ANNUAL REPORT

Mineral Lease 24511
Lethbridge Bay West
Tiwi Islands
Northern Territory
For period ending 4 December 2008

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- Matilda Minerals Ltd
- Austwide Mining Title Management Pty Ltd
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1. **SUMMARY**

No ground-based exploration was carried out during the year ending 4th December 2008 in ML24511.

In the light of experience gained in mining the Andranangoo Mineral Sand deposit on ML24510, the resource for the Lethbridge West deposit on ML24511 was revised using a higher cut-off grade of 2% HM as follows:

- 284,454 tonnes @ 6.58% HM with 87% VHM

This figure compares with the previous resource of 410,000 tonnes @ 5.1% HM.

In September 2008, Matilda Minerals was preparing the Lethbridge West deposit for mining after completion of mining at Andranangoo (ML24510) when the decision was made to put the whole Tiwi Mineral Sand Project on care and maintenance due to the high Australian dollar, problems with shipping from Port Melville, the high cost of shipping, and issues with the off-take agreement with Chinese buyers of the mineral sand concentrate.

2. **INTRODUCTION**

Matilda Minerals Ltd ("Matilda") was admitted to the Australian Stock Exchange on 15 September 2004. Matilda’s objective is to explore and mine small to medium sized heavy mineral deposits which are rich in zircon and rutile, have low clay content, little or no overburden, a small environmental footprint and require low capital expenditure to develop. The potential deposits on the Tiwi Islands offer these criteria.

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.

In January 2006, Matilda Minerals submitted a draft ("EIS") for the proposed mineral sands mining operation at Andranangoo Creek West and Lethbridge Bay West.

On 5 September 2006, just two days prior to the first anniversary of ML24510, Matilda received authorisation from the Northern Territory Minister for Primary Industry, Fisheries and Mines effective 4 September 2006, to enable it to commence mining at its Andranangoo West mineral sands project in the Tiwi Islands. Mining and processing at Andranangoo started in October 2006.

This report is lodged in accordance with s79 of the Mining Act.
3. **TENURE**

This report covers ML24511:

<table>
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<tr>
<th>Tenement number</th>
<th>Date granted</th>
<th>Date expiry</th>
<th>Area</th>
<th>Report due</th>
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<tr>
<td>ML24511</td>
<td>05/12/2005</td>
<td>04/12/2030</td>
<td>909.4 ha</td>
<td>4 March</td>
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</tbody>
</table>

ML24511 lies within the boundaries of EL23862.
Figure 1 - Tiwi Islands Project Tenements and Prospect Locations
Figure 2 - ML24511 location on Melville Island
4. **GEOLOGY**

The geology has been detailed in previous annual reports.

At Lethbridge Bay West, the Van Diemen Sandstone ("VDS") is weathered resulting in a variable thickness of sandy clay and laterite covering the sandstone which forms a 3-4m high scarp at the eastern end of the deposit. The VDS is mostly vegetated by Eucalyptus open woodland. Unconsolidated Pleistocene sand unconformably overlies the weathered VDS. These sands are a series of east-west trending strand lines that variably contain a suite of valuable heavy minerals comprising in order of magnitude, zircon, rutile, leucoxene, and ilmenite.

5. **PREVIOUS EXPLORATION IN MINERAL LEASE AREA**

ML24511 lies within the confines of Exploration Licence EL23862. Matilda was granted EL23862 over the north coast of Melville Island on 1 April 2004 and a very successful exploration campaign in late 2004, led the company to apply for mineral leases at Andranangoo Creek West (ML24510) and at Lethbridge Bay West (ML24511) in December 2004.

Matilda carried out air core drilling (270 holes for 1200 metres), ground magnetics, reconnaissance auger sampling, modal analyses, bulk sampling and metallurgical testwork, and Resource/Reserve estimation on the area that subsequently became ML24511.

The last exploration completed in ML24511 was reported to the department in early 2007. This exploration comprised 65 x 1m deep auger holes and was carried out in April and May 2006 and targeted additional mineralisation between the main Lethbridge Bay West deposit and the Aliu (Jessie) River.

Overall the results of this augering were disappointing with only 6 out of 65 samples returning >1%HM. However, it appears that some narrow mineralised zones are present that may warrant follow-up closer to the time of developing the adjacent Lethbridge Bay West deposit.

For previous report refer to Hobbs (2005), Milner (2006), and Milner (2007).

6. **EXPENDITURE**

During the reporting year nothing was spent on exploration activities in ML24511.
7. REFERENCES

<table>
<thead>
<tr>
<th>Name</th>
<th>Year</th>
<th>Title</th>
</tr>
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<tbody>
<tr>
<td>R. Hobbs</td>
<td>2005</td>
<td>Annual Report for the year ending 31 March 2005, EL23862, Melville Island, Tiwi Islands, Northern Territory</td>
</tr>
<tr>
<td>S.A. Milner</td>
<td>2006</td>
<td>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</td>
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<tr>
<td>S.A. Milner</td>
<td>2007</td>
<td>Annual Report Tiwi Project ML24511 for the period ending 4 December 2006</td>
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