



**S T I R L I N G**  
M I N E R A L S  
**AND CONTROLLED ENTITIES**

**ABN 24 123 972 814**

**FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2007**

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## Directors' Report

Your directors present their report on the consolidated entity of Stirling Minerals Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2007.

### Directors

The persons who were directors of Stirling Minerals Limited during the half year and up to the date of this report are:

Mr Tony King (Chairman)

Ms Suzie Foreman (Non Executive Director)

Mr Jason Bontempo (Non Executive Director)

### Review of Operations for the Half Year ended 31 December 2007

The consolidated Income Statement shows a consolidated net loss attributable to members of (\$92,597).

During the half year, the Company commenced exploration on the Quidong Base Metals and Gold Project located near Bombala, NSW. The Quidong Project comprises EL5671 and EL6888, with a combined area of approximately 85 square kilometers.

The Company commenced 2,558 line kilometres of airborne magnetic and radiometric survey. The survey was flown at a line spacing of 100m over the core targets areas, with 200m line spacing over areas peripheral to the licence boundaries and was completed in January 2008.

During the course of landholder notifications for the survey, the potential for gold occurrences in the surrounding region was highlighted. The airmagnetic coverage was amended to include prospective areas adjacent to the Company's existing tenements. Consequently the Company has lodged an application for a third tenement (ELA 3429 – 100% Quidong). This application, if and when granted, will add 188 sq. km to the Company's holding, taking the total landholding in the region to 273 square kilometers.

Data from the survey will be interpreted with the aim of clarifying structural controls over gold, lead, zinc and copper mineralisation and generating further targets for ongoing exploration and drilling.

Construction of a digital database was completed, and initial testing and data entry undertaken.

The Company continues to evaluate opportunities to enhance its existing portfolio of assets to assist in the growth of the Company.

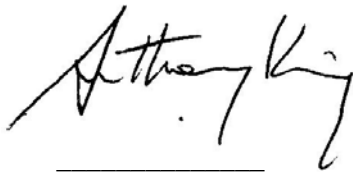
## Directors' Report

### Auditors Independence Declaration

The Auditor's Independence Declaration on page 3 forms part of the Director's Report for the half year ended 31 December 2007.

This relates to the audit report, where they state that they have issued an independent declaration.

This report is signed in accordance with a resolution of the Board of Directors.



Director: \_\_\_\_\_

**Tony King**

Dated this 12 March 2008

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 review of the financial report of Stirling Minerals Limited and Controlled Entities for the half year ended 31 December 2007 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 review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**RANKO MATIĆ**  
**Director**

DATED at PERTH this 12th day of March 2008

## Consolidated Income Statement

	Note	31 December 2007 \$
Revenue from operating activities		16,170
Other revenue		87,386
Total revenue		<u>103,556</u>
<b>Expenses from ordinary activities</b>		
Employee benefits expense		4,614
Finance cost expense		371
External contractors expense		30,750
Travel and related expenses		2,338
Director & Employee expenses		105,021
Other expenses		53,059
Total Expenses from ordinary activities		<u>196,153</u>
Loss before income tax expense		<u>(92,597)</u>
Income tax expense		-
Loss for the half year		(92,597)
Net loss attributable to members of Stirling Minerals Limited		<u>(92,597)</u>
Basic earnings per share (cents per share)		(0.34)

The accompanying notes form part of these financial statements.

## Consolidated Balance Sheet

	31 December 2007	30 June 2007
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,196,043	3,180,226
Trade and other receivables	23,910	36,550
<b>TOTAL CURRENT ASSETS</b>	<b>3,219,953</b>	<b>3,216,776</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	-	-
Exploration asset	164,655	163,713
<b>TOTAL NON-CURRENT ASSETS</b>	<b>164,655</b>	<b>163,713</b>
<b>TOTAL ASSETS</b>	<b>3,384,608</b>	<b>3,380,489</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12,257	50,245
Provisions	5,517	903
<b>TOTAL CURRENT LIABILITIES</b>	<b>17,774</b>	<b>51,148</b>
<b>TOTAL LIABILITIES</b>	<b>17,774</b>	<b>51,148</b>
<b>NET ASSETS</b>	<b>3,366,834</b>	<b>3,329,341</b>
<b>EQUITY</b>		
Issued Capital	3,497,887	3,497,887
Share Based Payment Reserve	68,846	68,846
Option Reserve	130,090	-
Accumulated losses	(329,989)	(237,392)
<b>TOTAL EQUITY</b>	<b>3,366,834</b>	<b>3,329,341</b>

