

2 September 2008

**King Island Scheelite Ltd (“KIS”)
King Island Scheelite Mine Re-development Project (“Project”)**

Final Chinese regulatory approvals received for King Island Scheelite joint venture agreement with Hunan Nonferrous Metals Corp (“HNC”)

Since signing the joint venture documentation in December 2007 to develop the Project, KIS and HNC have been working towards fulfilling the conditions precedent in those agreements. The last significant outstanding condition precedent has been that of obtaining approval from the Chinese authorities for HNC to participate in the joint venture.

KIS is pleased to announce that HNC has advised that this key approval has been granted.

Consequently, the following events are expected to occur within the next few weeks:

- HNC will subscribe to 4,450,000 shares in KIS, representing approximately 10% of the issued capital of KIS after the placement is made. In due course, HNC will also nominate a non-executive director to be appointed to the Board of KIS.
- An unincorporated joint venture, to be known as the Dolphin Joint Venture, will be created to develop the Project. KIS and HNC will hold equal shares in the JV. A wholly owned subsidiary of KIS, Scheelite Management Pty Ltd, will manage the JV on behalf of the partners.
- HNC will provide funding to the joint venture to cover the capital costs of construction. As part of this, KIS’s 50% share of construction costs will be in the form of a loan, with repayments to HNC linked to KIS’s share of free cash flow from the Project.

For further details concerning the agreements between KIS and HNC, please refer to the announcement made by KIS on the 20th of December, 2007.

KIS holds all of the significant environmental and developmental approvals needed for Project development, and no further regulatory approvals are required. The proposed mine site is currently held by KIS under a retention licence, with approval already granted by the Tasmanian Minister of Mining to convert this to a mining lease. This conversion will occur once rehabilitation bonds have been posted. The

For personal use only

joint venture also has access to a considerable area of exploration tenements which are considered prospective for further scheelite deposits as well as other minerals.

KIS and HNC will shortly start the pre-construction phase of project development, in which engineering, procurement options and contractor selection will be major activities. Previous studies have indicated a 21 month construction schedule, but this is heavily dependent on the availability of equipment and manpower, both of which are in short supply in the mining industry.

Commenting on the receipt of the Chinese regulatory approvals, the Chairman of KIS, Tony Haggarty, said "This is an extremely pleasing development for KIS, HNC and all who have an interest in seeing the historic mine on King Island re-developed. With both funding and approvals secured, we are now able to move forward with bringing the Project to fruition. We welcome HNC as a major shareholder in KIS, and very much look forward to working with HNC to advance the King Island Project."

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

For further information, please contact:
Nick Lambeth
Chief Executive Officer
King Island Scheelite
Phone: 03 63316053
Email: nick@kingislandscheelite.com.au