Additional disclosure requirements about discounted cash flow assumptions used for the fair value less costs to sell method.	Periods commencing on or after 1 January 2009	There will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.	1 July 2009
AASB 101	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.	1 July 2009

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Company Financial Report	Application date for Company
Amendments to IFRS 7	Amend-ments to IFRS 7 Financial Instruments: Disclosures	Requires additional disclosures about financial instruments fair values and liquidity risk.	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.	1 July 2009
AASB 127	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.	1 July 2009

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (cont'd)

AASB 3	Business Combin-ations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill. Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.	1 July 2009

All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Company.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Notes to the Financial Statements (continued)

2. Critical accounting estimates and judgements (cont'd)

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at $415,961.

The financial report was authorised for issue on 10 September 2009 by the board of directors.

3. Segment Information

The Group operates in one industry, mineral resource exploration and assessment of mineral projects and in one main geographical segment, being Australia.

4. Revenues

	Consolidated		**Parent Entity**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Other Revenue	75,587	16,170	75,587	16,170
Interest	150,039	175,071	150,039	175,071
	225,626	191,241	225,626	191,241

5. Expenses

	Consolidated		**Parent Entity**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Employee benefits expense				
Directors fees	150,000	179,730	150,000	179,730
Employee benefits expense	21,190	25,404	21,190	25,404
Total employee benefits expense	171,190	205,134	171,190	205,134

Notes to the Financial Statements (continued)

5. Expenses (cont'd)

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Other administration expenses				
Audit fees	36,500	9,000	36,500	9,000
Insurance	13,612	20,105	13,612	20,105
ASX and share registry fees	24,965	36,633	24,965	36,633
Other expenses	16,678	40,142	16,554	24,986
Total administration expense	91,755	105,880	91,631	90,724
External contractors expense				
External contractors	68,250	62,250	68,250	62,250
Total external contractors	68,250	62,250	68,250	62,250
Finance costs				
Bank fees and charges	452	562	452	562
Total finance costs	452	562	452	562

6. Income Tax

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Income tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Deferred income tax (revenue) expense included in income tax expense comprises:				
(Decrease) increase in deferred tax assets	-	-	-	-
(Decrease) increase in deferred tax liabilities	-	-	-	-

Notes to the Financial Statements (continued)

6. Income Tax (cont'd)

Numerical reconciliation of income tax expense (revenue)
To prima facie tax payable

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Loss from continuing operations before income tax	(320,472)	(182,585)	(336,946)	(316,408)
Tax at the Australian tax rate of rate of 30%	(96,142)	(54,775)	(101,081)	(94,922)
Tax effect of amounts which are not deductible in calculating taxable income:				
Impairment losses	-	-	4,979	39,843
Capital Raising Costs	(12,778)	-	(12,778)	-
Legal fees	597	1,245	597	1,245
Entertainment	173	699	173	699
Other members of the consolidated group	-	-	(40)	(3,696)
Benefits of tax losses not brought to account	(108,150)	(52,831)	(108,150)	(56,831)
The applicable weighted average effective tax rate	-	-	-	-

The group made an election in order that the Australian companies will form a tax-consolidated group from 24 March 2007. As a consequence, transactions between the members entities will be ignored.

Deferred tax Liabilities

	Consolidated		Parent Entity	
	2009	**2008**		**2008**
	$	**$**		**$**
Deferred tax liabilities				
Exploration and evaluation expenditure	124,826	89,261	30,585	-
Other	-	-	-	89,261
Off set of deferred tax assets	(124,826)	(89,261)	(30,585)	(89,261)
Net deferred tax liabilities	-	-	-	-
Deferred tax assets				
Deferred tax assets				
Tax losses	290,921	179,846	290,921	179,846
Timing differences	11,996	7,818	11,996	7,818
	302,917	187,664	302,917	187,664
Off set of deferred tax liabilities	(124,826)	(89,261)	(30,585)	(89,261)
Net deferred tax assets not brought to account	178,091	98,403	272,332	98,403

At 30 June 2009, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

Notes to the Financial Statements (continued)

7. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	Consolidated	
	2009	**2008**
	$	**$**
Loss from continuing operations	(320,472)	(182,585)
Loss per share attributable to equity holders	(0.012)	(0.006)
	No.	**No.**
Weighted average number of ordinary shares for basic earnings per share	27,500,001	27,000,001

Diluted earnings per share has not been included, as it results in more favourable earnings per share figure than basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

8. Dividends Paid or Proposed

There were no dividends paid or proposed during the year.

9. Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Current				
Cash at bank and in hand	2,100,273	2,782,351	2,100,272	2,782,350
	2,100,273	2,782,351	2,100,272	2,782,350

Cash at bank and in hand earns interest at floating rates based on daily bank rates.

a) Interest rate risk exposure
The Group exposure to interest rate risk is detailed in note 19.

Notes to the Financial Statements (continued)

10. Trade and Other Receivables

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Current				
Prepayments	9,898	11,632	9,898	11,632
Interest Receivable	47,222	-	47,222	-
Loans Receivable	520,000	-	520,000	-
GST Receivable	5,472	5,529	5,472	5,529
	582,592	17,161	582,592	17,161

Fair values and credit risk

Due to the short term nature of these receivables the carrying values represent their respective fair values at 30 June 2009.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 19 for more information on the risk management policy of the Company and the credit quality of the entity's receivables.

11. Financial Assets available for sale

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Unlisted investments in controlled entity	-	-	100,001	100,001
Less provision of impairment	-	-	(100,001)	(100,000)
	-	-	-	1

a) The carrying value of the investment was written down to its recoverable amount. A further $1 was written off during the year and no impairment testing was required during the current financial year.

12. Financial assets at fair value through profit and loss

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Listed securities				
Equity securities in listed corporations	-	202,500	-	202,500
	-	202,500	-	202,500

Changes in fair values of financial assets at fair value through profit and loss are recorded in other income or other expense in the income statement. An impairment loss of $202,500 has been recognised in profit and loss for the equity securities due to the company invested in entering into voluntary administration.

Risk exposure

Information about the group and the parent entities exposure to credit risk and price risk is provided in note 19.

Notes to the Financial Statements (continued)

13. Exploration and evaluation expenditure (Non-Current)

	2009 $	2008 $	2009 $	2008 $
Exploration and evaluation expenditure	415,961	297,538	101,951	-
At 1 July 2008	297,538	163,713	-	-
Capitalised during the year	118,423	133,825	101,951	-
Written off	-	-	-	-
At 30 June 2009	415,961	297,538	101,951	-

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

14. Share-Based Payments

(a) Employee Incentive Scheme

The establishment of the Employee Incentive Scheme was approved by general meeting. The Employee Incentive Scheme is designed to provide long term incentives for senior managers and above (including executive and non-executive directors) and to attract and retain experience employees, board members and executive officers and provide them with the motivation to make the Company more successful. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise is satisfied. The options remain exercisable for a period between two or five years from listing date or on cessation of employment. Options are granted under the plan for no consideration.

Options granted under the plan carry no dividend or voting rights.

When exercisable, shares allotted pursuant to the exercise of options will be allotted following receipt of all the relevant documents and payments and will rank equally with all other shares.

The exercise price of options will be 125% of the market value of the Company's Shares on the date on which the Employee Options are issued; or $0.20 or any greater price determined by the board.

There were no options issued under the Employee Incentive Scheme during the year.

The following share-based payment arrangements to Directors and employees existed at 30 June 2009.

All options granted to Director's and employees are for ordinary shares in Stirling Minerals Limited, which confer a right of one ordinary share for every option held.

Notes to the Financial Statements (continued)

14. Share-Based Payments (cont'd)

(a) Employee Incentive Scheme (cont'd)

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested & exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2009								
31/03/2007	30/06/2010	$0.20	2,150,000	-	-	-	2,150,000	2,150,000
			2,150,000	-	-	-	2,150,000	2,150,000
Weighted average exercise price			$0.20	-	-	-	$0.20	$0.20

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested & exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2008								
31/03/2007	30/06/2010	$0.20	-	2,150,000	-	-	2,150,000	2,150,000
			-	2,150,000	-	-	2,150,000	2,150,000
Weighted average exercise price			$0.20	-	-	-	$0.20	$0.20

No options expired during the periods covered by the above tables.

The weighted average remaining contractual life of share options outstanding at the end of the period was 1 year.

Fair value of options granted

There were no options granted under the plan during the current financial year.

The assessed fair value at grant date of options granted during the year ended 30 June 2007 was $0.032 cents per option. The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(b) Expenses arising from share-based payment transactions

There were no expenses arising from share based payment transactions during the current financial year.

Notes to the Financial Statements (continued)

15. Trade and Other Payables

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Trade payables	11,882	6,974	11,882	6,974
Other payables	17,885	10,736	17,885	10,734
	29,767	17,710	29,767	17,708

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are non-interest bearing and have an average term of 2 months.

