

Australian **Zircon NL**

An Update on the Mindarie Zircon Mine and Expansion Opportunities

Mining South Australia

Jim Wilton, Chief Executive Officer
December 2007

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Australian Zircon's Strategic Goal

1. to become a top 3 supplier of high quality zircon to world markets within 5 years
2. to supply titanium minerals to global industrial mineral markets

Corporate Summary

- Adelaide based
- Publicly listed on the ASX (“AZC”)
- 286 million shares on issue
- A\$23 million unlisted converting notes on issue
- A\$8 million Cash at Bank ⁽¹⁾
- A\$40 million Bank Debt
- A\$7 million Undrawn Bank Facility
- Market capitalisation @ 30¢ is A\$85 million
- Number of fully paid shareholders: ~3,000
- Board: John G Branson – Chairman
 Jeremy D Shervington
 David B Clarke
 Johann C Jooste-Jacobs

The Senior Management Team

Jim Wilton

CEO

Degrees in geology and business
25+ years in resources and energy

Andrew White

CFO & Company Secretary
Degree in Accounting
20+ years in finance,
inc 15 years in resources

Phil Baillie

GM Operations
Degree in metallurgy
30+ years in resources

Gerard Bosch

Exploration Manager
Degree in Geology
25+ years in resources
inc 10 years mineral sands

Stephen Hunt

Consultant Marketing Manager
Degree in Business
20+ years in resources

Ken Donaldson

Process Manager
Degrees in Metallurgy
15 years in resources

Garth Murray

Maintenance Manager
Qualified Maintenance Engineer
30+ years in resources/heavy industry

Shaun Cresswell

Mining Manager
Registered Manager
30+ years in resources,
inc 15 years in mineral sands

