

STIRLING MINERALS LIMITED
ABN 24 123 972 814

SHORT FORM PROSPECTUS

For a non renounceable entitlements issue of 1 Option for every 2 Shares held by Shareholders as at 5.00pm WST on 27 August 2007 at an issue price of 1 cent per Option to raise up to approximately \$135,000 (Offer).

IMPORTANT NOTICE

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act 2001. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to another document, the information of which is deemed to be incorporated in this Prospectus.

The securities offered by the Prospectus should be considered as speculative.

IMPORTANT NOTICE

This Prospectus is dated 15 August 2007.

A copy of this Prospectus was lodged with the ASIC on 15 August 2007. The ASIC takes no responsibility for the contents of this Prospectus.

No Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made to ASX within seven (7) days after the date of this Prospectus for admission of the Options offered by this Prospectus to Official Quotation.

This Prospectus will be issued in paper form and as an electronic Prospectus. The offer of Options pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Acceptance Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the offer period a person may obtain a hard copy of this Prospectus by contacting the Company.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for Options. There are risks associated with an investment in the Company and the Options offered under this Prospectus must be regarded as a speculative investment. The Options offered under this Prospectus carry no guarantee with respect to return on capital investment or the future value of the Options.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This Prospectus does not constitute an offer of Options in any place in which, or to any person to whom it would not be lawful to make the Offer.

Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, the Prospectus incorporates by reference information contained in documents that have been lodged with the ASIC.

This Prospectus refers to the prospectus issued by the Company dated 18 April 2007 (**IPO Prospectus**).

In referring to the IPO Prospectus the Company:

- (a) identifies the IPO Prospectus as being relevant to the offer of Options pursuant to this Prospectus and containing information that will provide investors and their professional advisers information to assist them in making an informed assessment of:
-

- i. the rights and liabilities attaching to the Options and the underlying Shares;
 - ii. the capacity of the Company to issue the underlying Shares; and
 - iii. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
- (b) refers investors and their advisers to Section 5.2 of this Prospectus which summarises the information in the IPO Prospectus deemed to be incorporated in this Prospectus;
- (c) informs investors and their advisers that they are able to obtain, free of charge, a copy of the IPO Prospectus by contacting the Company at its registered office during normal business hours between the date of this Prospectus and the Closing Date; and
- (d) advises that the information in the IPO Prospectus will be primarily of interest to investors and their professional advisers and analysts.

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1. **CORPORATE DIRECTORY**

DIRECTORS

Tony King – Managing Director
Suzie Foreman – Non Executive Director
Jason Bontempo – Non Executive Director

AUDITORS

Rix Levy Fowler
Level 1, 12 Kings Park Road
West Perth WA 6005

COMPANY SECRETARY

Mark Bianchini

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St George’s Terrace
Perth WA 6000

Phone: 1300 307 518
Fax: (08) 9323 2033

REGISTERED OFFICE

945 Wellington Street
West Perth WA 6005

SOLICITORS

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000

CONTACT DETAILS

Website: www.stirlingminerals.com.au
Email: info@stirlingminerals.com.au
Phone: (08) 9322 7600
Fax: (08) 9322 7602

CORPORATE ADVISER

Grange Consulting Group Pty Ltd
945 Wellington Street
West Perth WA 6005
Phone: (08) 9322 7600
Fax: (08) 9322 7602

Email: info@stirlingminerals.com.au
Web: www.stirlingminerals.com.au

ASX Code: SMZ

2. MANAGING DIRECTOR'S LETTER

15 August 2007

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a pro-rata 1 for 2 non renounceable entitlements issue of Options.

All Shareholders registered as at 5.00 p.m. WST on 27 August 2007 are entitled to participate in the rights issue of Options, on the basis of 1 Option for every 2 Shares held.

The Closing Date for acceptances is 5.00 p.m. WST on 17 September 2007 (unless the Offer is extended).

The Company will apply to ASX for Official Quotation of the Options.

The Board takes this opportunity to thank Shareholders for their support since listing and looks forward to your continued support in the future.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Anthony King', with a stylized flourish at the end.

