

# Frequently Asked Questions



## Administrator's Update to Shareholders

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

ACN 063 389 079

ASX code: AZC ("The Company")

16 December 2009

### What was the outcome of the second creditors' meeting?

The second meeting of creditors of the Company was held on Friday, 11 December 2009. At the meeting, creditors resolved to adjourn the meeting for a period not exceeding 45 business days. The adjournment will provide the Administrator with sufficient time to finalise and document the Deed of Company Arrangement ("DOCA") being proposed by the Company's largest shareholder DCM Decometal GmbH ("DCM").

### What is the current status of operations?

Since my appointment, the Company's secondary processing plants have continued to process ilmenite, zircon and rutile, the sale of which has generated revenue in excess of US\$1M.

I advise that testing of the material in the Mineral Separation Plant rejects dam is currently underway. The results from this testing will provide an indication of what grade of zircon it may be possible to

produce. If it is decided that the material should be treated, this will generate further revenue for the Company. I further advise that rehabilitation at Mindarie has continued since my appointment.

I note that DCM has continued to fund and support the Company throughout the Administration period and it is anticipated that DCM's support will continue.

### What is the current status of the Restructuring Process?

Parties interested in purchasing or recapitalising part or all of the Company have been provided with an information memorandum and have been attending the Mindarie Mine site to conduct further due diligence. Non-binding indicative offers are due on 18 December 2009 with final offers expected to be received in January 2010. We continue to work closely with DCM who are committed to restructuring the Company and the above process is designed to supplement their restructure efforts.

Details of any restructure proposal will be released when 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 to maximising the outcome for all parties. Any urgent queries should be directed to the Pitcher Partners Perth office.

**BRYAN HUGHES**  
**DEED ADMINISTRATOR**

Pitcher the difference

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