The accompanying notes form part of these financial statements.

## Consolidated Cash Flow Statement

	Note	31 December 2007 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers		-
Payment to suppliers and employees		(204,043)
Payment for exploration and evaluation		(15,420)
Interest received		74,542
Borrowing costs		-
Tax refunded		30,649
<b>Net cash provided by (used in) operating activities</b>		<b>(114,272)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant & equipment		-
Payments for capitalised exploration expenditure		-
Payment for housing loan		-
Proceeds on sale of subsidiary, net of cash disposed		-
<b>Net cash provided by (used in) investing activities</b>		<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of options		135,000
Payments for option issue costs		(4,911)
Proceeds from options exercised		-
<b>Net cash provided by (used in) financing activities</b>		<b>130,089</b>
<b>Net increase in cash held</b>		<b>15,817</b>
Cash at 1 July 2007		3,180,226
<b>Cash at 31 December 2007</b>		<b>3,196,043</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

	Note	Issued Capital	Retained Earnings	Option Reserves	Share Based Payments Reserve	Total Equity
		\$	\$	\$	\$	\$
<b>As at 1 July 2007</b>		<b>3,497,887</b>	<b>(237,392)</b>	-	<b>68,846</b>	<b>3,329,341</b>
Loss for the period		-	(92,597)	-	-	(92,597)
Issued options during the period		-	-	135,000	-	135,000
Transaction costs		-	-	(4,910)	-	(4,910)
<b>As at 31 December 2007</b>		<b>3,497,887</b>	<b>(329,989)</b>	<b>130,090</b>	<b>68,846</b>	<b>3,366,834</b>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### 1. Basis of Preparation

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards including AASB 134: "Interim Financial Reporting", Australian Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended June 2007 and any publications made by Stirling Minerals Limited during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*. The half year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

This is the first half year financial report prepared for Stirling Minerals Limited, and therefore no comparative results are available for the Income Statement, Statement of Changes in Equity and the Cash Flow Statement.

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

### 2. Segment Information

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

### 3. Dividends

No dividends were paid or declared during the period.

### 4. Contingent Liabilities

There have been no changes in contingent liabilities since the last annual reporting date, 30 June 2007.

### 5. Events Subsequent to Reporting Date

There have been no other subsequent events.

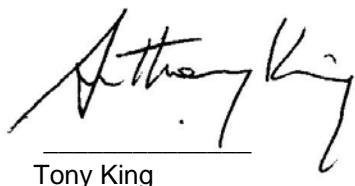
## Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes as set out on page 4 to 8:
  - (a) Comply with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - (b) Give a true and fair view of the economic entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date.
2. 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.
3. The directors have been given the declarations by the Managing Director and the Chief Financial Officer required by s295A.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:



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Tony King

Dated this 12 March 2008

# Independent Auditor's Review Report

## To the Members of Stirling Minerals Limited

We have reviewed the accompanying half-year financial report of Stirling Minerals Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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### Directors Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Stirling Minerals Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Stirling Minerals Limited and Controlled Entities on 12th March 2008, would be in the same terms if provided to the directors as at the date of this auditor's review report

# ***Independent Auditor's Review Report***

To the Members of Stirling Minerals Limited (Continued)

## **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stirling Minerals Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



**BENTLEYS**  
Chartered Accountants



**RANKO MATIĆ**  
Director

DATED at PERTH this 12th day of March 2008