



1 March 2007

King Island Scheelite Ltd

King Island Scheelite Mine Redevelopment Project

Potential JV With Xiamen Tungsten Not To Progress

In September 2006 King Island Scheelite Ltd (KIS) announced the signing of a non binding letter of intent (LOI) with Xiamen Tungsten Corporation (XTC), the purpose of which was to investigate the potential of KIS and XTC to enter into joint venture arrangements for the re-development of the King Island mine.

Following a lengthy period of discussion and exchange of information between KIS and XTC, a decision has been reached not to proceed with the arrangement as set out in the LOI. While the LOI contained provision for KIS to deal exclusively with XTC, this requirement expired in early January. Since then, KIS has commenced discussions with other parties. KIS will continue to progress these negotiations and anticipates that they may extend to the middle of 2007.

The market for tungsten concentrate remains strong, with prices well supported. The King Island project remains well positioned to take advantage of these conditions.

For additional information about King Island Scheelite please visit the company's website – www.kingislandscheelite.com.au

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