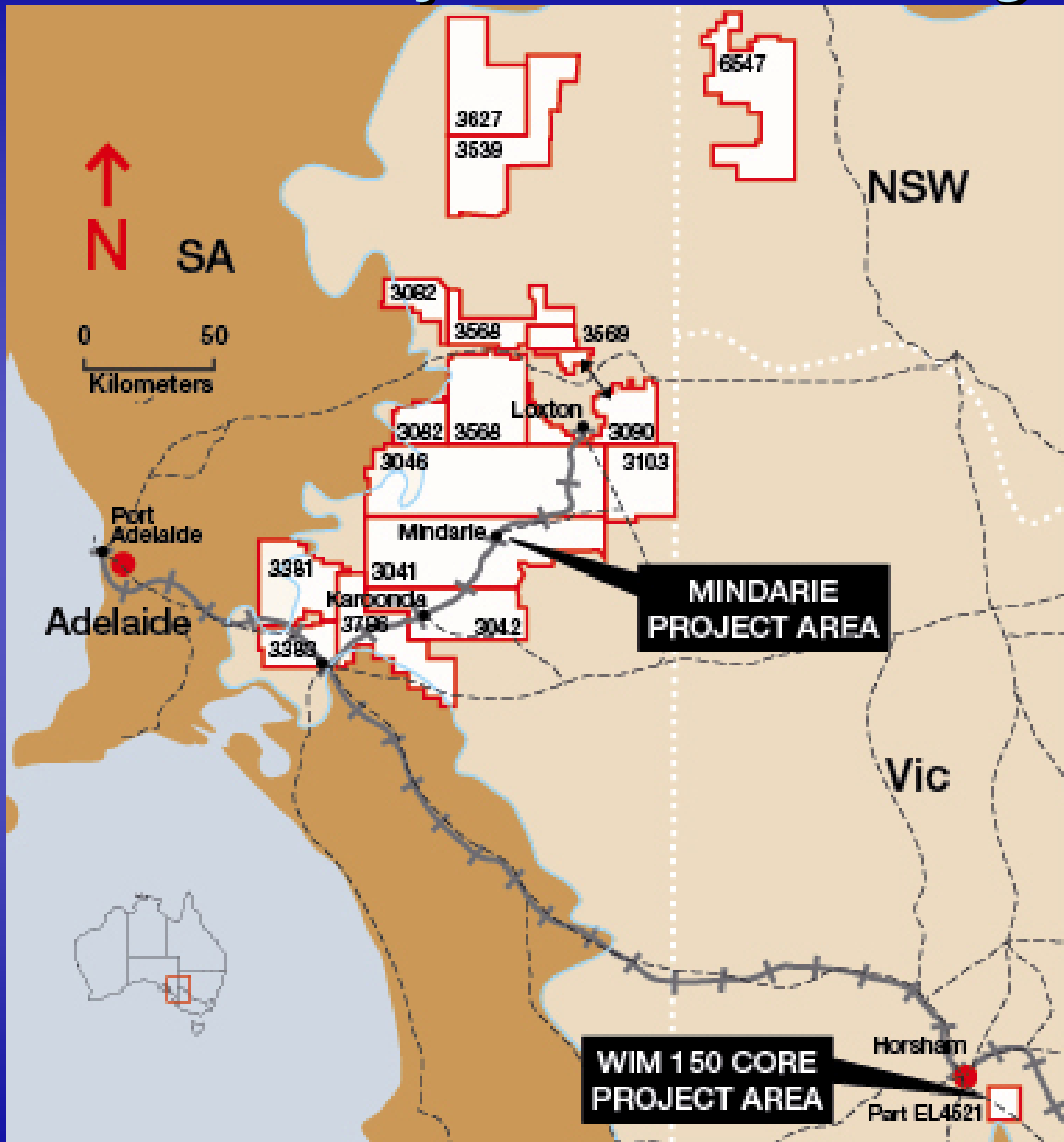
Cecilia Fischer

Administration Manager
Degree in Accounting
15 years in finance

- In excess of 200 years of combined professional experience in the resources sector in Australia and overseas
- 75 full time employees now on site

Project and Acreage Portfolio

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Exploration Interests in the Murray Basin Area

- Exploration Licence and Number
- Standard Gauge Railway
- Murray Basin Boundary
- Road

All interests 100% except for part EL4521 where Australian Zircon is earning 80%.

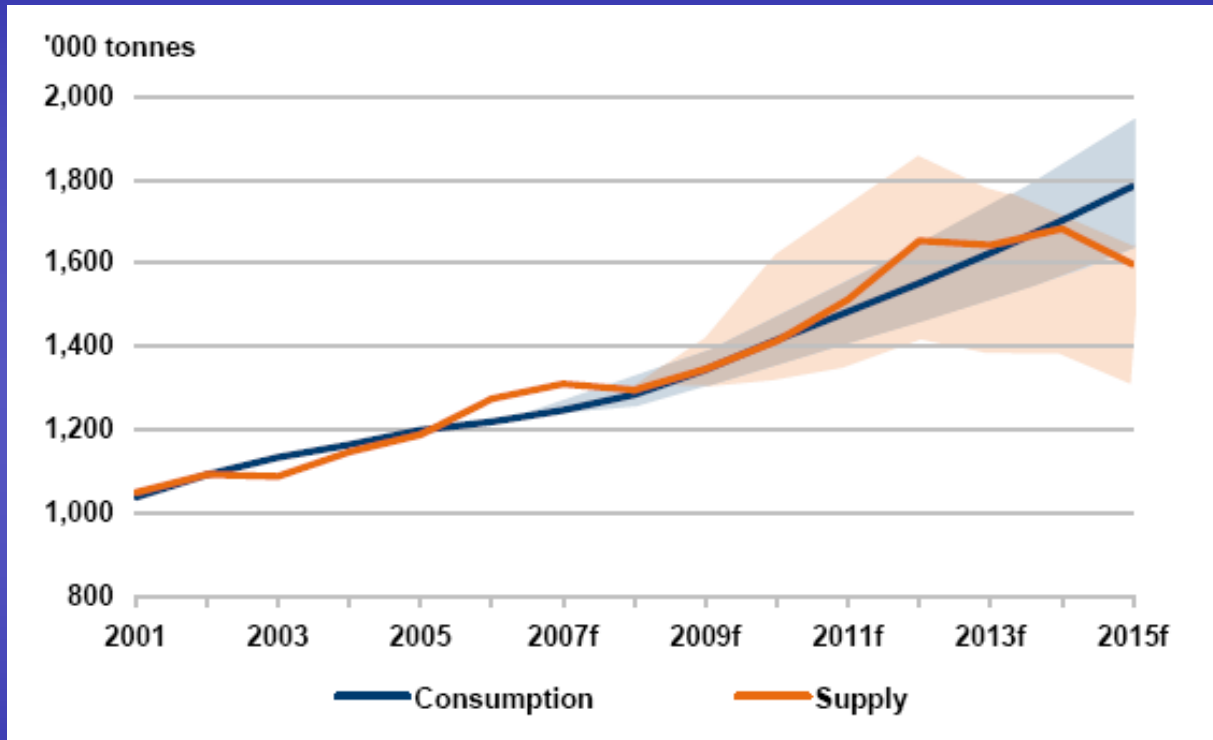
Australian Zircon holds Mineral Leases and Miscellaneous Purpose Licenses covering 86 square kilometres in the Mindarie Project Area (AZC 100%).

