



Matilda Zircon Limited

ANNUAL FINAL REPORT

FOR

**Exploration Licences
24330, 24332, 24333**

**Tiwi Islands
Northern Territory**

For period ending 31 March 2010

MATILDA ZIRCON LIMITED

ABN 52 077 221 722

Level 1, 143 Hay Street, Subiaco, Perth WA 6008

PO Box 870, West Perth WA 6872

Phone: (08)6389 6488

Facsimile: (08)6389 6410

www.matildazircon.com.au

Distribution:

- Geoscience Information, Northern Territory Geological Survey, Department of Primary Industry, Fisheries & Mines, N.T.
- Matilda Zircon Ltd
- Austwide Mining Title Management Pty Ltd

TABLE OF CONTENTS

1.	SUMMARY	3
2.	INTRODUCTION	3
3.	PHYSIOGRAPHY	3
4.	TENURE	4
5.	GEOLOGY and GEOMORPHOLOGY	6
6.	PREVIOUS EXPLORATION BY MATILDA MINERALS	8
7.	EXPLORATION ACTIVITIES	10
8.	DISCUSSION	16
9.	REFERENCES	16

LIST OF FIGURES

Figure	Title
Figure 1	Tiwi Islands - tenements and prospect locations
Figure 2	Melville and Bathurst Island tenements and prospect locations EL 24330, EL24332 and EL24333
Figure 3	Sample Locations : EL24330, EL24332, EL24333
Figure 4	Sample Locations and HM% Results, EL24330
Figure 5	Sample Locations and HM% Results, EL24332 and EL24333

TABLES

Table No.	Content
Table 1	Tenements, EL 24330, EL 24332, EL 24333
Table 2	Summary of exploration activity 2004-2008
Table 3	All Sample Results : EL 24330, EL 24332, EL 24333

1. SUMMARY

This final annual report covers EL24330, EL24332 and EL24333 for which there is combined reporting status with the due date of 31 March 2010.

The ELs are located on Melville and Bathurst Islands which form the Tiwi Islands in the Northern Territory (see Figures 1 & 2).

In the reporting and this final year the primary focus of exploration was to review the extensive tenement holdings on the Tiwi Islands and to keep those tenements with resource potential and relinquish those where it was felt the prospectivity was low.

Exploration on the licences subject of this report was restricted to review of the geological setting, past work and previous results obtained. A GIS landsat study to identify any additional targets was also completed.

It was felt that all tenement areas had been tested adequately and that the potential for the tenements to contain an economic mineral sands resource was remote.

2. INTRODUCTION

Matilda Zircon purchased the Tiwi Island tenements and assets from the receiver manager of Matilda Minerals in June 2009 following Matilda Minerals being placed into administration in late September 2008. The collapse of the wharf at Garden Point prevented Matilda Zircon from shipping out a large tonnage of concentrate and therefore the company could not meet its financial obligations and had little choice except to appoint an administrator to the company.

The islands are wholly within the Tiwi Island Aboriginal Land Trust administered by the Tiwi Land Council (“TLC”). Matilda signed an agreement with the TLC on 19 December 2003 which set conditions for the exploration and mining development activity.

3. PHYSIOGRAPHY

The climate of the Tiwi Islands is tropical monsoonal, with warm dry winters and hot wet summers. The annual average rainfall is 1200mm – 1400mm in the eastern part of Melville Island to 1800mm – 2000mm in the north-west of Melville Island and north of Bathurst Island. The majority of the rain falls between December and April under the influence of the northwest monsoons. Temperatures range from a mean of 35°C to 21°C in summer, and 26°C to 18°C in winter.

The topography of the islands is characterised by relatively low relief, dominated by partially dissected plateaux rising to 100m above sea level, interspersed with broad valleys, riverine lagoons and estuarine tidal flats. The coastline varies from more exposed low cliffs and beaches to large estuaries and extensive tidal flats.

The vegetation is consistent with a tropical savannah regime, dominated by dense eucalypt and acacia woodland in the hinterland and more prominent coastal fringe, while melaleuca (paperbark) forests predominate along the watercourses. Mangroves proliferate around tidal flats, while casuarina trees and pandanus palms fringe the coastline.

