

15 August 2012

The Manager
Market Announcements Office
Australian Securities Exchange
20 Bridge St
SYDNEY NSW 2000

ASX ANNOUNCEMENT

Dear Sir/Madam,

Australian Zircon NL ("the Company") has entered into conditional arrangements with a company based in Hong Kong in the Peoples Republic of China ("the Purchaser").

Pursuant to these arrangements, the Company has agreed to sell its 35% shareholding in Murray Zircon Pty Ltd to the Purchaser for a consideration of A\$11,500,000.

The conditions for the sale pursuant to these arrangements include all regulatory and FIRB approvals, and all third party consents as required.

It is expected that the proceeds from this sale will assist the Company continuing with its mineral sands focus by progressing the Bankable Feasibility Study ("BFS") for the WIM150 Heavy Mineral Sands project in western Victoria.

The Company has the right to earn an 80% interest in the WIM150 project by the completion of a BFS. Work on the BFS is well advanced and is scheduled for completion in the first quarter of 2013.

Further details of the transaction will be notified as and when appropriate developments arise under the relevant arrangements.

Yours faithfully,



M. Adams
Executive Director