



**LETTER TO SHAREHOLDERS OF MATILDA ZIRCON LIMITED**

**ASX ANNOUNCEMENT**

**27 JANUARY 2012**

Stirling Resources Limited (ASX:SRE) advises that it's wholly owned subsidiary, Stirling Zircon Pty Ltd, has requested that Matilda Zircon Limited ("MZI") despatch the following letter to all MZI shareholders pursuant to s249P of the Corporations Act 2001 (Cth) in relation to the MZI shareholders meeting to be held on 22 February 2012.

Stirling Zircon Pty Ltd is the largest shareholder in MZI, with a 31.8% interest.

**For further information:**

Martin Depisch  
Director  
Telephone: 08 6389 6400

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20 January 2012

Dear fellow Matilda Zircon Limited shareholder

## VOTE "YES" FOR BOARD RENEWAL

You will already have received a Notice of Meeting and proxy form for a shareholders meeting of Matilda Zircon Limited ("Matilda") to be held on 22 February 2012. That Notice seeks your vote on 10 resolutions. We urge you to vote:

**"YES" for Resolutions 1, 2, 3, 4 and 5; and**

**"NO" for Resolutions 6, 7, 8, 9 and 10.**

On behalf of Stirling Zircon Pty Ltd, the largest shareholder in Matilda, with a 31.8% shareholding, we write to explain why we believe change the board of Matilda is critical and to outline our initial plans for Matilda.

Firstly, we would like to introduce our proposed board members:

**Andy Haslam:** Andy is based in Perth and has over 28 years experience in the mining industry, working across a range of commodities including gold, iron ore, minerals sands, copper and nickel. He has held numerous mine operations and management positions as a mine operator and mining contractor. Andy's most recent executive role was as managing director of Territory Resources Limited where he oversaw a profitable turn around for Territory, ultimately leading to a successful takeover by a Hong Kong based group. Andy is currently a non-executive director of BC Iron Ltd.

**Martin Depisch:** Based in Austria, Martin holds an MBA from Karl-Franzens University, Austria and has also studied at Harvard University, USA. He has almost 20 years extensive experience in finance and transactional work involving the mining sector. Martin's network of contacts in the international finance and mining sectors will be of assistance to Matilda as it seeks to raise capital for its ambitious plans for the Kilimiraka and Keysbrook projects. Furthermore, Martin will help to develop new markets for all Matilda's products such as Turkey, Russia and Europe which allows Matilda to become more independent from Chinese customers.

**Lucanus Polagnoli:** Based in Vienna, Austria, Lucanus is a management consultant specialising in restructuring and turnaround-management. He has worked for the well known accounting firm KPMG in Vienna but also spent 2 years in Melbourne with that firm. He will particularly add value to the company by helping to establish tools to monitor the financial and operational performance of Matilda.

Together we believe that the proposed directors have the required skills and extensive experience which are absolutely necessary to move Matilda forward at this stage.

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Let's look at the past and present:

- Matilda's share price has plummeted by more than 50% since June 2011;
- Lethbridge South has been a shambles – production has still not re-commenced after the June 2011 fire despite announcements by the Matilda board on 27 July 2011 and 22 August 2011 indicating production would restart in Q4 2011;
- inadequate attention has been paid to operational issues and the development of marketing channels for products; and
- the 2011 AGM was a debacle, with Matilda having to subsequently issue Supreme Court proceedings to have the purported "results" of its own AGM declared invalid.

We don't believe this performance is acceptable, nor what we all, as the shareholders of Matilda, deserve.

Our plans to revitalise Matilda include the following:

- To actively apply best practice principles of corporate governance and implement a new organisational strategy to cope with Matilda's key challenges: Kilimiraka and Keysbrook;
- To re-focus on the business rather than issuance of shares to "related" parties;
- To attract other strategic partners for the development of new processing plants, in order to minimise financial risk;
- A focus on the introduction of new customers and markets for all Matilda products; and
- The evaluation of all contracts and re-negotiation, where possible, to maximise the outcome for Matilda.

We seek your support – for positive change for Matilda. Please give us that support by voting:

**"YES" TO RESOLUTIONS 1, 2, 3, 4 AND 5**

**"NO" TO RESOLUTIONS 6, 7, 8, 9 AND 10**

on the proxy form you receive with the Notice of Meeting for the shareholders meeting to be held on 22 February 2012.

If you have any queries then please feel free to contact us as follows:

Yours sincerely

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