



Matilda Zircon Limited

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Matilda raises \$4M to advance mineral sands projects

Matilda Zircon (ASX: MZI) is pleased to advise that it has raised \$2 million (before costs) through a share placement to advance its two mineral sands projects.

Matilda will issue 100 million shares at 2 cents each together with one free attaching option exercisable at 2.5c for every two shares subscribed. The options expire on 31 December, 2013.

The placement was made to institutional and sophisticated clients of Indian Ocean Capital.

Matilda also advises that its major shareholder, Stirling Resources (ASX: SRE), with the support of its parent entity DCM DecoMETAL GmbH, has agreed to lend the Company \$2 million. This loan is provided on the basis that it will be converted into Matilda shares at the same price as the placement as soon as possible. These shares will also have options attached on the same terms as the placement.

All shares and options to be issued as a result of the placement and the loan arrangement will be issued subject to the approval of Matilda shareholders at a meeting expected to be convened for early August 2011.

Settlement of the placement will take place this week and the Company will immediately seek listing approval of the shares.

The proceeds of the placement and loan will be used for ongoing development of Matilda's Lethbridge South project on the Tiwi Islands, pre-development work on the Company's Keysbrook project, transaction costs and general working capital purposes.

The lead manager for the issue was Indian Ocean Capital.

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About Matilda Zircon

Matilda Zircon (ASX: MZI) is a zircon focused, mineral sands company. It has mineral sands projects in the Northern Territory and Western Australia as well as a zircon processing plant in Indonesia. The Company mined the Lethbridge West deposit in 2010 and is ready to mine the nearby Lethbridge South deposit in 2011. Further exploration drilling for mineral sands is currently being carried out at Kilimaraka in the South East corner of Bathurst Island in the Tiwi islands.

The company has a zircon / leucoxene rich mineral sands project at Keysbrook in the south west of WA which is in the final stages of approvals. Assuming final approvals are gained Matilda plans to start construction at Keysbrook in 2011 and mining in late 2012 / early 2013. Mining is planned to continue at Keysbrook for at least 8 years.

Matilda's strategy is to be a specialised 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.

For more information visit: www.matildazircon.com.au

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