

Frequently Asked Questions



Administrator's Update to Shareholders

Australian Zircon NL (Administrator Appointed) ("The Company")

ACN 063 389 079

ASX code: AZC ("The Company")

12 February 2010

What is the status of my shareholding in the Company?

The Administrator is currently maintaining the Company's share registry and as such all CHESS services have been discontinued. There have been no changes to shareholders' holdings in the Company. If and when the Company recapitalises and relists on the ASX, the CHESS registry will be re-instated.

When will the reconvened second creditors' meeting be held?

The reconvened second meeting of creditors is to be held on Thursday, 18 February 2010. At the meeting creditors will be asked to make a decision regarding the future of the Company. The Administrator has recommended to creditors that the Company enter into the Deed of Company Arrangement ("DOCA") being proposed by the Company's largest shareholder, DCM Decometal GmbH ("DCM"). A further update on the ASX will be posted once the outcome of the meeting is known.

What is the current status of operations?

Processing of stockpiles of ore has continued at the Mindarie processing plant to date and we have closely monitored production to ensure processing only continues whilst it is cash flow positive. Recoverability rates have been decreasing and our projections for February 2010 show it is no longer viable to continue processing. Accordingly, it has been determined the Mindarie processing plant will now move to full care and maintenance and the majority of employees will be terminated.

A strategy has been developed to minimise costs and maximise revenue during this process. Rehabilitation work will continue unabated and a full care and maintenance plan for the plant is being implemented.

Mr Martin Adams, formerly the Company's Business Development Manager, has been appointed Chief Executive Officer.

What is the current status of the restructuring process?

I advise that a significant number of parties have expressed interest in the assets of the Company.

To date I have received a total of six final offers, all of varying nature and structure and negotiations with these interested parties are well progressed. We have continued to work closely with DCM who are committed to restructuring the Company and the above process is designed to supplement their restructure efforts. A further update will be posted to shareholders once negotiations are finalised.

Who can I contact for further information?

The Administrator will provide further updates by way of announcements to the ASX. Shareholders are requested to refrain from contacting the Administrator's office at this time to allow the Administrator and his staff to focus on the assets and affairs of the Company and with a view of maximising the outcome for all parties. Any urgent queries should be directed to Ms Sophie Frodsham of the Pitcher Partners Perth office on (08) 9322 2022

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ADMINISTRATOR

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