Mr Tony King
Managing Director

TIMETABLE AND IMPORTANT DATES

EVENT	DATE
Appendix 3B lodged with ASX	15 August 2007
Prospectus lodged with ASIC and ASX	15 August 2007
Entity sends notice to shareholders containing the information required by Appendix 3B	17 August 2007
"Ex" date	21 August 2007
Record date for determining entitlements to Options	27 August 2007
Despatch Prospectus	28 August 2007
Closing Date	17 September 2007
Securities quoted on a deferred settlement basis	18 September 2007
Company notifies ASX of under subscriptions	20 September 2007
Deferred settlement trading ends and despatch date	25 September 2007

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the Options are expected to commence trading on ASX may vary with any change in the Closing Date.

The Directors reserve the right to place, in their discretion, any Shortfall Options within 3 months after the Closing Date, and the offer under this Prospectus for the Shortfall Options remains open until this date (unless the Directors resolve to close the offer earlier).

3. INVESTMENT OVERVIEW

3.1 Important Notice

This section is not intended to provide full information for investors intending to apply for Options offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

3.2 Summary of the Offer

Offer price:	\$0.01 per Option
Number of Options offered under Offer:	13,500,000
Funds raised before expenses of Offer:	\$135,000

3.3 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to reward Shareholders who have held their stock since the Company's securities were admitted to quotation on the ASX. In addition, the Company is making the Offer to raise \$135,000. The Company intends to apply the funds raised from the Offer for working capital and to fund the expenses of the Offer.

3.4 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares	Number
Shares on issue at the date of Prospectus	27,000,001
Shares now offered under the Offer	-
Total Shares on issue at completion of the Offer	27,000,001

Options	Number
Existing Options on issue at the date of Prospectus ¹	2,150,000
Options now offered under the Offer ²	13,500,000
Total Options on issue at completion of the Offer	15,650,000

Notes:

¹ 2,150,000 existing Options are exercisable at 20 cents on or before 30 June 2010.

² Assumes that the Offer is fully subscribed.

4. DETAILS OF THE OFFER

The Company is making an Offer of Options to Shareholders by way of a non renounceable entitlements issue (Offer) pursuant to this Prospectus.

4.1 The Offer

The Company is making a pro-rata non renounceable entitlements issue to Shareholders who are registered as at 5.00 p.m. WST on 27 August 2007 (**Record Date**), of up to 13,500,000 Options at an issue price of one (1) cent each to raise up to approximately \$135,000 (before costs of the Offer).

The Options will be offered on the basis of 1 Option for every 2 Shares held on the Record Date.

The maximum number of Options which could therefore be issued under this Prospectus is 13,500,000.

In the calculation of any entitlement, fractions will be rounded down to the nearest whole number.

This Offer is made on a non renounceable basis such that Shareholders who are registered as at the Record Date may not sell or transfer all or part of their entitlement to Options.

4.2 Entitlement

The number of Options to which each Shareholder is entitled is shown on the enclosed Acceptance Form.

Shareholders may accept their entitlement in full or in part by returning a completed Acceptance Form to the Company's Share Registry by no later than 5.00 p.m. WST, on 17 September 2007 (**Closing Date**).

4.3 Oversubscription

Oversubscriptions will not be accepted.

4.4 Acceptance

This Offer may be accepted in whole or in part. Acceptance and payment in full of 1 cent per Option must be received before the Closing Date. Instructions for completion and lodgement of acceptances are set out on the back of the enclosed Acceptance Form.

4.5 Action Required

If you wish to take up all of your entitlement, complete the enclosed Acceptance Form in accordance with the instructions set out in the form and lodge the form together with your cheque for the amount shown on the form so that it reaches the Company's Share Registry:

By Post: Computershare Investor Services GPO Box D182 PERTH WA 6840,

Or

By Hand: Level 2, 45 St Georges Terrace PERTH WA, 6000

by no later than the Closing Date.

Cheques and drafts should be made payable to "Stirling Minerals Limited – Entitlement Issue" and crossed "Not Negotiable".