16. Provisions

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Opening Balance	**10,131**	**903**	**10,131**	**903**
Current Provision for the year	7,691	9,228	7,691	9,228
Leave Taken	-	-	-	-
	17,822	**10,131**	**17,882**	**10,131**

17. Issued Capital

	Note	2009 No.	2008 No.	2009 $	2008 $
Ordinary shares					
- Issued and fully paid with no par value	(a)	27,500,001	27,000,001	3,587,840	3,487,840
Total consolidated contributed equity		27,500,001	27,000,001	3,587,840	3,487,840

(a) The authorised share capital of the company as at 30 June 2009 was 27,500,001 ordinary shares.

Date	Details	No. of Shares	Issue Price	$
1 July 2006	Opening Balance			
16 February 2007	Issue on incorporation	1	$1.00	1
30 March 2007	Issue of shares	8,000,000	$0.0001	800
24 March 2007	Issue of shares for acquisition of Quidong Minerals Pty Ltd	1,000,000	$0.10	100,000
24 March 2007	Issue of shares for purchase of mining tenements	500,000	$0.20	100,000
28 May 2007	Issue of shares under IPO	17,500,000	$0.20	3,500,000
	Less: share issue costs			(202,914)
30 June 2007		27,000,001		3,497,887
28 May 2008	Less: share issue costs			(10,047)
30 June 2008		27,000,001		3,487,840
13 Aug 2008	Issue of shares for acquisition of Quidong Minerals project	500,000	$0.20	100,000
30 June 2009		27,500,001		3,587,840

Notes to the Financial Statements (continued)

17. Issued Capital (cont'd)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's capital includes ordinary share capital, partly paid shares and financial liabilities, supported by financial assets.

The Company's capital includes mainly ordinary share capital and financial liabilities supported by financial assets.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group currently has $2,100,273 of cash and cash equivalents and no debt which is sufficient working capital to fund its exploration commitments in the near future.

18. Reserves

		Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
a)	**Reserves**				
	Share based payments reserve	68,846	68,846	68,846	68,846
	Option Reserve	135,000	135,000	135,000	135,000
		203,846	203,846	203,846	203,846

Share based payments reserve
No options were issued under the plan during the financial year. In the prior financial year the Company issued 2,150,000 options to Directors pursuant to shareholder approval exercisable at $0.20 on or before 30 June 2010 (note 14).

Options reserve
The options reserve represents the options issued under the pro-rata renounceable rights issue where 13,500,000 options were issued at $0.01.

Nature and purpose of reserve

Share-based payments reserve
The share-based payments reserve is used to record the value of equity benefits which may be provided:

- to employees and Directors as part of their remuneration under an Employee Incentive Scheme (refer to note 14 for further details of the ESOP);
- to directors on terms determined by the Remuneration Committee and approved by shareholders; and
- to advisers and consultants as payments for services.

Notes to the Financial Statements (continued)

19. Financial Risk Management

The Groups activities expose it to a variety of financial risks including interest rate risk, price risk, credit risk and liquidity risk. The Groups overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments; however the Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Company.

(a) Market risk

(i) Foreign exchange risk
The Group does not currently operate internationally and therefore its exposure to foreign exchange risk arising from currency exposures is limited.

(ii) Price risk
The parent entity is exposed to equities securities price risk. This arises from investments held by the parent and classified on the balance sheet either as available-for-sale or at fair value through profit and loss. The parent entity's equity investments are publicly traded and are included on the ASX.

(iii) Cash flow and fair value interest rate risk
The Group's only interest rate risk arises from cash and cash equivalents and borrowings. Term deposits and current accounts held with variable interest rates expose the group to cash flow interest rate risk.

		Interest rate risk			
30 June 2009	**Carrying**	**-100bps**		**+100bps**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Financial assets		**$**	**$**	**$**	**$**
Cash and cash equivalents	2,100,273	(21,003)	(21,003)	21,003	21,003
		(21,003)	**(21,003)**	**21,003**	**21,003**

		Interest rate risk			
30 June 2008	**Carrying**	**-100bps**		**+100bps**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Financial assets		**$**	**$**	**$**	**$**
Cash and cash equivalents	2,782,351	(27,823)	(27,823)	27,823	27,823
		(27,823)	**(27,823)**	**27,823**	**27,823**

At 30 June 2009, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax loss for the year would have been $21,003 (2008: $27,823) lower/ higher, mainly as a result of higher/ lower interest income from cash and cash equivalents.