The Company also holds Exploration Licenses totalling 16,000 square kilometres in the western and northern Murray Basin (AZC 100%).

In the southern Murray Basin, Australian Zircon is earning an 80% beneficial interest in the WIM150 resource, currently owned by Austpac Resources NL.

Why focus on zircon?

Independent industry analyst TZ Minerals International expects the zircon supply market to remain tight for the next several years.



At current zircon prices for high quality ceramic grade zircon, approximately 70% of the Mindarie Mine's revenue will be derived from the zircon stream.

© TZMI The Global Zircon Industry: Outlook to 2015, July 2007

Australian Zircon's resources and reserves are, on a world scale, particularly zircon rich.

Mindarie Resources & Reserves

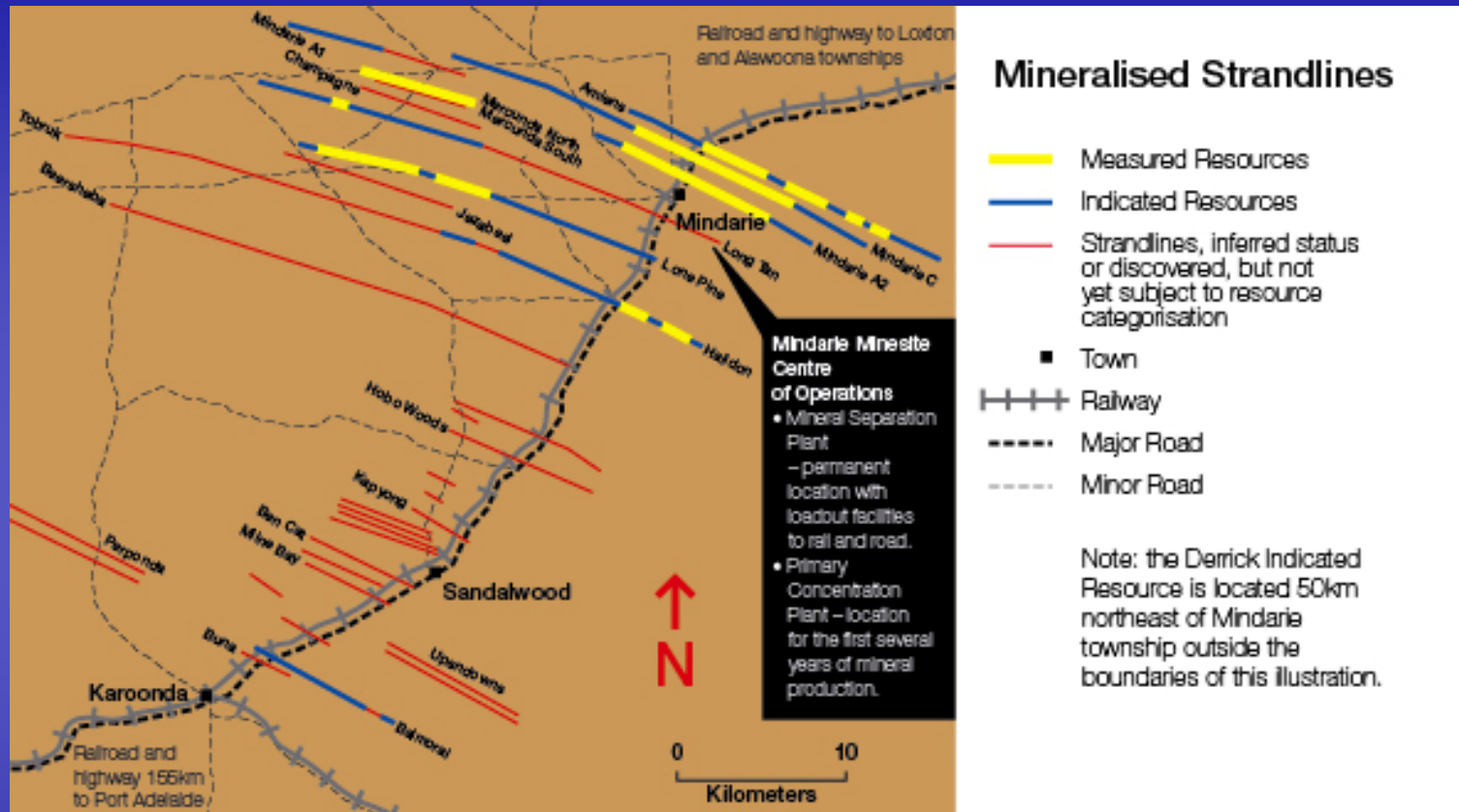
(Australian Zircon 100%)