If you wish to take up part of your entitlement, complete the enclosed Acceptance Form in respect of the Options you wish to take up in accordance with the instructions set out in the form and lodge the form together with your cheque for the relevant amount (being the number of Options you wish to take up, multiplied by 1 cent per Option) so that it reaches the Company's Share Registry, by no later than the Closing Date.

If you do not wish to take up any of your entitlement, you do not need to take any action and your entitlement to the Options will lapse on the Closing Date.

4.6 Closing Date

The Closing Date for the Offer is 5.00 p.m. WST on 17 September 2007. The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the Options are expected to commence trading on ASX may vary with any change in the Closing Date.

4.7 Offer Period

The Prospectus will be despatched to Shareholders on 28 August 2007.

4.8 Shortfall

The Directors reserve the right to place, at their discretion, any Shortfall Options within 3 months after the Closing Date on the same terms and conditions as those Options issued to Shareholders under this Offer and as allowed by Exception 3 in ASX Listing Rule 7.2, and the offer under this Prospectus for the Shortfall Options remains open until that date (unless the Directors resolve to close earlier).

The Directors reserve the right to issue Shortfall Options pursuant to any Shortfall Application Forms at their absolute discretion. Related parties (as defined in the ASX Listing Rules) cannot participate in a placement of the Shortfall Options.

4.9 Underwriting the Offer

The Offer is not underwritten.

4.10 Allotment

It is anticipated that allotment of Options offered under the Offer by this Prospectus will take place in accordance with the timetable set out in Section 3 of this Prospectus.

Prior to the allotment of the Options under the Offer, all application monies will be held in trust for applicants. The Company will retain any interest earned on the application monies.

The Company intends to issue and allot the Options immediately following receipt of the Acceptance Form.

No Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

4.11 ASX Quotation

Application for Official Quotations of the Options by ASX will be made by the Company within seven (7) days of the date of this Prospectus. Application for Official Quotation of Shares allotted and issued as a result of the exercise of Options issued under this Prospectus will be made within 3 Business Days of allotment and issue. If the Options are not admitted to Official Quotation on ASX within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Options offered by this Prospectus will be granted. In that circumstance, all applications will be dealt with in accordance with Section 724 of the Corporations Act.

4.12 Overseas Shareholders

Only Shareholders who are registered as at 5.00 p.m. WST on the Record Date with registered addresses in Australia and New Zealand will be able to participate in the Offer. To make the Offer in any other jurisdiction may constitute a violation of application securities laws. The Directors believe that it is unreasonable to make the Offer to foreign Shareholders, having had regard to the number of Shareholders in the relevant jurisdictions, the number and value of Options those Shareholders would be offered and the cost of complying with the securities legislation of those jurisdictions.

Accordingly, the Offer is not being made, and no Options will be issued to, any Shareholders whose registered address is in a country other than Australia or New Zealand. This Prospectus is being sent to foreign Shareholders for information purposes only. No Acceptance Form will be sent to foreign Shareholders.

4.13 Enquiries

If you have any questions concerning your entitlement, please contact the Company Secretary, Mr Mark Bianchini on 08 9322 7600 or facsimile 08 9322 7602, or contact your professional adviser.

4.14 Privacy Statement

The Company collects information about each Applicant from an Acceptance Form for the purposes of processing the Acceptance Form and, if the Applicant is successful, to administer the Applicant's security holding in the Company.

By submitting an Acceptance Form, each Applicant agrees that the Company may use the information in the Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those

purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), ASX, the ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Acceptance Form, the Company may not be able to accept or process your application.

5. INFORMATION DEEMED TO BE INCORPORATED

5.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with the ASIC.

The Company informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the IPO Prospectus by contacting the Company at its registered office during normal business hours until the Closing Date. The IPO Prospectus will also be available by searching the ASIC's records in relation to the Company, or by visiting the Company's website at www.stirlingminerals.com.au.

5.2 IPO Prospectus

Set out below is a summary of the information contained in the IPO Prospectus that is deemed to be incorporated in this Prospectus to assist investors and their professional advisers to determine whether, for the purposes of making an informed investment decision in relation to the issue of the Securities pursuant to this Prospectus, they should obtain a copy of the IPO Prospectus.

