

ASX RELEASE

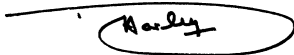
11 January 2013

COBURN ZIRCON PROJECT UPDATE

The Company is pleased to report that environmental baseline surveys along the proposed lateral gas pipeline route for the Coburn Zircon Project (the "Project") have been completed and reports submitted to State government regulators in late December 2012. Importantly, no major environmental issues were identified by the baseline surveys and their completion gives added confidence that the 15 month delivery period estimated in last year's Front End Engineering Design (FEED) study can be met.

In addition, further to the Company's announcement on 21 December 2012, work has continued on planning and optimisation work for the Project. This short-term work program is designed to meet the POSCO SPV commercial condition by 28 February 2013. As part of this work, and in preparation for the commencement of the Project development stage, the Company is collaborating with a small number of key contractors and equipment suppliers in relation to optimising mining and mineral processing plans.

Further high level financial modelling incorporating the main aspects of this work program has provided increased confidence that the POSCO SPV commercial condition can be met.



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