- In 2006 Snowden Mining Industry Consultants estimated resources of:
 - measured resources of 44.7 million tonnes at 3.6%HM
 - indicated resources of 127.5 million tonnes at 3.1%HM
 - totalling.....measured and indicated **172.2 million** tonnes at 3.2%HM

- In 2006 Snowden estimated, as a subset of the measured and indicated resources, reserves of:
 - proven reserves of 28.0 million tonnes at 4.4%M
 - probable reserves of 31.0 million tonnes at 4.2%HM
 - totalling.....proven and probable **59.0 million** tonnes at 4.3%HM

- **Exploration Potential:**
 - Australian Zircon holds a strong exploration portfolio at Mindarie and further drilling is expected to add to the Project's established resource and reserve base, thus enabling either increased mine life and/or increased production rates from the Mindarie Zircon Mine

Mindarie Resource Plan



- Mindarie is ideally located wrt existing infrastructure, workforce
- WIM150 is also well-served by existing facilities

Overburden Stripping Operations - Mindarie Zircon Mine - November 2007



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Mine Pump/Slurry Unit - Mindarie Zircon Mine - September 2007



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Primary Concentrator Plant - Mindarie Zircon Mine - September 2007



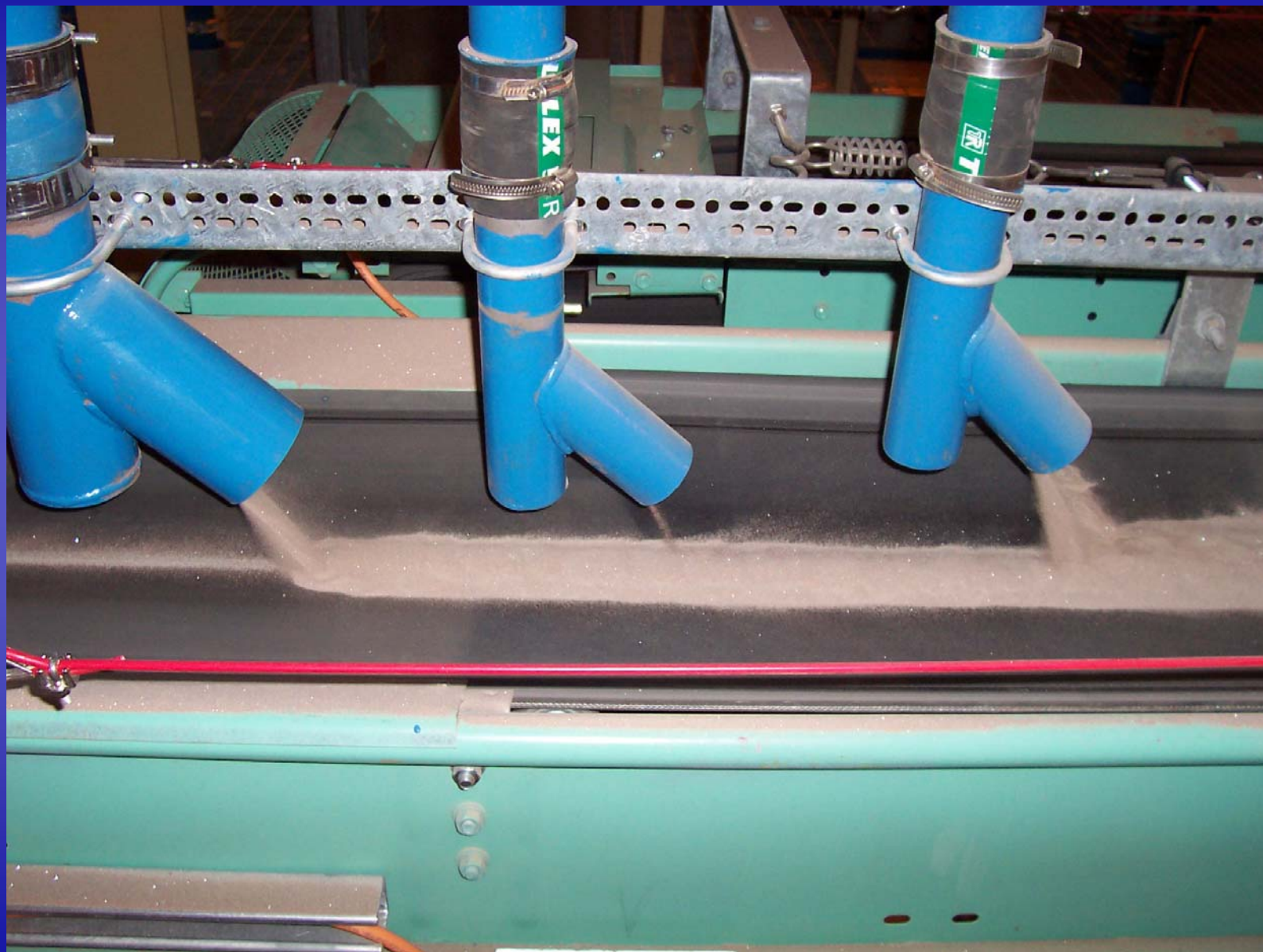
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Concentrate Upgrade Plant - Mindarie Zircon Mine - September 2007