The Sections referred to below are a reference to sections in the IPO Prospectus of the Company.

IPO Prospectus

Section 2.1 – Company Overview (Page 9)

This section of the IPO Prospectus contains a summary of the Company's history, its objectives and strategies and its base metal projects, including the Quidong Project located in the Lachlan Ford Belt of New South Wales.

The Quidong Project comprises one granted exploration licence 5671, and one exploration licence application 2922. As anticipated in the IPO Prospectus, the Company has now acquired legal title to exploration licence 5671. The Company retains its interest in exploration licence application 2922.

Section 2.1 of the IPO Prospectus provides summary information regarding the mineralisation and exploration history of the Lachlan Ford Belt and Quidong Basin.

Section 3 – Board and Management (Page 12)

This section of the IPO Prospectus contains a summary of the Company's Directors and corporate governance policy.

Section 4 – Investment Risks (Page 14)

This section of the IPO Prospectus contains a summary of the risk factors that may impact on the performance of the Company including:

- (a) exploration success;
- (b) development and operating risks;
- (c) reserves and resource estimates;
- (d) commodity price volatility and exchange rate risks ;
- (e) environmental risks;
- (f) native title and title risks;
- (g) share market conditions and security investment;
- (h) competition;
- (i) economic risks;
- (j) insurance;
- (k) government and legal risks;
- (l) reliance on key personnel; and
- (m) future capital needs and funding.

Section 5 – Independent Geologist’s Report (Page 17)

This section of the IPO Prospectus contains an independent geologist’s report prepared by CSA Australia Pty Ltd Geological Consultants on the Quidong Project, NSW.

The objective of the report is to summarise the geology and metallogeny of the Quidong Project, to assess the results of previous exploration, to consider the appropriateness of the Company’s proposed work programme and budget, and to express an opinion on the exploration potential of the Quidong Project.

Section 6 – Investigating Accountant’s Report (Page 59)

This section of the IPO Prospectus contains an investigating accountant’s report prepared by Rix Levy Fowler dated 18 April 2007.

The report was prepared to provide investors with information on historical results and the financial position of the Company, together with a pro forma balance sheet of the Company as at 31 March 2007 adjusted to include funds raised by the IPO Prospectus and the completion of exploration interest acquisitions and other relevant transactions.

In addition to this information, investors also refer to Section 7.3 of this Prospectus which contains a pro forma balance sheet of the Company as at 31 July 2007.

Section 7 – Tenement Report (Page 68)

This section of the IPO Prospectus contains a tenement report prepared by AMTS Pty Ltd on exploration licence 5671 and exploration licence 2922 in NSW.

The tenement report provides information obtained from the review of full searches of these licences, including searches of land title, conditions, and native title in respect of the licences.

Section 8 – Additional information (Page 78)

This section of the IPO Prospectus contains additional information including:

- 8.1 Rights attaching to Shares in the Company;
- 8.2 Options on Issue;
- 8.3 Options to be offered for subscription under proposed non-renounceable entitlements issue;
- 8.4 Summary of Material Contracts;
- 8.5 Deeds of Indemnity And Access;
- 8.6 Employee Incentive Scheme;
- 8.7 Interests of Directors of the Company;
- 8.8 Interests of Persons Named;
- 8.9 Consents;
- 8.10 Expenses of the Offer;
- 8.11 Taxation;
- 8.12 Litigation; and
- 8.13 Electronic receipt of the IPO Prospectus.

6. COMPANY INFORMATION

6.1 Overview and Reference to IPO Prospectus

The Company has been included in the Official List of the ASX since 28 May 2007.

A comprehensive overview of the Company is set out in the IPO Prospectus that was lodged with ASIC on 18 April 2007. Persons considering subscribing for Options under this Prospectus should refer to Section 5 of this Prospectus for a summary of the information contained in the IPO Prospectus deemed to be incorporated in this Prospectus.

