



ASX / MEDIA ANNOUNCEMENT

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PROJECT UPDATE

CONSTRUCTION ADVANCES TIWIS TOWARD PRODUCTION

High grade mineral sands developer Matilda Zircon (ASX: MZI) is pleased to provide an update on developments for the restart of its Tiwi Island zircon project, in the Northern Territory.

Construction of key mining and processing equipment is now almost complete, with staff and equipment set to be mobilised to site next month ahead of the proposed restart of operations in the second quarter.

As part of its 2010 Mine Plan, Matilda has introduced a number of enhanced mining and processing methods which will double plant capacity and reduce operating costs. This includes the introduction of an in-pit mobile slurry unit, and a pre-concentrator facility.

Construction of the new slurry unit for the project is now complete. The unit is expected to be installed on site in early May.

The unit will eliminate double handling through the ROM Pad, allowing more efficient and lower cost mining and processing at the Tiwi project. Mining will be undertaken by excavator and loader, which will feed directly into the mobile slurry unit before being pumped directly into the Plant Concentrator circuit, eliminating the need for dump trucks to cart to the ROM Pad. Matilda expects to announce the mining contractor shortly.

Construction of the slurry unit will cost about \$1 million, and has been undertaken by Victorian based engineering and construction firm REEL Construction.

Matilda is also introducing pre-concentrator and slurry separation facilities, which will double production capacity from 150tph to 300tph for the established Processing Plant. The facility is being built, and will be ready for installation on site after the wet season. All workmanship has been verified by independent engineering firm Jacmin Services, which have ensured standards and schedules are met.

Matilda is aiming to produce about 40,000 tonnes of zircon/rutile rich concentrate by the end of the year.

Matilda Chairman Mall Randall said the Company was expecting to commence site activity next month, when the end of the wet season will allow for improved site access.

"We expect to be mobilising staff and equipment to site in April and May, and to then be in operation during the second quarter," Mr Randall said.

"The majority of mining and processing facilities are already established on site from the project's previous operations. We have introduced some new equipment which will double production potential and reduce operating costs at the project. This equipment is now ready for installation, and we are pleased that it has been constructed on time and on budget," he said.

Matilda recently finalised a US\$2.5 million funding package with Hong Kong based mineral sands processor and distributor Tricoastal Minerals Holdings, which will underpin the development of the Tiwi Island project.

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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 WA, and has an expanding zircon producing 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 which were acquired in 2009. Matilda's major shareholder is Australian resource developer Stirling Resources Limited.

The Company's most advanced project is on the Tiwi Islands in the NT, where it expects to commence zircon production in 2010. The Company also has a near term production project at Keysbrook in the south west of WA.

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.

For more information, visit: <http://www.matildazircon.com.au/>



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