

18 July 2013

QUARTERLY REPORT TO THE ASX FOR THE PERIOD 1 APRIL TO 30 JUNE 2013

HIGHLIGHTS

- Updated WIM150 mineral resource of 1,650 Million tonnes at 3.7% Total Heavy Mineral announced.
- Progress towards completion of Bankable Feasibility Study for WIM150 early in the September quarter.
- Granting of exploration tenement EL 5460 in Victoria.

1 OPERATIONS

WIM150

Under an agreement entered into with Orient Zirconic Resources (Australia) Pty. Ltd., Australian Zircon NL ("The Company") is entitled to earn an 80% interest in the WIM150 heavy mineral sands project in western Victoria by the completion of a Bankable Feasibility Study ("BFS"). The Victorian Minister for Planning has determined that an Environment Effects Statement ("EES") is required for the project.

Work conducted on the BFS and EES continued during the quarter, with the major focus being on finalising the BFS early in the September quarter. Work included:

Drilling:

- Results of sample assays from the drilling programme conducted in the March quarter were received and utilised to update the mineral resource.

Resource:

- An updated mineral resource model was prepared by Optiro Pty Ltd. A total mineral resource of 1,650 Mt at 3.7% Total Heavy Mineral ("THM") was delineated, including a measured resource of 415 Mt at 4.3% THM. The resource was classified and reported within the guidelines of the JORC Code (2012), above a 1.0% THM cut-off grade. A mineral reserve statement is being prepared as part of the BFS and is expected to be reported in the second half of July.

Environmental Studies:

- Further field studies were completed and incorporated into the EES report.
- Consultation with the state and federal governments continued during the quarter.
- Community engagement continued to communicate project progress to stakeholders.

Mineral Processing:

- Mining Unit Plant, Wet Concentrator Plant and Mineral Separation Plant development and cost engineering were finalised.

Mine Planning:

- Following the mineral resource update and an improved understanding of the resource, the mining method has been enhanced. Pit optimisation, mine design and life-of-mine scheduling has been completed.

2 EXPLORATION

The Company was granted EL 5460 in the Horsham region, to the south-west of WIM150. No exploration work, outside the WIM150 area, was conducted during the quarter.

3 FINANCE

SUPPORT FROM DCM

The Company's major shareholder, DCM DECOmetal ("DCM"), continues to provide funding for the Company's ongoing operations.

CASH POSITION

At the end of the quarter, the Company had cash at bank of \$406,536.

4 CORPORATE

ASX

The Company's shares are listed on the Australian Securities Exchange (ASX) with the code **AZC**. Trading in the shares, however, is currently suspended. The Company's balance sheet reflects a substantial negative equity position, and resolution of this matter with DCM, the major creditor, is required before consideration can be given to resumption of trading. Discussion with DCM on this matter is continuing.

CORPORATE INFORMATION

Directors

Jeremy Shervington	Non-Executive Chairman
Gerhard Kornfeld	Non-Executive Director
Thomas Styblo	Non-Executive Director
Johann Jacobs	Non-Executive Director
Graham Seppelt	Company Secretary

Senior Management

Martin Adams	Chief Executive Officer
David Clarke	WIM150 Project Coordinator
Andrew Reeves	WIM150 Project Manager

ASX Announcements

The following ASX announcements were released during the quarter:

18/6/2013 WIM150 Mineral Resource update
16/4/2013 Quarterly report to the ASX

Further Information

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Australian Zircon NL

ABN

60 063 389 079

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,941) - - (238)	(6,856) - - (1,115)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	16	(20)
Net Operating Cash Flows	(3,160)	(7,959)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - (1)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - 4	11,041 - 4
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	11,044
1.13 Total operating and investing cash flows (carried forward)	(3,156)	3,085

1.13	Total operating and investing cash flows (brought forward)	(3,156)	3,085
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	3,340	5,540
1.17	Repayment of borrowings	(2)	(9,010)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	3,338	(3,470)
	Net increase (decrease) in cash held	182	(385)
1.20	Cash at beginning of quarter/ year to date	225	792
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	407	407

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	50
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees paid.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Loan liability is increasing as interest is not currently being paid.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(2,959)
4.2 Development	
4.3 Production	
4.4 Administration	(268)
Total	(3,227)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	407	225
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	407	225

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	EL5460 (Vic.)	AZC 100%	Nil	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,474,715,121 Fully Paid 7,363,026 Partly Paid			5 cents paid per partly paid security
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 18 July 2013
(~~Director~~/Company secretary)

Print name: Graham Seppelt

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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