4. TENURE

This report covers the following Exploration Licences:

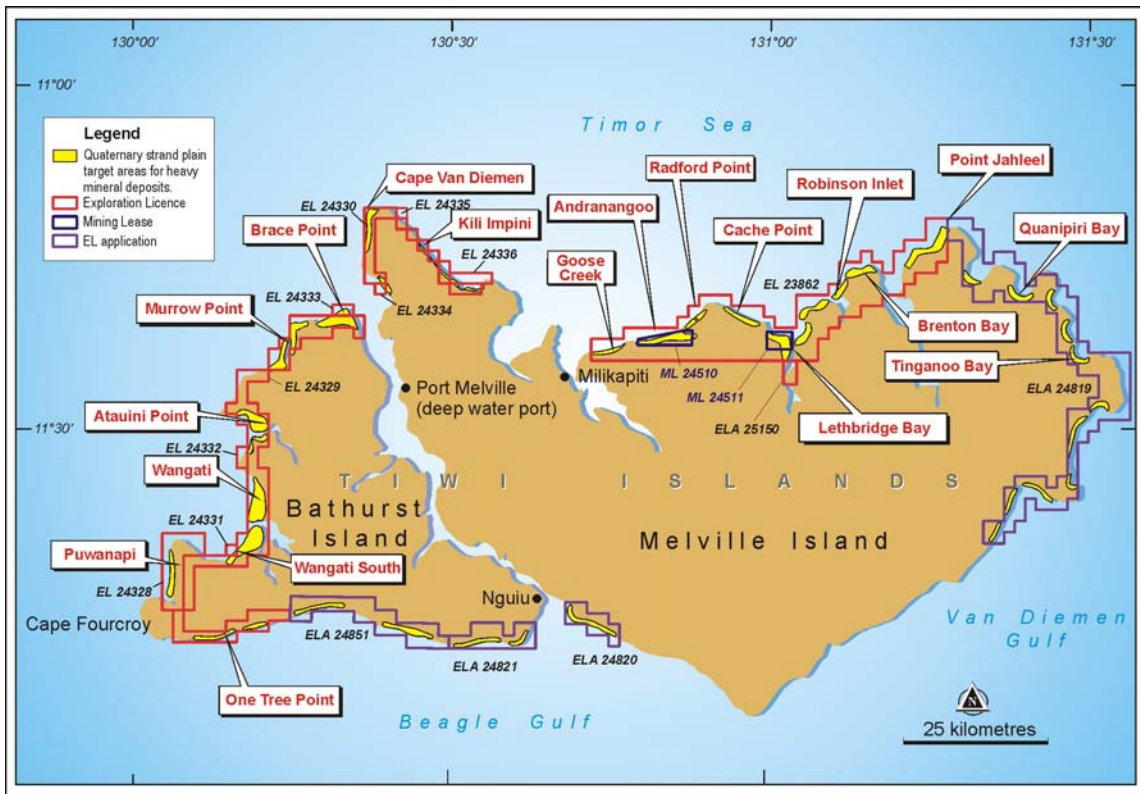
Table 1 Tenements

Tenement number	Date granted	Date expiry	Blocks	Annual expenditure – current year
EL24330	24/01/2005	23/01/2011	19	\$36,000
EL24332	24/01/2005	23/01/2011	2	\$9,000
EL24333	24/01/2005	23/01/2011	2	\$9,000
Total				\$54,000

The tenements have combined reporting status as follows:

Combined report start	Combined report end	Report due
1 April	31 March	30 April

The tenements were surrendered on 8th January 2010.



