

Frequently Asked Questions



Deed Administrator's Update to Shareholders

Australian Zircon N.L. (Subject to Deed of Company Arrangement) ("the Company")

ACN 063 389 079

ASX code: AZC

2 June 2010

WIM 150 Dispute

On 29 March 2010 I was informed by Austpac Resources N.L. ("Austpac") that it had agreed to sell Exploration Licence 4521 ("EL 4521") near Horsham in Victoria to Astron Limited ("Astron") for \$5 million, with the sale subject to Ministerial approval of the transfer of the tenement to Astron (the Company has a right to earn an 80% interest in EL 4521). Austpac and Astron both made an ASX announcement on 30 March 2010 in this regard (copies of these announcements can be obtained from the ASX website). As a result of the proposed sale of EL 4521 by Austpac to Astron, the Company has instituted a Supreme Court of Western Australia action against Austpac and Astron seeking orders to protect its interests under the Farm-in Agreement entered into between the Company and Austpac on 29 January 2004.

Deed of Assignment of Debt

I advise that DCM Decometal GmbH ("DCM") has entered into a Deed of Assignment of Debt with the Commonwealth Bank of Australia ("CBA") to purchase the CBA's secured debt. Pursuant to the Deed of Assignment of Debt,

DCM is required to make payment of the agreed consideration to CBA in a number of instalments. The final instalment was required to be paid by 30 April 2010 and was subsequently extended to 31 May 2010. The final instalment was paid to the CBA on 28 May 2010.

Distribution of Dividend to Unsecured Creditors

It was anticipated that the Deed of Company Arrangement executed on 10 March 2010 would be fully effectuated following Completion, which was expected to occur by 30 April 2010. However, as a result of the WIM 150 dispute and the uncertainty it brings to the future of the restructured entity, Completion has been extended to 30 June 2010. This date was extended by DCM and the Company by mutual agreement. A dividend to creditors is anticipated to be distributed on 3 August 2010.

Proposed Joint Venture

I advise that DCM has signed a non-binding term sheet envisioning formation of a Joint Venture with Guangdong Orient Zirronic Ind Sci & Tech Co Ltd ("Orient Zirronic") in which

Orient Zirronic will acquire all fixed and intangible assets from the Company and a 51% stake in the Joint Venture. The Joint Venture is subject to necessary approvals and execution of definitive agreements. We are seeking further details on what the possible proposed transaction may mean to AZC and when we have those details we will immediately make an announcement.

Who can I contact for further information?

The Deed Administrator will provide further updates by way of announcements to the ASX. Any queries should be directed to Miss Claire Purvis of the Pitcher Partners Perth office on (08) 9322 2022.

BRYAN HUGHES
Deed Administrator

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