



ANNOUNCEMENT TO AUSTRALIAN STOCK EXCHANGE

4 June 2008

STIRLING PRODUCTS SIGNS UP FOR COMPANION ANIMAL PRODUCT

- ***Stirling signs a term sheet with Aquience Inc for license rights to PetQuench™, a fortified water for pets***
- ***Immediate revenue from current North American sales estimated at US\$25 million over next five years***
- ***Five year deal for exclusive worldwide rights in all markets***

Stirling Products (ASX:STI) advises shareholders that it has signed a term sheet with Aquience, a Canadian company, for the exclusive rights to its companion animal product PetQuench™, which is already being sold and distributed in North America.

PetQuench™ is a patented, fortified water formulation especially designed for dogs and cats to help increase the daily consumption of water. It is currently available in over 100 stores across Canada and shortly to be introduced into the United States.

Under the terms of the Agreement to be formalised over the next thirty days, Stirling will acquire all of the profits from the current North American sales as well as the exclusive worldwide license rights to the product. Sales in North America alone are budgeted to be in excess of US\$25 million over the next five years.

“The terms of the Agreement which remain confidential at this stage complement Stirling’s overall strategy of early stage revenue generation that require low upfront costs with the majority of payments based on progressive sales,” commented Dr Calvin London, CEO & Managing Director of Stirling Products.

A recent report by Euromonitor International projected that the current growth of 15% in the pet food global market will continue and will be worth US\$52 billion by 2012. While growth in Western Europe and North America will continue to be strong, regions such as Asia Pacific will outpace them achieving a 21% increase to become a \$5.3 billion market by 2012.

“Since the growth for companion animals continues to be the most impressive of any veterinary area, the Stirling team has a strong desire to be a part of this market



segment," indicated Dr London. "Strategically, Stirling has been looking for some market-ready opportunities in companion animals as a forerunner to products under development from its own technology platforms; the main one being R-salbutamol for treating obesity in dogs. This has all the characteristics; already generating sales, the option of a 'pay-as-you-go approach' and low regulatory hurdles for new market entries such as Australia, New Zealand, South East Asia and even Japan," indicated Dr London.

Veterinarians have been urging pet owners to get their dogs and cats to drink more water in order to avoid kidney complications as an increasing percentage of diets are now high protein dry food. Urinary tract and kidney infections are among the most diagnosed disorders of both dogs and cats particularly as pets are now living longer.

"PetQuench™ has been scientifically designed and veterinary approved to help with these conditions and as a result of the specially formulated ingredients, significantly increases the water intake as well as aiding in the improvement of general gut and urinary tract health. This product does not compete with solid pet food, it complements these pet foods," indicated the President of Aquience Inc., Mr Derrick Walker. "We are pleased our relationship with Stirling has developed to this stage as we have always planned to find an international partner to progress this product to markets outside of North America. We can already see other opportunities for further collaboration so it seems like a very good fit."

This represents the second deal that Stirling has effected with a Prince Edward Island company, following the acquisition of Progressive BioActives Inc. in August last year. Finalization of the Agreement will be discussed with market as it progresses.

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About Stirling Products:

Stirling Products is developing patented animal growth agents that increase meat production, therefore improving the production efficiency of livestock animals, while decreasing fat accumulation for the benefit of consumers. The Stirling growth agents are under development for swine, poultry, cattle and sheep for global markets and are being positioned to take a major role in reducing the global use of antibiotics and steroid hormones in livestock. Stirling is also developing veterinary medications for heaves in horses through its joint venture in Europe (Pulmovet ApS, www.pulmovet.com) and an obesity treatment in companion animals.

Stirling Products North America (trading as Progressive BioActives Inc) is part of the Bioscience cluster located on Prince Edward Island, Canada. PBI's lead product ProVale™, is the latest high purity beta glucan extract that has been designed as an alternative tool for sustainable livestock management in the face of increasing viral disease challenges where antibiotics have no or limited application. ProVale™ is



available for targeted applications in swine, poultry and farmed aquaculture with a future focus on further developing applications for companion animals (e.g., horses, dogs, cats and reptiles).

About PetQuench™: The PetQuench™ philosophy is described on the website (www.petquench.com) together with testimonials of its success. Cats and dogs are attracted to PetQuench™ fortified water because of the proprietary Aquience™ attractant used in conjunction with our patent-pending ingredient formulation. PetQuench™ fortified water, as part of a regular diet, helps aid digestion and helps reduce stool and urine odour. PetQuench™ fortified water is not meant to be yet another source of vitamins and supplements already available in your pet's diet.

For further information about this announcement or Stirling Products please contact Dr London on (08) 9480 1480 or 0400 204616. Additional information may be found on the Company website www.stirlingproducts.net.