Notes to the Financial Statements (continued)

19. Financial Risk Management (cont'd)

(a) Market risk (cont'd)

At reporting date the Company's interest bearing financial instruments are:

Consolidated	Weighted average Interest rate	2009 Carrying Amount $	2008 Carrying Amount $
Financial assets			
Cash and cash equivalents	6.27%	2,100,273	2,782,351
Loans receivable	12%	20,000	-
Loans receivable	25%	500,000	-

(b) Price risk

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Group manages its portfolio of securities in accordance with limits set by the Group. Diversification of the portfolio is not defined by the Group as management have a short term position in the investments.

Management have performed sensitivity calculations over the equities held at year end and the impact on earnings is considered to be immaterial due to the short term nature of these holdings.

(c) Credit risk

Credit risk is managed by the Board. Credit risk arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions. All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are material to the Group. The credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. The maximum exposure to credit risk is the carrying amount of the financial assets of cash to the value of $2,100,273, loans receivable of $520,000 and trade and other receivables of $62,592.

The following financial assets of the group are neither past due or impaired:

	2009 $	2008 $
Financial Assets		
Cash and cash equivalents	2,100,273	2,782,351
Trade and other receivables	62,592	17,161
Loans receivable	520,000	-
	2,682,865	2,799,512

Notes to the Financial Statements (continued)

19. Financial Risk Management (cont'd)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profits of financial assets and liabilities. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group therefore had no credit standby facilities or arrangements for further funding in place.

The financial liabilities of the Group at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments. The Group does not consider this to be material to the company and have therefore not undertaken any further analysis of risk exposure.

GROUP As at 30 June 2009	***Less than 6 months***	***6-12 months***	***Between 1-2 years***	***Between 2-5 years***	***Over 5 years***	***Total contractual cashflows***	***Carrying Amounts (assets/ liabilities)***
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Non-interest bearing	47,589	-	-	-	-	47,589	47,589
Total non-derivatives	47,589	-	-	-	-	47,589	47,589

(e) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets, such as trading and available for sale securities, is based on current quoted market prices at reporting date. The quoted market price used for financial assets held by the Company is the current market price.

The fair value of financial instruments that are not traded in an active market such as unlisted investments and subsidiaries is determined using valuation techniques where applicable. Where this is unable to be done they are carried at cost.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

Notes to the Financial Statements (continued)

20. Business Combination

2009

There were no acquisitions by Stirling Minerals Limited in 2009.

2008

There were no acquisitions by Stirling Minerals Limited in 2008.

21. Commitments and contingent liabilities

(a) Exploration Expenditure

In order to maintain mining tenements, the economic entity is committed to meet the prescribed conditions under which tenements were granted. These commitments may be met in the normal course of operations by future capital raisings and/or farm-out and under certain circumstances are subject to the possibility of adjustment to the amount and timing of such obligations or by tenement relinquishment.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Exploration expenditure committments				
Payable:				
- not later than 12 months	102,500	102,500	-	-
- between 12 months and 5 years	112,000	112,000	-	-
- greater than 5 years	-	-	-	-
	214,500	214,500	-	-

(b) Royalty Agreement

Under agreement with Delta Gold Exploration Pty Ltd (Delta), the holder of the preceding non-graticular tenements, Delta will be granted a 2.5% royalty on gross production of any minerals from the tenement.

22. Related Party Disclosure

The consolidated financial statements include the financial statements of Stirling Minerals Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest 2009	% Equity Interest 2008
Quidong Minerals Pty Ltd	Australia	100%	100%

Notes to the Financial Statements (continued)

22. Related Party Disclosure (cont'd)

(a) Parent entities

Stirling Minerals Limited is the ultimate Australian parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out above.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in note 25.

(d) Loans to/ from related parties

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Loans to subsidiaries				
Loans advance during the year	-	-	16,598	148,979
Write-down of intercompany loans	-	-	(16,598)	(148,979)
As at 30 June 2009	-	-	-	-

23. Events After the Balance Sheet Date

On 21 July 2009 the $500,000 secured short term (90 day) receivable and the interest component of $125,000 became receivable from Continental Capital Limited. The director's have resolved to roll over half of the loan $250,000 for another 90 days earning a further $62,500 interest which will become receivable earlier should Continental Capital Limited sell the secured asset or raise no less than $4million of debt or equity. The remainder of the loan, $250,000 will be repaid on the 21 July 2009. Under the original terms of the loan the $125,000 interest receivable was converted into 2.5million ordinary shares in Continental Capital Limited (issued 11 August 2009) plus 1.25million listed $0.05 options. A further 6.25million options will be issued (subject to CCL shareholder approval) under the terms of the loan agreement.

