



9 February 2012

CONCENTRATOR REBUILD COMPLETED AND COMMISSIONING COMMENCED AT LETHBRIDGE SOUTH ZIRCON / RUTILE MINE



The Rebuilt Concentrator at Lethbridge South mine on the Tiwi Islands

Matilda Zircon Limited (ASX: MZI) is pleased to announce that commissioning of its Lethbridge South zircon mine has commenced on the Tiwi Islands.

The rebuild of the concentrator has been completed after finalisation of the insurance settlement from the concentrator fire in June last year.

“It was quite a remarkable effort by our contractors and staff to get the concentrator rebuilt so quickly given that it took many weeks to gain agreement with the insurers on the scope of the rebuild and the quantum of the insurance payment” says Technical Director Peter Gazzard, “The actual rebuild was completed in less than 4 months”.



Matilda commences Zircon production at Tiwi Islands

In parallel with the concentrator rebuild Matilda has cleared vegetation and topsoil from over half the ore body and commenced pre-mining ready for the start of processing operations.



Part of the cleared ore body with the primary screening unit in the distance in front of stockpiled ore



The plant water dams where water is stored and recycled into the processing operations



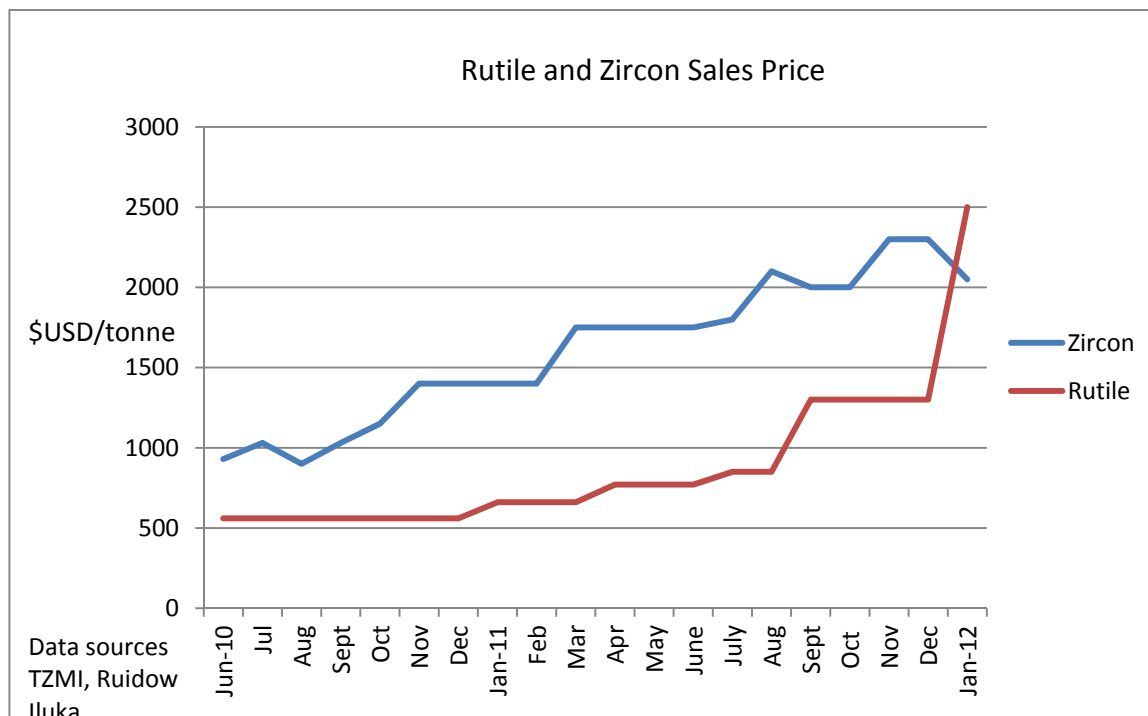
Matilda expects to have commissioning completed and the mine in full operation by mid-February. Mining at Lethbridge South will be completed in approximately six months with the last shipment of HMC product scheduled for August 2012. The total Lethbridge South production is planned for 29,000 tonnes of HMC.

Recent doubling of Rutile Prices to increase Sales Revenue from Lethbridge South.

In late 2011 mineral sands producers announced large increases in the sale price for rutile.

The first quarter price for rutile has increased to around USD\$2,500 per tonne. This represents a doubling of the rutile price over the last 6 months and is approximately 4 times the 2010 rutile price of approximately USD\$600 per tonne.

The large increase in rutile price follows the previous year's large increases in the price of zircon to over USD\$2,000 per tonne. The effect of the rutile and zircon price increases is to take the expected value of the Lethbridge South concentrate to approximately USD\$1,500 per tonne. The total Lethbridge South sales revenue from the planned sales of 29,000 tonnes of HMC is expected to be over USD\$40 million in 2012.





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About Matilda Zircon

Matilda Zircon (ASX: MZI) is a mineral sands company focusing on the high value minerals zircon, rutile and leucoxene. It has mineral sands projects in the Northern Territory and Western Australia.

The company mined the Lethbridge West deposit on the Tiwi Islands in 2010 and plans to commence mining at Lethbridge South in early 2012.

Matilda's recent exploration at Kilimiraka in the South East corner of Bathurst Island in the Tiwi Islands has identified a substantial inferred resource of over 890,000 tonnes of Heavy Mineral. This large resource has the potential to provide an 8-10 year mine life. The Company commenced the process of gaining the necessary approvals to allow mining. Mining is planned to commence in late 2013.

The Company has an advanced zircon / leucoxene rich mineral sands project at Keysbrook in the south west of Western Australia. The two shires over which the deposit is situated have recently given the project Development Approvals and Extractive Industry Licences. These follow the Environmental Approval previously granted by the Western Australian Minister for Environment. Matilda plans to start construction at Keysbrook in 2012 and mining in 2013. Mining is planned to continue at Keysbrook for 8 years.

Matilda's strategy is to be a specialised supplier of high grade zircon, rutile and leucoxene to the nearby Chinese and other world markets. The company has targeted zircon, rutile and leucoxene as high value mineral sands products with strong demand fundamentals. Zircon is primarily used to produce ceramic and porcelain products with demand driven by global urbanisation trends, particularly in countries such as China and India. Rutile and leucoxene are used to produce titanium pigment for paint and plastics as well as titanium metal and flux for welding electrodes.



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Competent Person's Statement

The information that relates to resources or reserves of Matilda Zircon has been prepared by Mr John Baxter, Consultant Geologist and Mr Peter Gazzard, Matilda Technical Director. Mr Baxter is a member of Australian Institute of Geoscientists and Mr Gazzard is a member of the Australasian Institute of Mining and Metallurgy. Messer's Baxter, and Gazzard have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Messer's Baxter and Gazzard consent to the inclusion of the matters based on their information in the form and context in which it appears.

Sales Price Estimates

The sales prices for zircon and rutile are not quoted on an international market like commodities such as gold, copper, tin etc. Matilda estimates the current market prices for zircon and rutile from available information from several sources including mineral sands market commentators, producers and customers. Matilda then applies these estimated prices to the pricing formula in the Tricoastal sales agreement to calculate the expected price for the heavy mineral concentrate produced from Lethbridge South. The actual price obtained for Lethbridge South concentrate will depend on the percentage of rutile and zircon in the concentrate and the actual sales prices for zircon and rutile CIF China at the time of each shipment.