Tiwi Islands Project Tenements and Prospect Locations

Figure 1

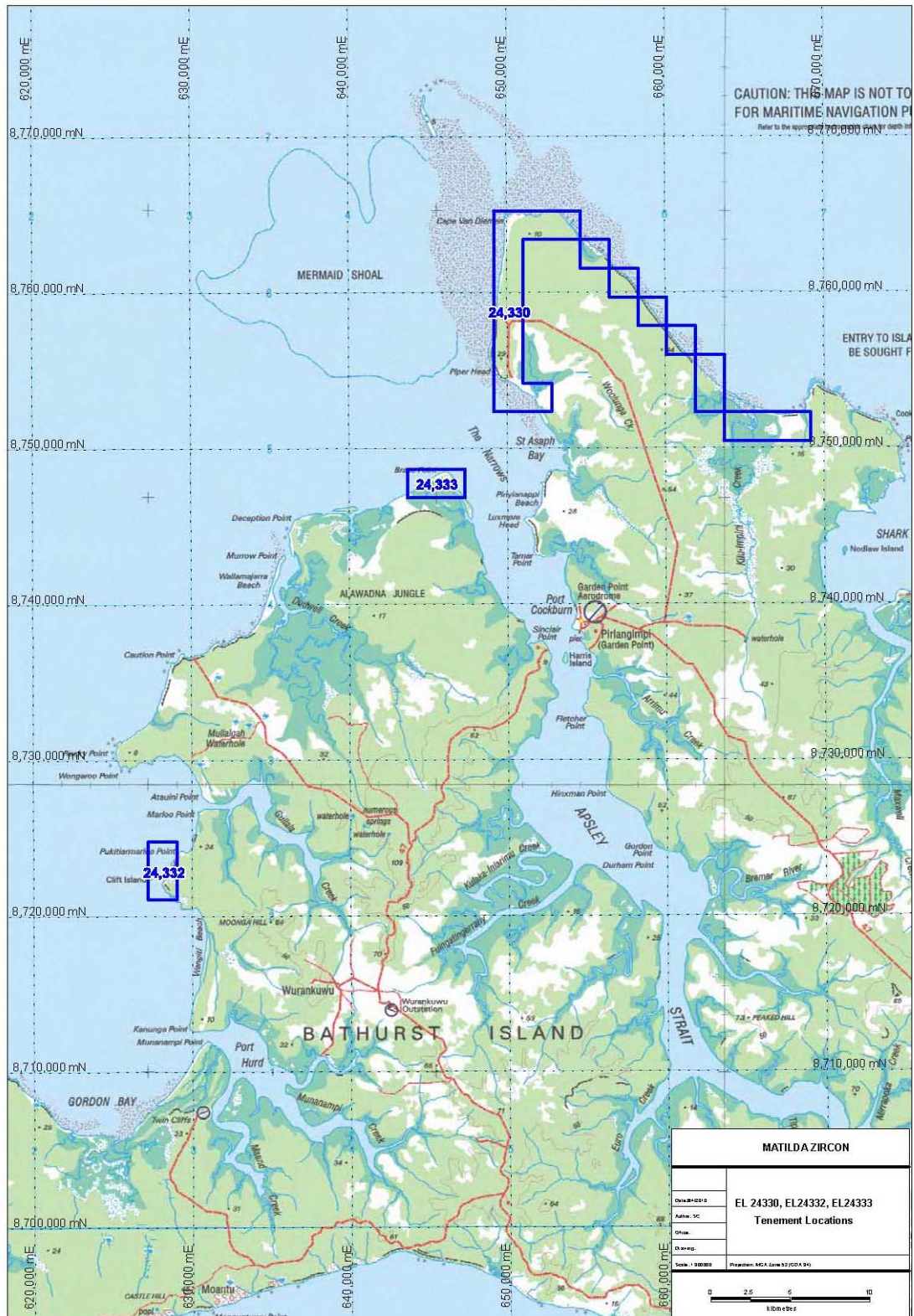


Figure 2: Tenement Location Plan

5.0) GEOLOGY AND GEOMORPHOLOGY

5.1 Geology

The oldest rocks exposed on Bathurst and Melville Islands are represented by the Upper Cretaceous Moonkina Member. This formation consists of fine to very fine sub-labile sandstone, along with interbedded grey carbonaceous mudstone and siltstone, of shallow marine to deltaic derivation. The Moonkina Member is exposed at the base of coastal cliffs, particularly along the southern coastline of Bathurst and Melville Islands, and in lower lying portions of the hinterland.

The Moonkina Member is unconformably overlain by the Tertiary Van Diemen Sandstone, which dominates the geology of the Tiwi Islands. This formation comprises a friable, white to yellow, medium to coarse-grained quartzose sandstone with subordinate intercalations of grey carbonaceous mudstone and siltstone of fluvial to paralic derivation. The Van Diemen Sandstone broadly dips very gently to the north, becoming thicker in the process, with the unit exposed over a 60m vertical interval at Cape Van Diemen at the extreme north-western tip of Melville Island.