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Dry MSP Zircon Product - Mindarie Zircon Mine - November 2007



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Wet MSP – table separation - Mindarie Zircon Mine - November 2007



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Product Loadout - Mindarie Zircon Mine - November 2007



1st Shipment of Product leaving site - Mindarie Zircon Mine - November 2007



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Prestripped (sub)soil stockpiles - Mindarie Zircon Mine - July 2007



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Mindarie Zircon - Rehabilitation of farmland

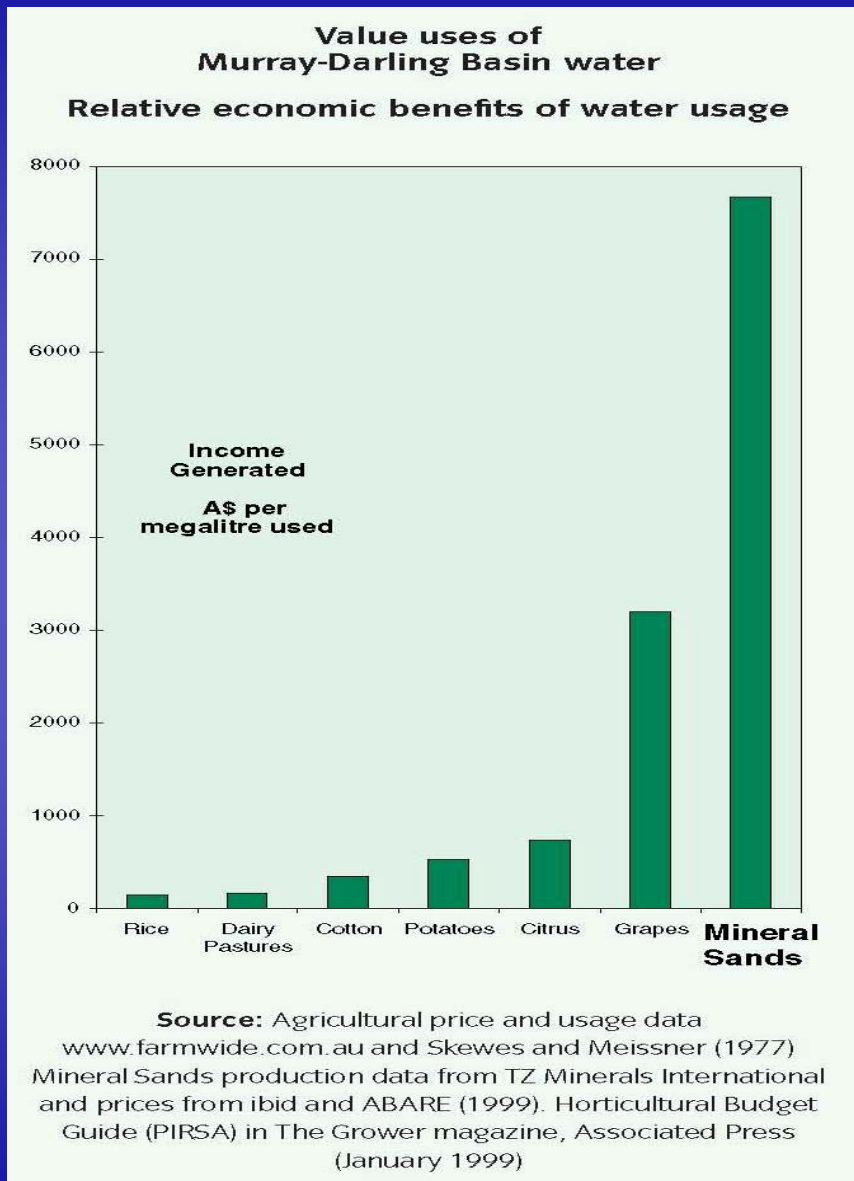
Australian Zircon is committed to rehabilitate the land it disturbs to a high standard and it has a significant programme of rehabilitative work scheduled.