Notes to the Financial Statements (continued)

24. Auditor's Remuneration

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Amounts received or due and receivable by Bentleys Western Australia for:				
▪ an audit or review of the financial report of the entity and any other entity in the Consolidated entity	21,550	16,500	21,550	16,500
▪ other services in relation to the entity and any other entity in the Consolidated entity	-	-	-	-
Assurance related				
	21,550	16,500	21,550	16,500

25. Directors and Key Management Disclosures

(a) Directors

The following persons were directors of Stirling Minerals Limited during the financial year:

Name	Position
Mr Tony King	Executive Director
Mr Jason Bontempo	Director (Non-executive)
Mr Stephen Brockhurst	Director (Non-executive)

(b) Other key management personnel

There were no further key management personnel of the Group.

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Short-term employee benefits	150,000	182,665	150,000	182,665
Post- employment benefits	13,500	16,440	13,500	16,440
Long-term benefits	-	-	-	-
Share based payments	-	-	-	-
Total	163,500	199,105	163,500	199,105

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors report. The relevant information can be found in sections A-C of the remunerations report on pages 7 to 11.

Notes to the Financial Statements (continued)

25. Directors and Key Management Disclosures (cont'd)

(d) Remuneration of Directors and Key Management Personnel

Options provided as remuneration and shares issued on the exercise of such options
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in Section D of the remuneration report on page 12.

Option holdings
The number of options over ordinary shares in the company held during the financial year by each director of Stirling Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2009

Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Mr Tony King	2,060,000	-	-	(316,667)	1,743,333	1,743,333	-
Mr Jason Bontempo	1,250,000	-	-	-	1,250,000	1,250,000	-
Mr Stephen Brockhurst	192,500	-	-	-	192,500	192,500	-
Total	3,502,500	-	-	(316,667)	3,185,833	3,185,833	-

2008

Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Mr Tony King	1,000,000	-	-	1,060,000	2,060,000	2,060,000	-
Ms Suzie Foreman (resigned 09/04/08)	500,000	-	-	-	500,000	500,000	-
Mr Jason Bontempo	500,000	-	-	750,000	1,250,000	1,250,000	-
Mr Stephen Brockhurst	-	-	-	192,500	192,500	192,500	-
Total	2,000,000	-	-	2,002,500	4,002,500	4,002,500	-

Shareholdings
The numbers of shares in the company held during the financial year by each director of Stirling Minerals Limited and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

Notes to the Financial Statements (continued)

25. Directors and Key Management Disclosures (cont'd)

(d) Remuneration of Directors and Key Management Personnel (cont'd)

2009

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes	Balance at the end of the year
Directors				
Mr Tony King	2,610,197	-	275,668	2,885,865
Mr Jason Bontempo	700,000	-	-	700,000
Mr Stephen Brockhurst	385,000	-	-	385,000
Total	3,695,197	-	275,668	3,970,865

2008

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes	Balance at the end of the year
Directors				
Mr Tony King	1,900,000	-	710,197	2,610,197
Ms Suzie Foreman (resigned 09/04/08)	-	-	-	-
Mr Jason Bontempo	500,000	-	200,000	700,000
Mr Stephen Brockhurst	-	-	385,000	385,000
Total	2,400,000	-	1,295,197	3,695,197

(e) Loans to key management personnel

There were no loans made or outstanding to directors of Stirling Minerals Limited and other key management personnel of the Group, including their personally related parties.

(f) Other transactions with key management personnel

A director, Mr Anthony King, is a director in the firm of Grange Consulting Pty Ltd, Corporate Advisors. Grange Consulting has provided corporate advisory and company secretarial services to Stirling Minerals Limited and its subsidiaries during the year on normal commercial terms and conditions.

Notes to the Financial Statements (continued)

25. Directors and Key Management Disclosures (cont'd)

(f) Other transactions with key management personnel (cont'd)

Other transactions

Aggregate amounts of each of the above types of other transactions with key management personnel of Stirling Minerals Limited:

	2009 $	2008 $
Amounts recognised as expense		
Company secretarial fees	68,250	62,250
	68,250	62,250

26. Non-Cash financing and Investing

There were no non-cash financing activities during the current financial year.

