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MATILDA RELINQUISHES CAPE YORK TENEMENTS

High grade mineral sands developer Matilda Zircon (ASX: MZI) advises it is to relinquish its exploration tenements on Cape York in Northern Queensland, in order to focus on its near term production projects in the Northern Territory and Western Australia.

Matilda held more than 1,530 km² of exploration tenements and applications in the Cape York Peninsula, on which it has undertaken a limited mineral sands exploration program.

However, given the environmental sensitivity of the western Cape York region and the likelihood of a long and costly approval process, Matilda has decided to relinquish the tenements to focus on its other projects.

This includes the Tiwi Zircon project in the Northern Territory where it commenced mining last week, and the Keysbrook leucoxene project in the South West of Western Australia where it has secured environmental approval and is aiming to commence production next year.

Matilda Technical Director Peter Gazzard said the decision to relinquish the tenements followed a recent decision by the Queensland Government to "lock up" part of a nearby bauxite project under the "Wild Rivers" legislation.

"In light of the Government's decision, we have taken the decision to relinquish all our tenements, and tenement applications on the Peninsula" Mr Gazzard said.

"The decision will allow us to focus our resource and capital to continue to develop the Tiwi and Keysbrook projects. Both of these projects are well advanced, have environmental approvals in place and together will form the basis of a solid zircon/rutile concentrate and leucoxene group," Mr Gazzard said.

Mr Gazzard said Matilda's Cape York project had the support of the local indigenous people, and based on exploration success, the Company believed it could have ultimately proceeded in an environmentally responsible manner.

"Despite the positive progress made with the community and exploration at Cape York, we believe the best path to delivering value to shareholders is to focus on our advanced Tiwi and Keysbrook projects, where we are in or close to production."

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ABOUT MATILDA ZIRCON

Matilda Zircon (ASX: MZI) is a zircon focused, mineral sands development company. It is developing a suite of mineral sands projects in the Northern Territory and Western Australia and has a small zircon operation in Indonesia. The Company was formed through the combination of the mineral sands projects of Olympia Resources (ASX: OLY), with zircon assets formerly owned by Matilda Minerals. Matilda's major shareholder is West Australian resource developer Stirling Resources Limited (ASX:SRE).

The Company's most advanced project is on the Tiwi Islands in the Northern Territory where mining commenced June this year. The Company also has a near term production project at Keysbrook in the south west of Western Australia which will become one of the world's largest leucoxene projects.

Matilda's strategy is to be a specialized supplier of high grade zircon to the nearby Chinese market. The Company has targeted zircon as a high value mineral sands product, 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.

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