Where modern rehabilitation techniques have been used elsewhere in the region, restoration of the land after mining has been effective, as is evident below.



Representatives of Primary Industries and Resources and local landowners join Australian Zircon in an inspection of crop trials and rehabilitated land

Mindarie Zircon - Water Issues



The Mindarie Project's water supplies are unrelated to River Murray flows.

The Project's water requirements have been secured and gazetted.

The Company will be the most efficient user of water in the Murray-Darling Basin as a result of its proposed programme of water recovery and reuse at Mindarie.

Water requirement: 2.7GL/yr;
authorisation granted for 4.29GL/yr
for 10 yrs (SA g'ment 15 Mar 2007)

Mindarie Zircon Mine

Benefits to the Community

- New long term industry for the Mallee region and for South Australia
- Annual wages, goods and services expenditure, predominantly within the local community and the State
- Over 110 jobs during construction and commissioning
- 75 permanent positions now filled
- Skills gained will be transferable to other mineral sands operations and related industries
- Better utilisation of existing infrastructure (railway line) and investment in new infrastructure (power line)
- Royalties payable to the State over life of mine

Mindarie Zircon - Project Status

- Mining Leases granted for the first 8 years of operation
- Land access, compensation and water agreements in place
- Strong State Government and Local Government support
- Initial Mining & Rehabilitation Plan approved
- Agreement with off-take partner for 100% of product for the first 8 – 10 years
- Project Manager - Parsons Brinckerhoff
- EPCM Contractor - R J Robbins and Associates
- Construction phase essentially complete
- Commissioning of Mine and Plant commenced in 3Q 2007
- Plant Handover planned for December 2007
- Production commenced September 2007

WIM150 Resources

(Australian Zircon entitled to earn 80%)

WIM150 is a world class resource of zircon and a significant resource of titanium minerals.

