

16 September 2008

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

Issue of Shares and Appointment of New Director

Joint Venture Agreements with Hunan Nonferrous Metals (HNC)

Following the receipt of final approvals from the Chinese authorities for HNC to invest in the Project, KIS is pleased to announce that the following events have occurred:

The agreements include the provision for HNC to subscribe to 4,450,000 ordinary fully paid shares in KIS at \$1.00 per share. HNC did this on 12 September 2008, and the subscription funds of \$4.45 million were received by KIS on the same day. KIS has issued the shares to HNC today and will apply for their quotation on the Australian Securities Exchange.

Also as part of the agreements, HNC has the right to nominate one director to be appointed to the board of KIS. The directors of KIS have resolved to appoint HNC's nominee Mr Zeng Shao Xiong as a non-executive director, with effect from today.

Mr Zeng graduated in 1981 from the Central South Institute of Mining and Metallurgy, Hunan Province, majoring in ore processing. He is currently Chairman of the Supervisory Committee of HNC and is also Deputy General Manager of Hunan Nonferrous Metals Holding Group Co. Ltd, the parent company of HNC.

Mr Zeng has also appointed Mr Fan Xue Qiang to be his alternate director, also with effect from today.

Asset Sale Agreement – Australian Tungsten Pty Ltd (ATPL)

In 2005, KIS entered into an agreement with the shareholders of ATPL to acquire that company and its assets, the principal one of which was the Project. Part of the consideration for the acquisition was that, upon finalisation of a funding package to re-develop the Project, 16 million ordinary fully paid shares in KIS would be issued to parties associated with the original ATPL shareholders. Now that the Project has such a funding package in place, these shares will be issued and KIS will apply for their quotation on the Australian Securities Exchange.

The issue of these shares to HNC and original ATPL shareholders will result in total ordinary shares on issue being 60,465,001.

Share Purchase Plan (SPP)

On 13 August 2008, KIS announced that it was undertaking an SPP, wherein eligible shareholders may apply for certain quantities of shares in lots of \$1,000, \$2,500 and \$5,000 at a discount to market price. This SPP offer is scheduled to close on 24 September 2008, and KIS shareholders who wish to take up their entitlement must lodge the application form by this date. This application form was mailed to all eligible shareholders on 18 August 2008.

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

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