Both the Moonkina Member and Van Diemen Sandstone are disconformably to unconformably overlain by unconsolidated Quaternary fluvial, paralic, deltaic and littoral deposits. The most economically significant of these are the Pleistocene age littoral quartzose sands associated with the palaeo-shoreline. Holocene (recent) littoral deposits have accumulated along the present coastline, variously abutting or transgressing the Cretaceous, Tertiary and Pleistocene deposits.

5.2 Geomorphology

The Van Diemen Sandstone dominates the geomorphology of both Bathurst and Melville Island, forming low partially dissected and lateritised plateaux, which are frequently capped by ferruginous to bauxitic pisolitic laterite accumulations. Low red cliffs, nick-points and platforms of Van Diemen Sandstone are developed along or adjacent to the more exposed portions of the coastline.

In many instances the Tertiary sea cliffs are preserved from further erosion by accumulations of Pleistocene and/or Holocene littoral deposits. The Pleistocene sands are distinguishable from their Holocene counterparts by a mild orange, pink or red discoloration, and are invariably developed as one or more low amplitude, but strike persistent strandlines, with a wavelength characteristically in tens, rather than hundreds, of metres.

The Holocene deposits generally appear to be cleaner and marginally finer grained than their Pleistocene equivalents, incorporating a more significant proportion of coquina and coralline debris. Along the north coast of the islands the present day beaches appear to have accumulated as strandlines directly against the Tertiary escarpment or as a composite strand plain successively comprising both the Holocene and Pleistocene deposits. Holocene dune deposits transgress the older strandlines on several beaches that are more exposed to the prevailing north-westerly monsoonal winds.

Heavy mineral (“HM”) sand accumulations are present within both the Pleistocene and Holocene strands. The immediate provenance of the HM is the Van Diemen Sandstone itself, which contains thin laminae of HM identical in composition to the mineral sands. The Pleistocene and Holocene deposits have therefore been subjected to two cycles of erosion and deposition, being originally derived from the Lower Proterozoic igneous and metamorphic complexes of the Pine Creek Geosyncline on the mainland to the south.

Heavy mineral accumulations, be they Pleistocene or Holocene, appear to be best developed immediately adjacent to the Tertiary Van Diemen Sandstone escarpment from whence they are derived, with successive strandlines being considerably and progressively more depleted in HM away from the scarp. This preferential accumulation of HM immediately adjacent to the Van Diemen Sandstone can be readily witnessed in the present day environment near Cape Fourcroy, located at the extreme south-western tip of Bathurst Island. Here, although limited in extent, HM species represent the only sand preserved on a wave-cut platform at the base of an extensive cliff of Van Diemen Sandstone.

Recent dating of the underlying shelly coquina at the Lethbridge deposit on Melville Island has recorded a carbon date of 2000 years old. In the scheme of geological time these must be the youngest mineral deposits in the world.

6.0) PREVIOUS EXPLORATION BY MATILDA MINERALS

The following tables summarise exploration carried out by Matilda Minerals on the Tiwi Islands Exploration Licences in 2004-2008.

Table 3 – summary of exploration activity 2004-2008

Exploration activity - 2004	Comments
Data compilation	Compilation of all previous exploration
Aerial photography and Digital Terrain Mapping	Stereo air photo coverage of the coastal plains at $\pm 1:15000$ scale DGPS surveying; production of orthophotos for Andranangoo Creek West and Lethbridge Bay West
Ground magnetic mapping	Andranangoo Creek West and Lethbridge Bay West
Helicopter-supported reconnaissance	Reconnaissance sampling – 153 EL 24330, EL24332, EL24333 and others
Air core drilling	Andranangoo Creek West – 171 holes - 669m Lethbridge Bay West – 172 holes - 895m
Modal analyses	Andranangoo Creek West – 7 Lethbridge Bay West – 5
Bulk sampling and metallurgical testwork	1 x 1000kg ACW 1 x 1000kg LBW