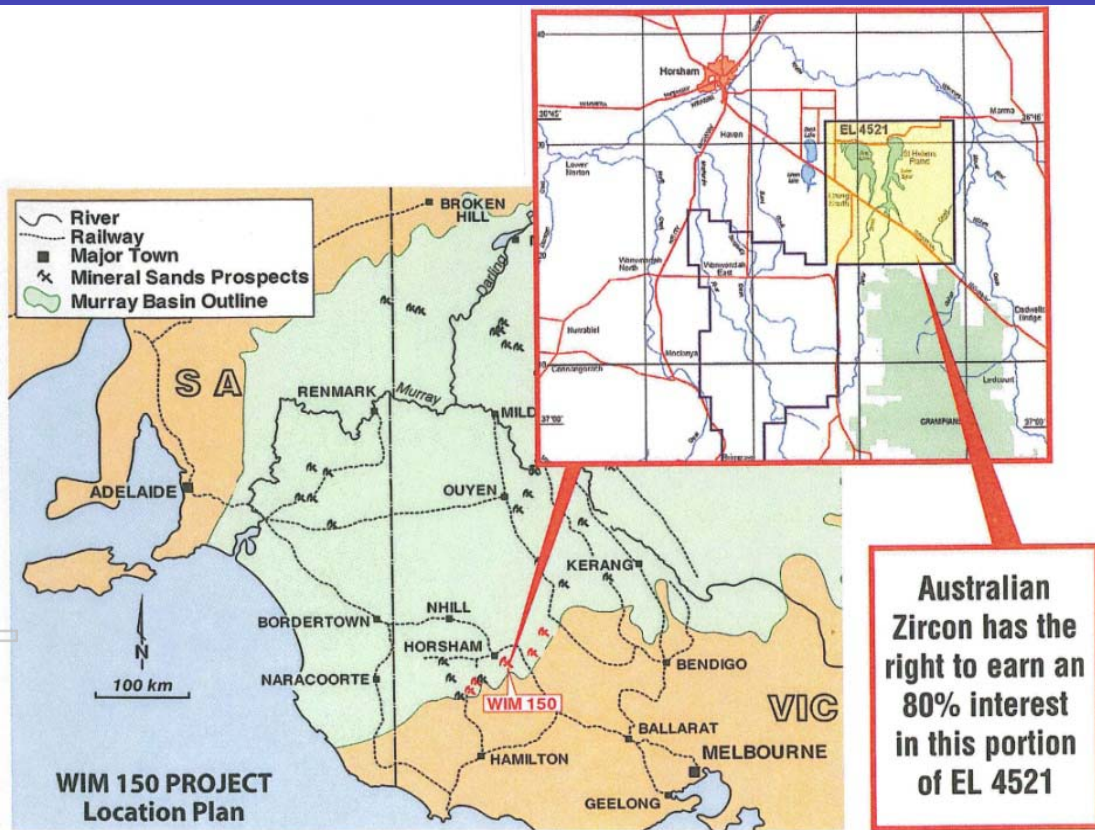
In 1990 CRA revised this estimate to a Measured Resource (Compliant with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, 1989) of: **752.9 million tonnes at 4.0%HM**

Although the mineral grainsize of WIM150 ore is unusually fine, during the past year AZC has developed a preliminary wet circuit flowsheet which **successfully recovered 87% of rawfeed zircon into an acceptable (86%) grade Heavy Mineral Concentrate (HMC).**

The HMC was further treated successfully by wet magnetic separation to produce (magnetic) crude ilmenite and (non-magnetic) zircon, rutile and leucoxene. Both the magnetic and non-magnetic heavy minerals were then successfully processed to produce indicative 'products' of ilmenite, zircon and a high quality titanium mineral product.

WIM150 Location Plan

- Standard gauge rail line.
- High voltage power line crosses the deposit.
- Main Adelaide-Melbourne highway crosses the deposit.
- Attractive range of facilities and infrastructure available in Horsham.



Australian Zircon proposes to capitalise further on the strength of the zircon market through its potential to develop the WIM150 Project, which, like the Mindarie Project is, in financial terms, zircon dominant.

AZC has commenced a pre-feasibility study on the WIM150 resource, and subject to its outcomes, proposes to commence a formal WIM150 Bankable Feasibility Study in early 2008. This study will be due for completion by the end of 2008.

Short / Medium Term Objectives

- Construct and Commission the Mindarie Mine at a throughput rate of 550tph.
- Undertake a Bankable Feasibility Study on the WIM150 deposit in the southern Murray Basin.
- Evaluate expansion potential at Mindarie from 550tph throughput to 850tph.
- Appraise exploitation options of WIM150, potentially leading to AZC becoming one of the largest zircon producers in the world.
- Further explore the Company's 16,000 km² tenements in the Murray Basin to discover further resources and reserves.

Summary & Conclusions

- The Mindarie Zircon Mine will transform Australian Zircon from an explorer/developer, into a mineral sand producer
- The Mindarie Zircon Mine is characterised by:
 - Well-understood reserve base, with significant upside potential
 - Excellent road, rail and power infrastructure
 - Strong demand for its high quality product
 - 100% offtake arrangements
 - All necessary permitting in place
 - Strong management team and enthusiastic and committed employees
 - Production commencing in 2007
- Australian Zircon has a strong portfolio of growth options throughout the Murray Basin

Australian Zircon - leading the SA charge into the Mineral Sands industry