Under the ASX Listing Rules, a number of the Company's Securities which were on issue at the date of listing are required to be held subject to escrow restrictions. The number of Securities and periods of escrow are as follows:

- (a) 8,000,000 Shares and 2,150,000 Options for 24 months from the date of Official Quotation of securities of the Company (being 28 May 2009);
- (b) 1,000,000 Shares until 29 March 2007; and
- (c) 500,000 Shares until 28 May 2008.

The balance of the issued Shares of the Company being 17,500,001 Shares, are quoted on ASX.

6.2 Update on activities of the Company since IPO Prospectus

The Company's primary project is the Quidong Base Metals and Gold Project (**Quidong Project**) located near Bombala in the Lachlan Fold belt of south eastern New South Wales. The Quidong Project covers the core tenement EL5671 and ELA2922. Combined these areas cover approximately 85 square kilometres.

The Company has commenced digitalising existing data on the Quidong Project and is in the process of securing a contractor to complete a high-resolution, low-level Heli-mag survey of the entire project. Following completion of this work, the Company will seek to drill key identified targets.

6.3 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from or inspected at, an office of the ASIC. This includes the IPO Prospectus referred to in section 5 of this Prospectus.

The Company will provide a copy of all documents used to notify ASX of information relating to the Company under the provisions of the Listing Rules since the lodgement of the IPO Prospectus with ASX. As at the time of lodging this Prospectus the only such documents were:

Date	Name of Document
14/08/2007	Appendix 3Y - Change of Director`s Interest Notice
07/08/2007	Non-Renounceable Pro-Rata Offer of Options
30/07/2007	Stirling Minerals Limited - Appendix 5B, 30 June 2007
30/07/2007	Stirling Minerals Limited - Quarterly Report, 30 June 2007
28/06/2007	Change of Director's Interest Notice
06/06/2007	Becoming a substantial holder
30/05/2007	Initial Director's Interest Notice
30/05/2007	Initial Director's Interest Notice
30/05/2007	Initial Director's Interest Notice
30/05/2007	Initial Director's Interest Notice - A. King
30/05/2007	Initial Director's Interest Notice
30/05/2007	Initial Director's Interest Notice
24/05/2007	Constitution
24/05/2007	Appendix 1A: ASX Listing application and agreement
24/05/2007	ASX Circular: Commencement of Official Quotation
24/05/2007	Terms and conditions of the employee incentive scheme
24/05/2007	Confirmation of Transfer of EL5671
24/05/2007	Corporate Governance Statement
24/05/2007	Number and escrow period of restricted securities
24/05/2007	Top 20 shareholders
24/05/2007	Distribution Schedule

24/05/2007 Pre-Quotation Disclosure
24/05/2007 Admission to Official List
01/05/2007 Disclosure Document

6.4 Trading History

Official quotation of the Shares commenced on 28 May 2007 and consequently, the trading history on ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded market sale prices of the Shares quoted on ASX during the period from commencement of Official Quotation to the date of this Prospectus are as follows:

Highest	27 cents on 28 May 2007
Lowest	17.5 cents on 3 August 2007
Last	17.5 cents on 15 August 2007

7. EFFECT OF THE OFFER ON THE COMPANY

7.1 Proceeds and Use of Funds Raised

Under the Offer, up to 13,500,000 Options are available for issue and will be issued if the Offer is fully subscribed.

After expenses of the Offer, the proceeds from the issue of Options will be \$125,000 (assuming the Offer is fully subscribed).

It is intended to apply funds raised from the Offer as follows (assuming full subscription):

Use of Funds	Total
Additional working capital	\$125,000
Costs of the Offer	\$10,000
Total Proceeds	\$135,000

7.2 Effect of the Offer

The principal effect of the Offer will be to increase:

- (a) cash reserves by approximately \$125,000 after deducting estimated cash expenses of the Offer and assuming all Options offered under this Prospectus are issued; and
- (b) the number of Options on issue from 2,150,000 as at the date of this Prospectus to up to 15,650,000 Options.

Upon completion of the Offer, the issued capital of the Company will comprise 27,000,001 Shares and 15,650,000 Options (assuming the Offer is fully subscribed and no existing Options are exercised).