Feasibility study & Ore Reserve Estimation	Andranangoo Creek West and Lethbridge Bay West
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Exploration activity – 2005	Comments
Ground magnetic mapping	Puwanapi; Wangati North; Wangati South, Atauini Point; Murrow Point, Deception Point; Brace Point; Kili Impini
Air core drilling 2787 holes – 9134.9 metres	Andranangoo Creek West - 1916 holes; 5827m Lethbridge Bay West - 98 holes; 313m Andranangoo Creek East - 248 holes; 723.5m Radford Point - 28 holes; 66.4m Lethbridge Bay South - 139 holes; 447m Cache Point – 30 holes; 90m Puwanapi – 310 holes; 1596m Wangati North – 18 holes; 72m
Reconnaissance sampling	584 auger holes; 243 sampling using a spade
Augering (shell)	145 holes – 266.8 metres
Modal analyses of heavy mineral concentrates	Total = 27 Andranangoo Creek West – 18 Andranangoo Creek East – 4 Radford Point – 1 Goose Creek West – 1 Robinson Inlet East – 2 Lethbridge Bay South – 1
Costeaning	Andranangoo Creek West - 6 costeans
Bulk sampling and metallurgical testwork	Andranangoo Creek West - BSA C-4 & BSA C-6
Ore Reserve/Resource estimation	Andranangoo Creek West and Lethbridge Bay West; Puwanapi
Surveying	Drillhole pick-up

Exploration activity – 2006-2008		Comments		
Prospect	Date	Number of holes	Sample # start	Sample # end
Andranangoo Creek East	June	28	13316	13343
Goose Creek East	May	1	13070	13070
Lethbridge Bay South	April	47	13000 13047	13024 13068
Lethbridge Bay South	June	164	13374	13537

Lethbridge Bay South	July	25	13639	13663
Lethbridge Bay South	July	99	14005	14103
Lethbridge Bay South	August	80 40	14104 17019	14183 17058
Robinson East	July	46	13593	13638
Totals		530		

Prospect	Date	Number of holes	Sample # start	Sample # end
Wangati North	July	228 21	13664 13912	13891 13932
Atauini Point (Wangeroo)	July	64	13933	13996
Wangati South	July	20	13892	13911
One Tree Point	July	8	13997	14004
One Tree Point	Oct	19	17990	18008
Totals		360		

Note: not all Wangati North and Wangati South samples were analysed.

Prospect	Date	Number of holes	Sample # start	Sample # end
One Tree Point (Bathurst South)	Feb 2007	81	18283	18363
Totals		81		

All digital data has been previously provided to the department by Matilda Minerals.

7.0) EXPLORATION ACTIVITIES

The following plans documents the work specifically completed within EL 24330, EL24332 and EL 24333.

This work was completed by spade sampling specific areas of the recent dunal and strandline systems in 2004.

Samples were collected with a spade on a helicopter supported reconnaissance sampling program and submitted to Western Geolabs. Unfortunately the only results which have been able to have been located are the HM% analysis and no slimes or oversize.

Analytical Procedures

Heavy mineral determination

Samples for assay were consigned to Darwin by barge and from there were road freighted to Perth for analysis.

Analysis of the samples was carried out by Western GeoLabs Pty Ltd of Perth, WA, using the following procedure: **Mineral Sands Method - MS6**

- Riffle split approx 100-120g of dry drill sample (weight/record).
- Attrition and deslime via 63um screen.
- Dry and reweigh (+63um)
- Screen off oversize at 1.00mm (weight + discard)
- (Optional) Screen off trash product >500um (discard)
- Static separation with TBE (2.96sg)
- HM Sinks (wash + weigh)
- Bagged for clients