27. Cash Flow information

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Loss after income tax for the period	(320,472)	(182,585)	(336,946)	(316,408)
Adjustments for:				
Impairment expense of financial assets at fair value through profit or loss	202,500	-	202,500	-
Write-down of intercompany receivable	-	-	16,599	133,824
Finance cost for the year	452	562	452	562
Decrease/(increase) in trade and term receivables	(65,488)	175,071	(65,488)	175,071
Increase/(decrease) in exploration and evaluation expenditure	(18,424)	(169,517)	(1,952)	(47,092)
Increase/(decrease) in trade payables and accruals	15,250	(123,953)	11,666	(257,778)
Increase/(decrease) in provisions	7,690	(8,507)	7,690	(8,507)
Cashflow from operations	(178,492)	(308,929)	(165,479)	(320,328)

Directors' Declaration

In the Directors' opinion:

(a) the financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001, and:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company.

(b) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) The remuneration disclosures included in pages 7 to 11 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the *Corporations Act 2001.*

(d) The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by;

Tony King
Managing Director

Perth, Western Australia, 11 September 2009

Corporate Governance

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Stirling Minerals Limited ("Stirling" or "Company"). The Board of Directors ("Board") supports a system of corporate governance to ensure that the management of Stirling is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("ASX Principles and Recommendations 2^{nd} Edition") where considered appropriate for company of Stirling's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Trading in Securities, Continuous Disclosure, Shareholder Communication and Risk Management Policies. Further details in respect to the Company's corporate governance practises are summarised below and copies of Company's corporate governance policies are available of the Company's web site at www.stirlingminerals.com.au

The Board sets out below its "if not why not" approach where the Company's practice departs from the Recommendations. All Recommendations have been applied for the financial year ended 30 June 2009 unless set out below:

Principle 2 Recommendation 2.4:

Notification of Departure: A separate nomination committee has not been formed.

Explanation of Departure: Requires listed entities to establish a nomination committee. Given the current size of the Board and the Company, the Board considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in the Board's Charter.

Principle 4 Recommendation 4.1

Notification of Departure: A separate audit committee has not been formed.

Explanation for Departure: Requires listed entities to establish as separate audit committee. Given the current size of the Company, the Board considers that this function is efficiently achieved by the full board in accordance with the guidelines set out in the Board's Charter and the Audit Committee Charter. The full Board conducts a review of the Company's financial statements at each financial reporting date and liaises with the Company's auditors as necessary.

Principle 8 Recommendation 8.1

Notification of Departure: There was no separate remuneration committee.

Corporate Governance Statement (continued)

Explanation for Departure: Requires listed entities to establish a nomination committee. Given the current size of the Board and the Company, the Board considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in the Board's Charter.

In addition, all matters of remuneration will continue to be determined in accordance with *Corporations Act* requirements, especially in respect of related party transactions. That is, no directors participate in any deliberations regarding their own remuneration or related issues.

ROLES OF THE BOARD AND MANAGEMENT

The Board considers that the essential responsibilities of the Directors are to oversee Stirling's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value.

The Board has a Charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.
The key responsibilities of the Board include:

- contributing to the development of and approving corporate strategy;
- appoint and review the performance of the Managing Director/ chief executive officer;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- arrange for effective budgeting and financial supervision;
- ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that financial, operational, compliance and risk management controls function adequately;
- ensure that appropriate audit arrangements are in place; and
- reporting to shareholders.

BOARD STRUCTURE

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- the Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- the Chairman should be non executive;
- the Board should not comprise a majority of Executive Directors and
- Directors should bring characteristics which allow a mix of qualifications, skills and experience.

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

MEETINGS OF THE BOARD

The Board meets as and when required to consider the business of Stirling Minerals Limited, its financial performance and other operational issues.

Corporate Governance Statement (continued)

NOMINATION AND APPOINTMENT OF NEW DIRECTORS

Recommendations of candidates for new Directors are made by the Board as a whole.

REVIEW OF PERFORMANCE

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. Given the size and nature of the Company's activities the Board reviews the performance of Directors and the composition of the Board, at regular intervals during the year, or as deemed necessary.

DIRECTORS' REMUNERATION

The remuneration of non executive Directors is different to that of executives. Executive Directors receive a salary and may receive other benefits.

Non executive Directors receive a set fee per annum, in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties. When reviewing Director's fees the Board takes into account any changes in the size and scope of Stirling's activities. Currently the Non-executive Directors have a $15,000 set fee which is to be reviewed from 1 July 2009.

The Board will review the remuneration and policies applicable to all Directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior Executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.
The structure and disclosure of the Company's remuneration policies for Directors are set out in the Directors Report.

