

RESPONSE TO INDIGENOUS EMPLOYMENT INQUIRY
AS IT RELATES TO MATILDA MINERALS LIMITED

Submission No. 67
Date Received 16-5-05

Background

Matilda Minerals Limited ("Matilda") is an emerging mineral sands producer with a recently successful IPO and listing in September 2004. It was incorporated by a group of experienced resource professionals to specifically identify and exploit zircon and rutile rich mineral sands deposits.

Zircon will be the principal commodity of interest because of its excellent long term growth prospects, strong price projections, limited supply and ease of marketability. Traditionally mineral sands companies have concentrated on low unit value ilmenite prospects with by-product of zircon and rutile. Matilda intends to target prospects with potentially higher zircon credits.

Matilda has set rigorous selection criteria for its projects to enhance economic success. Project selection criteria include:

- prospects predominately zircon and rutile
- operations capable of low environmental impact
- high-grade, coarse-grained products
- simple mining with low waste to ore ratio
- areas with good access and services
- strong support from community and other stakeholders

Matilda's current project areas comprise Bathurst and Melville Islands (Tiwi Islands) located 50km from Darwin, the Pender region north of Broome and Carnarvon on the northwest coast of Western Australia. These project areas have known occurrences of zircon and rutile and meet Matilda's rigorous selection criteria. Initially these deposits may not be large by world standards but because of the zircon and rutile dominated mineral assemblage, low development and operating costs, they can be economically attractive.

The Tiwi Islands have been highlighted as a zircon-rich province with identified resources and it is planned to move rapidly to production in mid 2005 by enhancing the projects by further exploration and completing feasibility studies in early 2005. Matilda is progressing well on this timetable.

The Tiwi Islands have excellent prospects for a strong resource inventory along its 250km northern and western coastlines.

Importantly, Matilda has executed formal Agreements with the Tiwi Land Council, representing traditional aboriginal landowners, supporting the grant Exploration Licences and Mining Leases on the Tiwi Islands.

Benefits to the Tiwi Islands community include:

- a regular income from land included within licences at a fixed rate per area
- an increased income rate from land included with Mining Leases
- a production based royalty
- employment opportunities during all phases of development
- benefits from infrastructure improvements to support future production

The cooperation from the Tiwi Land Council has been exemplary and we anticipate an on-going relationship to be of mutual benefit.

Adequate funds have been allocated from the IPO to review other prospects in Australia and Matilda is confident of adding substantially to its projects portfolio. Discussions have been initiated to advance other identified projects in the Northern Territory.

It is Matilda's intention to maximise use of indigenous labour at all stages of the development of the Tiwi Islands Project. The other projects are also near large indigenous communities and the progress at the Tiwi Islands will be used to measure the capabilities for other future projects. Listed below are our current views of available short term and long term employment opportunities.

Exploration

In general the field work component has been recognised as an immediate employment opportunity although at an unskilled level and with a limited duration.

A field team will include:

Project Geologist
Senior field assistant
3-4 field assistants

There are no indigenous trained Geologists or experienced Senior Field Assistants available on the Tiwi Islands. In fact, our initial enquiries have found none available in the Northern Territory.

Our intent will be to select (with the aid of the Tiwi Islands Training and Employment Board) suitable candidates for further training specific to mineral sands exploration. The minimum requirement will be for candidates to be fit, have completed schooling to year 10, hold a current driving license and express an inclination to be involved in mineral exploration.

The Tiwis have no experience of mining on the Islands, ever. In fact there has only been limited experience with any exploration programs on the Islands and the last of any real extent was conducted in 1992. Very few Tiwis have left the Islands and had any

opportunity to be involved with any part of the mining industry. With this background there has been some difficulty in convincing any Tiwi's to be involved with the mining industry.

The Tiwi Islands Training and Employment Board have identified many skills that are suitable for light and heavy industry and have undertaken training programs for these skills on the Tiwi Islands. These have included light vehicle maintenance, small engine management, first aid and heavy machinery operations. These skills have been aimed at the developing plantation industry which is a long term project on the Tiwi Islands. However, many of these skills are applicable to exploration operations and candidates will generally be encouraged to complete complimentary programs. In this situation, Matilda is in competition with the plantation industry for any trained candidates.

There are a number of suitable TAFE programs aimed at the mining industry which are conducted in Darwin. Candidates will be encouraged to undertake suitable courses if interested in pursuing career in the mining industry.

The Matilda exploration program is limited to the Exploration Licenses which cover the 250km of northern and western coastlines of Bathurst and Melville Islands. The program at this point only has an expected duration of 12 months. This gives little time to select candidates and conduct training. It is anticipated that candidates selected and trained for the exploration phase would continue training for positions available for the mining phase.

The employment periods would be subject to climate, access and success and may be intermittent with no regular schedule.

Mining

The opportunities during the mining phase are also limited. The estimated manpower for mining and processing requirements are:

Project Manager
Processing Supervisor
3 Maintenance Tradesmen
3 Processing Technicians
3 Processing Operators
3 Truck drivers

There are no indigenous trained Professionals or Tradesmen available on the Tiwi Islands.

With the expected duration of the mining operations from 3-5 years there is limited opportunity to train Tiwis to this level. The expected opportunity is in the operating fields. Once again the training programs conducted by the Tiwi Islands Training and Employment Board are generally complimentary for minimum training for operators. Specific training would be conducted on the job.

The mining and processing operations are part of a continuous process, 7 days a week and 24 hours per day. All positions are essential and as in the case of small remote operations of this type require regular rostered attendance.

The rostered system may be made more flexible for Tiwis if extended periods away from families are required. This may also give more opportunities for training of Tiwis in the mining and processing operations. However, these opportunities may not develop into longer term careers if mining is not extended beyond the current projections unless Tiwis are persuaded to undertake employment off the Islands.

Summary

Matilda is committed to developing employment opportunities on the Tiwi Islands but is also restricted by quality and enthusiasm of current candidates and the generally short term of the project. Matilda sees the Tiwi Islands Training and Employment Board training programs as being complimentary to initial background training requirements and will encourage the Tiwis to undertake training either before or in conjunction with on the job training.