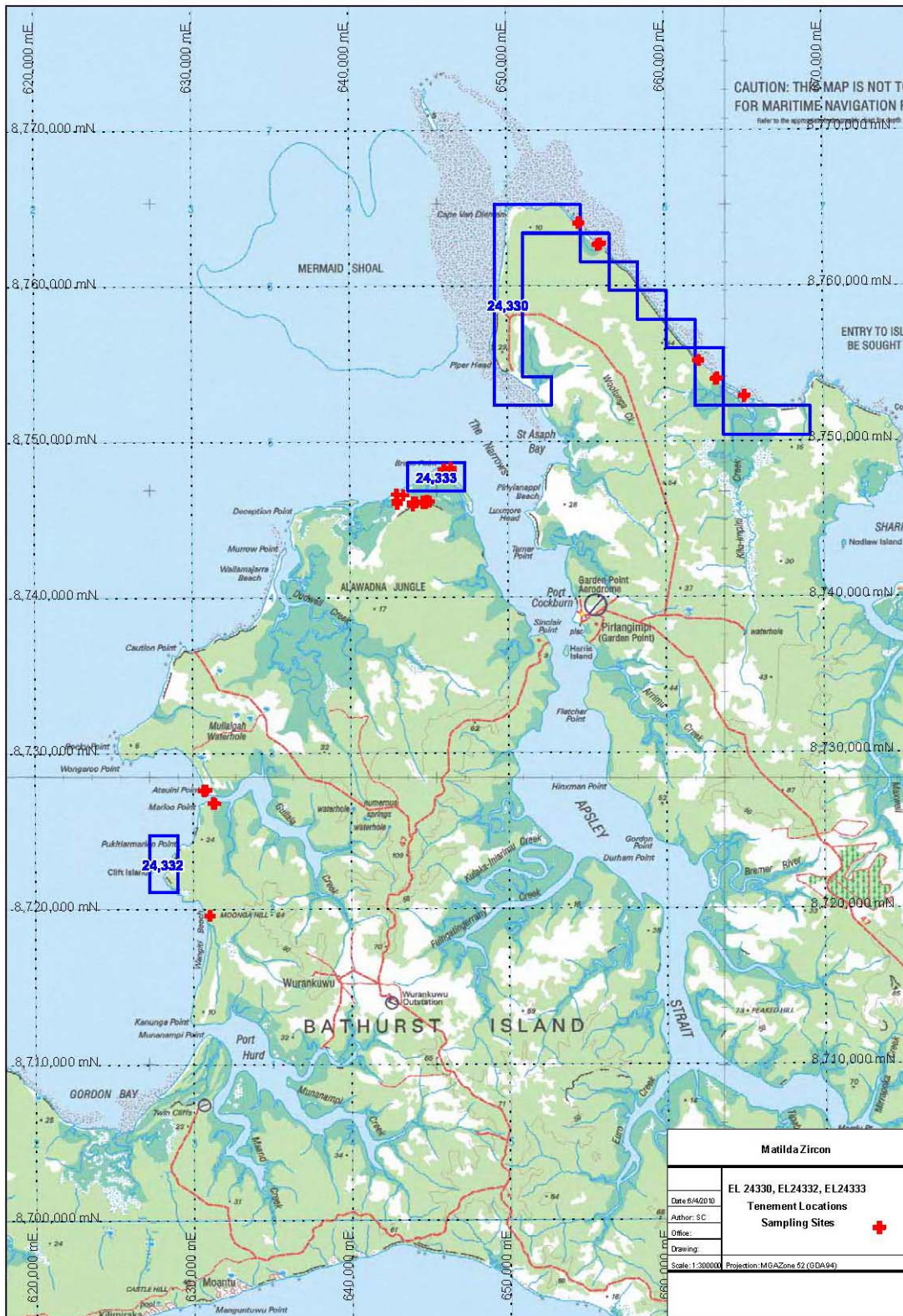


Figure 3: Sample Locations: EL24330, EL24332, EL24333

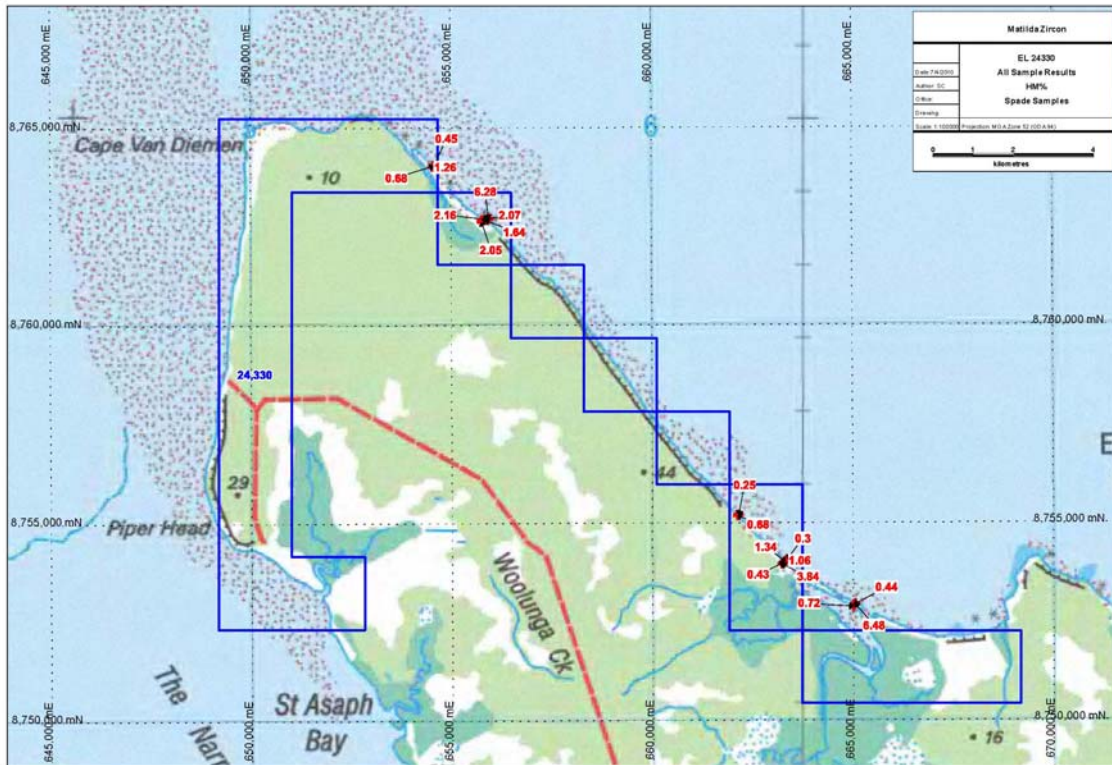


Figure 4: Sample Locations and HM% Results: EL24330



Figure 5: Sample Locations and HM% Results: EL24332, EL24333

<u>DataSet</u>	<u>SampleID</u>	<u>HM Pct</u>	<u>Orig North</u>	<u>Orig East</u>	<u>Sampled By</u>	<u>Sample Type</u>	<u>Sample Method</u>
ATAUINI POINT-NTH	1096	0.76	8727668	630849	DH	Grab	Shovel
ATAUINI POINT-NTH	1097	0.82	8727650	630795	DH	Grab	Shovel
ATAUINI POINT-NTH	1098	0.81	8727640	630719	DH	Grab	Shovel
ATAUINI POINT-NTH	1099	0.41	8727660	630712	DH	Grab	Shovel
ATAUINI POINT-NTH	1100	0.31	8727634	630686	DH	Grab	Shovel
ATAUINI POINT-S	1114	2.2	8726854	631273	DH	Grab	Shovel
ATAUINI POINT-S	1115	3.35	8726802	631276	DH	Grab	Shovel
ATAUINI POINT-S	1116	3.04	8726792	631383	DH	Grab	Shovel
BRACE POINT-N	1143	0.54	8748010	646388	DH	Grab	Shovel
BRACE POINT-N	1144	1.55	8748090	646412	DH	Grab	Shovel
BRACE POINT-N	1145	0.6	8748140	645938	DH	Grab	Shovel
BRACE POINT-N	1146	0.7	8748180	645952	DH	Grab	Shovel
BRACE POINT-N	1147	0.59	8748216	645944	DH	Grab	Shovel
BRACE POINT-N	1148	1.52	8748246	645964	DH	Grab	Shovel
BRACE POINT-N	1149	1.08	8748328	646390	DH	Grab	Shovel
BRACE POINT-N	1150	0.56	8748096	646384	DH	Grab	Shovel
WANGATI NORTH	1151	3.64	8719598	631056	DH	Grab	Shovel
KILI IMPINI	1155	0.68	8755184	662124	DH	Grab	Shovel
KILI IMPINI	1156	0.25	8755206	662151	DH	Grab	Shovel