BOARD ACCESS TO INFORMATION

All Directors have unrestricted access to all employees of the Company and, subject to the law, access to all Company records and information held by an employees and/or external advisers. The Board receives regular detailed financial and operational reports to enable it to carry out its duties.

Each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

BOARD COMMITTEES

The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

The Board has established an Audit Committee to assist the Board in the discharge of its responsibilities and is governed by the Audit Committee Charter, as approved by the Board.

Corporate Governance Statement (continued)

1. Nomination Committee

The full Board carries out the role of the nomination committee. The full Board did not officially convene as a nomination committee during the Reporting Period, however nomination related discussions occurred from time to time during the year as required.

2. Audit Committee

The full Board carries out the role of an audit committee. The full Board did not officially convene as an audit committee during the Reporting Period, however audit related discussions occurred from time to time during the year as required. Details of each of the director's qualifications are set out in the Director's Report.

All of the directors consider themselves to be financially literate and have industry experience.

2.1. Audit Process

As part of the Company’s commitment to safeguarding integrity in financial reporting, Stirling’s accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts. The Auditor attends and is available to answer questions at, the Company’s annual general meetings.

2.2. Auditor Independence

The Company has implemented procedures to monitor the independence and competence of the Company’s external auditors. Details of the amounts paid for both audit work and non-audit services are set out in this annual report.

The Board requires that adequate hand-over occurs in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

3. Remuneration Committee

Details of remuneration, including the Company’s policy on remuneration, are contained in the “Remuneration Report” which forms of part of the Directors’ Report.

The full Board did not officially convene as a remuneration committee during the Reporting Period, however remuneration related discussions occurred from time to time during the year as required.

SHARE TRADING

Under the Company’s Share Trading Policy, all employees and Directors of the Company and its related companies are prohibited from trading in the Company’s shares or other securities if they are in possession of “inside information”. Subject to this condition and in light of the ASX’s continuous disclosure requirements, trading can occur at any time but subject to conditions surrounding periods prior to the publication of financial results and disclosure documents.

Corporate Governance Statement (continued)

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the ASX's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary has responsibility for overseeing and coordinating disclosure of information to the Australian Securities Exchange. The Company Secretary also liaises with the Managing Director in relation to continuous disclosure matters. The Managing Director is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

ETHICAL STANDARDS

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

It is the Board's responsibility to ensure that all staff are aware of the Company's Code of Conduct and to ensure that any individual who does not adhere to these ideals is dealt with appropriately by executive management. Appropriate action may be counselling, disciplinary action or termination of employment.

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community.

COMMUNICATIONS WITH SHAREHOLDERS

The Board aims to ensure that shareholders are kept informed of all major developments affecting Stirling Minerals Limited. Information is communicated to shareholders through the distribution of annual reports; and by presentation to shareholders at the Annual General Meeting, which they are encouraged to attend.

In addition, all reports, including quarterly reports and releases made by Stirling Minerals Limited throughout the year with respect to its activities are distributed widely via the Australian Securities Exchange and posted on the Company's website located at www.stirlingminerals.com.au.

Corporate Governance Statement (continued)

Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles and Recommendations 2nd Edition")

Principle 1 – Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

- Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. Box 1.1 Content of a director's letter upon appointment
- Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.
- Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

Principle 2 – Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- Recommendation 2.1: A majority of the board should be independent directors. Box 2.1: Relationships affecting independent status
- Recommendation 2.2: The chair should be an independent director.
- Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.
- Recommendation 2.4: The board should establish a nomination committee.
- Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.
- Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

Principle 3 – Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

- Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:
  - the practices necessary to maintain confidence in the company's integrity
  - the practices necessary to take into account their legal obligations and the reasonable
  - expectations of their stakeholders
  - the responsibility and accountability of individuals for reporting and investigating reports of
  - unethical practices. Box 3.1: Suggestions for the content of a code of conduct
- Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy. Box 3.2: Suggestions for the content of a trading policy
- Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3.