7.3 Pro forma Balance Sheet

	Unaudited 31 July 2007	Adjustments	Unaudited Pro-forma After Issue
	\$	\$	\$
CURRENT ASSETS			
Cash	3,155,113	135,000	3,290,113
TOTAL CURRENT ASSETS	3,115,113	135,000	3,290,113
NON-CURRENT ASSETS			
Exploration & Evaluation Assets	357,554	-	357,544
Other	16,000	-	16,000
TOTAL NON-CURRENT ASSETS	373,544	-	373,544
TOTAL ASSETS	3,528,657	135,000	3,647,657
CURRENT LIABILITIES			
Payables	(18,296)	(10,000)	(18,296)
TOTAL CURRENT LIABILITIES	(18,296)	-	(18,296)
TOTAL LIABILITIES	(18,296)	-	(18,296)
NET ASSETS	3,546,953	125,000	3,681,953
EQUITY			
Contributed Capital	3,613,921	125,000	3,748,921
Accumulated Losses	(135,814)	-	(135,814)
Share Based Payment Reserve	68,846	-	68,846
TOTAL EQUITY	3,546,953	125,000	3,681,953

8. ADDITIONAL INFORMATION

8.1 Terms of Options

The Options to be issued pursuant to this Prospectus will be on the same terms as the Options of the Company currently on issue.

The terms and conditions of the Options are as follows:

- (a) Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
- (b) The Options may be exercised at any time until 30 June 2010. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of twenty cents (20c) per Option exercised. The Options will lapse at 5.00pm WST on 30 June 2010.
- (c) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 30 June 2010. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
- (d) Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
- (e) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then Shares in all respects. The Company will apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and Listing Rules.
- (f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of reconstruction.
- (g) If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (h) In the event that a pro-rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in Accordance with Listing Rule 6.22.

8.2 Rights attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares (including Shares to be issued upon the exercise of the Options). This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) General

All Shares to be issued upon the exercise of the Options will, from the time they are issued, rank *pari passu* with all the Company's existing Shares.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders:

- each Shareholder is entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

(c) Rights on Winding Up

Subject to the rights of holders of Shares with special rights in a winding up (at present there are none), if the Company is wound up, a liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property to the Company. The liquidator may, with the authority of a special resolution, vest the whole or any part of the property in trust for the benefit of shareholders as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(d) Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, and any other laws and ASTC Settlement Rules and ASX Listing Rules, Shares are freely transferable.

(e) **Future Increases in Capital**

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

(f) **Variation of Rights**

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the Shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(g) **Dividend Rights**

Subject to the rights of holders of Shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them.

8.3 Interests of Directors and persons named

A full disclosure of the interests of Directors, experts and promoters of the Company for the period commencing on incorporation of the Company and to the date of issue of the IPO Prospectus are set out in Section 8 of the IPO Prospectus and other than as set out below or elsewhere in this Prospectus, that information and disclosure remains current.

Other than as set out below or elsewhere in this Prospectus, no Director, promoter, expert or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has had within the two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer;

or

- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

At the date of this Prospectus the relevant interests of each of the Directors in the Shares and Options are as follows:

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
T. King	1	2,120,000	250,000	750,000
S. Foreman	-	-	500,000	-
J. Bontempo	-	500,000	-	500,000

Indirect Director Share and Option holdings are held beneficially through trust and company accounts.

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of the Company from applying for Options under this Prospectus.

Grange Consulting Group Pty Ltd, a related party to Mr King, is acting as corporate advisor to the Company and will receive approximately \$5,000 for corporate advisory services provided to the Company in relation to the Offer.

Steinepreis Paganin will receive professional fees of approximately \$1,000 for legal work undertaken by them in connection with this Prospectus.

8.4 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Computershare Investor Services Pty Ltd has given its written consent to being named as the Company's share registry in this Prospectus and has not withdrawn this consent prior to lodgement of this Prospectus with ASIC.