KILI IMPINI	1157	3.84	8753958	663225	DH	Grab	Shovel
KILI IMPINI	1158	0.43	8753982	663262	DH	Grab	Shovel
KILI IMPINI	1159	1.34	8754018	663302	DH	Grab	Shovel
KILI IMPINI	1160	1.06	8754044	663323	DH	Grab	Shovel
KILI IMPINI	1161	0.3	8754072	663353	DH	Grab	Shovel
KILI IMPINI	1162	0.72	8752874	664991	DH	Grab	Shovel
KILI IMPINI	1163	0.44	8752914	665015	DH	Grab	Shovel
KILI IMPINI	1164	6.48	8752952	665043	DH	Grab	Shovel
CAME VAN DIEMEN-E	1165	1.26	8764022	654544	DH	Grab	Shovel
CAME VAN DIEMEN-E	1166	0.68	8764038	654571	DH	Grab	Shovel
CAME VAN DIEMEN-E	1167	0.45	8764056	654593	DH	Grab	Shovel
CAME VAN DIEMEN-E	1168	2.07	8762678	655781	DH	Grab	Shovel
CAME VAN DIEMEN-E	1169	1.64	8762662	655871	DH	Grab	Shovel
CAME VAN DIEMEN-E	1170	2.16	8762684	655913	DH	Grab	Shovel
CAME VAN DIEMEN-E	1171	6.28	8762708	655940	DH	Grab	Shovel
CAME VAN DIEMEN-E	1172	0	8762708	655940	DH	Grab	Shovel
BRACE POINT-WEST	1173	1.43	8746036	642996	DH	Grab	Shovel
BRACE POINT-WEST	1174	0.39	8746206	643010	DH	Grab	Shovel
BRACE POINT-WEST	1175	4.12	8746620	642955	DH	Grab	Shovel
BRACE POINT-WEST	1176	0	8746620	642955	DH	Grab	Shovel
CAPE VAN DIEMEN-E	1177	2.05	8762618	655771	DH	Grab	Shovel
KILI IMPINI	1178	0	8754072	663353	DH	Grab	Shovel
KILI IMPINI	1179	0	8752952	665043	DH	Grab	Shovel
BRACE POINT-W	4453	0.43	8746580	643400	DH	Grab	Shovel
BRACE POINT-W	4455	2.1	8745920	644000	DH	Grab	Shovel
BRACE POINT-W	4456	3.22	8746065	644805	DH	Grab	Shovel