Corporate Governance Statement (continued)

Principle 4 – Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- Recommendation 4.1: The board should establish an audit committee.
- Recommendation 4.2: The audit committee should be structured so that it:
  - consists only of non-executive directors
  - consists of a majority of independent directors
  - is chaired by an independent chair, who is not chair of the board
  - has at least three members.
- Recommendation 4.3: The audit committee should have a formal charter.
- Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

Principle 5 – Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

- Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. Box 5.1: Continuous disclosure policies
- Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

Principle 6 – Respect the rights of shareholders

- Companies should respect the rights of shareholders and facilitate the effective exercise of those rights. Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. Box 6.1: Using electronic communications effectively
- Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

Principle 7 – Recognise and manage risk

- Companies should establish a sound system of risk oversight and management and internal control. Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
- Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

Corporate Governance Statement (continued)

Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

- Recommendation 8.1: The board should establish a remuneration committee.
- Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. Box 8.1: Guidelines for executive remuneration packages**.** Box 8.2: Guidelines for non-executive director remuneration
- Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Company as at 01 September 2009 is 27,500,001 ordinary fully paid shares, 15,650,000 listed options (20 cents, 30 June 2010). All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	2	11	0
1,001-5,000	9	34,362	0.125
5,001-10,000	54	522,589	1.900
10,001-100,000	209	8,743,798	31.796
100,001-9,999,999	42	18,199,241	66.179
Total	**316**	**27,500,001**	**100**

Unmarketable parcels

There were 15 holders of less than a marketable parcel of ordinary shares.

Listed Options (20 cents, 30 June 2010)

Shares Range	Holders	Units	%
1-1,000	0	0	0
1,001-5,000	45	204,900	1.309
5,001-10,000	28	226,661	1.448
10,001-100,000	182	5,195,325	33.197
100,001-9,999,999	26	10,023,114	64.045
Total	**281**	**15,650,000**	**100**

2. Top 20 Shareholders as at 01 September 2009

	Name	Number of Shares	%
1	J & J Bandy Nominees Pty Ltd	2,650,000	9.636
2	Jameker Pty Ltd	1,335,864	4.858
3	Generation Capital Pty Ltd	1,300,000	4.727
4	A22 Pty Limited	1,197,087	4.353
5	Max Capital Pty Ltd	1,100,000	4.000
6	Kouta Bay Pty Ltd	1,100,000	4.000
7	Mrs Jayne Elizabeth Bolton	1,000,000	3.636
8	Wilhaja Pty Ltd	633,333	2.303
9	Investwise Enterprises Pty Ltd	508,250	1.848
10	GW International Pty Ltd	500,000	1.818
11	Ms Tiziana Battista	500,000	1.818
12	CopperCo Limited	500,000	1.818
13	Ms Ingrid Joan Olsen	400,000	1.455
14	Sonic Holdings Pty Ltd	340,000	1.236
15	Paso Holdings Pty Ltd	333,708	1.213
16	Bessarlie Pty Ltd	300,000	1.091
17	Success Investments	300,000	1.091
18	Gallway Investments Pty Ltd	300,000	1.091
19	Mr Stephen Brockhurst	250,000	0.909
20	Lake Springs Pty Ltd	250,000	0.909
	Total	**14,798,242**	**53.81**

3. Top 20 Optionholders as at 01 September 2009

	Name	Number of Options	%
1	J & J Bandy Nominees Pty Ltd	2,573,579	16.445
2	Max Capital Pty Ltd	1,133,333	7.242
3	Ms Tiziana Battista	750,000	4.792
4	Wilhaja Pty Ltd	566,667	3.621
5	A22 Pty Limited	550,000	3.514
6	Ms Suzie Jayne Foreman	500,000	3.195
7	Mrs Jane Elizabeth Bolton	500,000	3.195
8	Kouta Bay Pty Ltd	500,000	3.195
9	Generation Capital Pty Ltd	450,000	2.875
10	Investwise Enterprises Pty Ltd	414,500	2.649
11	Mr Kenneth Yu	350,000	2.236
12	Newton6 Pty Ltd	287,500	1.837
13	Mr Anthony John King	250,000	1.597
14	Mr Matthew Banks	200,000	1.278
15	Bessarlie Pty Ltd	150,000	0.958
16	Everyoung International Holdings Ltd	150,000	0.958
17	Mr Bret Ferris	150,000	0.958
18	Mr Stephen Brockhurst	125,000	0.799
19	Mr Domenic Cicchino & Mrs Sonia Maria Cicchino	121,900	0.779
20	Shriver Nominees Pty Ltd	112,500	0.719
	Total	**9,834,979**	**62.843**

4. Substantial Shareholders as at 01 September 2009

	Name	Number of Shares	%
1	J & J Bandy Nominees Pty Ltd	2,650,000	9.636

5. Restricted Securities subject to escrow period

There are no restricted securities subject to escrow.

6. Company cash and assets

In accordance with Listing Rule 4.10.19, the company confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2009 in a way that is consistent with its business objective and strategy.