Grange Consulting Group Pty Ltd has given its written consent to being named as the corporate advisors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CSA Australia Pty Ltd has given its written consent to being named as the Independent Geologist in the IPO Prospectus, to the inclusion of the Independent Geologist's Report in Section 5 of the IPO Prospectus and the inclusion by reference of that report in this Prospectus. CSA Australia Pty Ltd has not withdrawn this consent prior to lodgement of this Prospectus with the ASIC.

Rix Levy Fowler has given its written consent to being named as the auditor to the Company in this Prospectus and to the inclusion by reference of the Investigating Accountant's Report set out in Section 6 of the IPO Prospectus in the form and context in which the report is included in the IPO Prospectus. Rix Levy Fowler has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

AMTS Pty Ltd has given its written consent to the inclusion by reference in this Prospectus of the Tenement Report set out in Section 7 of the IPO Prospectus in the form and context in which it is included in the IPO Prospectus. AMTS Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.5 Expenses of the Offer

It is estimated that the Company will pay \$10,000 of expenses (exclusive of GST) in connection with the Offer and the preparation and issue of this Prospectus.

8.6 Taxation

The acquisition and disposal of Options may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Options from a taxation viewpoint and generally.

To the maximum extent permitted by law, Stirling Minerals, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Options under this Prospectus.

8.7 Litigation

The Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

8.8 Electronic Prospectus

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the

Acceptance Form. If you have not, please email the Company at info@stirlingminerals.com.au and the Company will send you, either a hard copy or a further electronic copy of the Prospectus or both free of charge. Alternatively, you may obtain a copy of the Prospectus from the Company's website at:

www.stirlingminerals.com.au

The Company reserves the right not to accept an Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. **DIRECTORS' AUTHORISATION**

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'Tony King', written in a cursive style.

Mr Tony King
Managing Director
For and on behalf of Stirling Minerals Limited

10. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or **\$** means an Australian dollar.

Acceptance Form means the entitlement and acceptance form enclosed with this Prospectus.

Applicant means an applicant for Options pursuant to this Prospectus.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited.

Board means the board of Directors of the Company as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Closing Date means 17 September 2007 (unless extended).

Company means Stirling Minerals Limited (ABN 24 123 972 814).

Constitution or **Company's Constitution** means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company at the date of this Prospectus.

IPO Prospectus means the prospectus issued by the Company dated 18 April 2007.

Listing Rules means the official Listing Rules of the ASX.

Offer means the non renounceable entitlement issue of Options pursuant to this Prospectus as outlined in Section 4.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the date on which the Offer opens.

Option means an option to subscribe for one Share in the Company, issued on the terms and conditions set out in Section 8.1 of this Prospectus.

Prospectus means this Prospectus.

Record Date means the record date for determining entitlements to Options offered under this Prospectus, which is 5.00 p.m. WST on 27 August 2007.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall Application Form means the application form for Shortfall Options that is attached to and accompanies this Prospectus.

Shortfall Options means any Options offered pursuant to this Prospectus for which valid applications have not been received by the Closing Date.

WST means Western Standard Time, Perth, Western Australia.

**LODGEMENT INSTRUCTIONS TO SHAREHOLDERS IN
STIRLING MINERALS LIMITED**

**NON RENOUNCEABLE ENTITLEMENTS ISSUE
CLOSING 5PM WST ON 27 AUGUST 2007**

1. Acceptance in Full or in Part:

If you are accepting your entitlement to Options in full or in part please:

- (a) Complete the Acceptance Form overleaf. If the form is not completed properly you will be treated as having applied for the number of Options covered by your remittance.
- (b) Forward it together with your remittance for application money at 1 cent per Option subscribed for so as to reach the Company's Share Registry at:

By Post: GPO Box D182, PERTH WA 6840

Or

By Hand: Level 2, Reserve Bank Building, 45 St George's Terrace, PERTH WA 6000

by 5.00pm (WST) on 27 August 2007.

A return addressed envelope is provided.

2. General Instructions

By Cheque: cheques and/or bank drafts in Australian currency and drawn or payable on a bank within Australia should be sent, made payable to "Stirling Minerals Limited – Entitlement Issue" and crossed 'Not Negotiable-Account Payee Only'.