BRACE POINT-W	4457	0.9	8746080	644805	DH	Grab	Shovel
BRACE POINT-W	4458	1.37	8746180	644890	DH	Grab	Shovel
BRACE POINT-W	4459	0.91	8746200	644900	DH	Grab	Shovel
BRACE POINT-W	4460	1.65	8746075	644800	DH	Grab	Shovel
BRACE POINT-W	4461	0.51	8746120	644005	DH	Grab	Shovel
BRACE POINT-W	4462	0.52	8746175	645030	DH	Grab	Shovel
BRACE POINT-W	4463	0.91	8746080	644600	DH	Grab	Shovel
BRACE POINT-W	4464	0.7	8746160	644600	DH	Grab	Shovel
BRACE POINT-W	4465	0.53	8746110	644210	DH	Grab	Shovel
BRACE POINT-W	4466	2.21	8745920	644000	DH	Grab	Shovel

Table 3: All Sample Results: EL24330, EL24332, EL24333

8.0) DISCUSSION

Exploration during the reporting year was restricted to review of previous work and GIS review of the tenements. Some spade sampling which had been conducted by Matilda Minerals was retrieved from hardcopy paper and converted to GIS/Mapinfo format for plotting and display.

A number of encouraging results were returned from the sampling, however the perceived limited strike length of the identified strandlines suggested minimal tonnage potential.

It may be worthwhile reviewing the potential to establish an offshore dredging operation off the northwest coast of Cape Van Dieman. Substantial tonnages of low grade mineral sands may be present here.

9.0) REFERENCES

- S. Milner 2007 Annual Report for ELs 23862, 24328, 24329, 24330, 24331, 24332, 24333, 24334, 24335, and 24336. Tiwi Islands, Northern Territory. For period ending 31 March 2006