

21 August 2012

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

ASX ANNOUNCEMENT RE WIM150

Dear Sir/Madam,

Australian Zircon NL ("the Company") refers to the Company's announcement dated 16 August 2012, which stated that the group from the People's Republic of China ("OZ") had not exercised its option to call for a transfer to a joint venture company of the Company's WIM150 assets within the prescribed time.

The Company has been informed by OZ that OZ disputes that the above described option has lapsed.

The Company reiterates that the correct position is as it announced on 16 August 2012 and will take whatever action is required to maintain that position legally.

However, the Company and OZ have agreed to hold "without prejudice" discussions next week in an effort to try to find a mutually acceptable resolution and, pending those discussions, to refrain from commencing any legal action.

Further Information will be released in this regard as and when appropriate.

Yours faithfully,



M. Adams
Executive Director