



15th July 2010

KING ISLAND SCHEELITE LIMITED ("KIS")

MAGNETITE-COPPER-GOLD MINERALISATION INTERSECTED AT BALFOUR, TASMANIA

First drill hole at Roaring 41 South returns 5m @ 0.9% Cu, 0.1 g/t Au from 54m down-hole.

BALFOUR PROJECT

In late 2009 KIS, through the Balfour Joint Venture (BJV) commenced a drilling programme to assess the extent of mineralisation within tenements at Balfour, Tasmania see [Figure 1](#).

Balfour Management Pty Ltd, a wholly-owned KIS subsidiary, is managing the program on behalf of this joint venture between KIS and Pleiades Resources Pty Ltd. Having funded this programme KIS now has a 70% interest in the BJV.

SPECIMEN HILL PROSPECT

The first phase of exploration focused on drilling at Specimen Hill. This area contains tin-tungsten stock work vein mineralisation hosted in tourmaline-silica altered siltstone breccia. The four holes intersected numerous mineralised veins with individual 1m values of up to 2.2% WO₃ and 1.0% Sn. Results were released to the market in December 2009. No further work has been undertaken at Specimen Hill.

ROARING 41 SOUTH (R41S) TARGET

The second phase of this programme involved drilling R41S, coincident gravity and magnetic anomalies along a major structural break within Proterozoic sedimentary rocks. R41S was targeted for possible magnetite-copper-gold mineralisation within these Proterozoic rocks. With all necessary approvals in place this drilling commenced in June 2010.

The R41S target is the coincidence of a notable single point positive gravity anomaly recorded during the BJV ground survey and a magnetic bulls-eye high identified from a Mineral Resources Tasmania airborne survey. A follow-up ground magnetometer survey successfully confirmed the aeromagnetic feature and provided the required detail to pinpoint the source area of greatest magnetic susceptibility. The target also coincided with a small topographical high in an otherwise low-lying area. Geological mapping identified siliceous sedimentary rocks cut by quartz veins. The outcropping rocks do not account for the gravity anomaly or the magnetic anomaly that has its top interpreted to be at approximately 60m below the surface.

Two preliminary diamond drill holes designed to test the anomaly have been completed. The locations are shown in [Figure 2](#). Collar details and assay results are detailed in [Table 1](#).

Drillhole R41S - 01 intersected a breccia zone with massive magnetite-siderite-pyrite-chalcopyrite veining and associated intense chlorite alteration from 53.4 to 58.6m. The mineralisation returned 5m @ 0.9% Cu and 0.1 g/t Au from 54.0m down hole.

Drillhole R41S - 02 was collared 50m NW and was drilled from the opposite direction to hole R41S - 01. The hole did not intersect the massive magnetite veining but several breccia zones with intense siderite-pyrite alteration were intersected. Assay results are pending.

Preliminary results support magnetite-hosted copper-gold mineralisation in Proterozoic sedimentary rocks at R41S.

We look forward to providing detailed results from this programme once all analytical data is available.

For further information see "Investor Update" presentation available on the company's website www.kingislandscheelite.com.au or contact us directly.



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Table 1. Drill hole details.

R41S - 01

317,965mE 5,435,585mN 165RL Azm 205° Dip -55° Depth 251.2m

Best intersection includes:
54.0 - 59.0m 5.0m @ 0.9% Cu and 0.1 g/t Au

R41S - 02

317,880mE 5,435,460mN 172RL Azm 25° Dip -60° Depth 259.1m

Assays Pending

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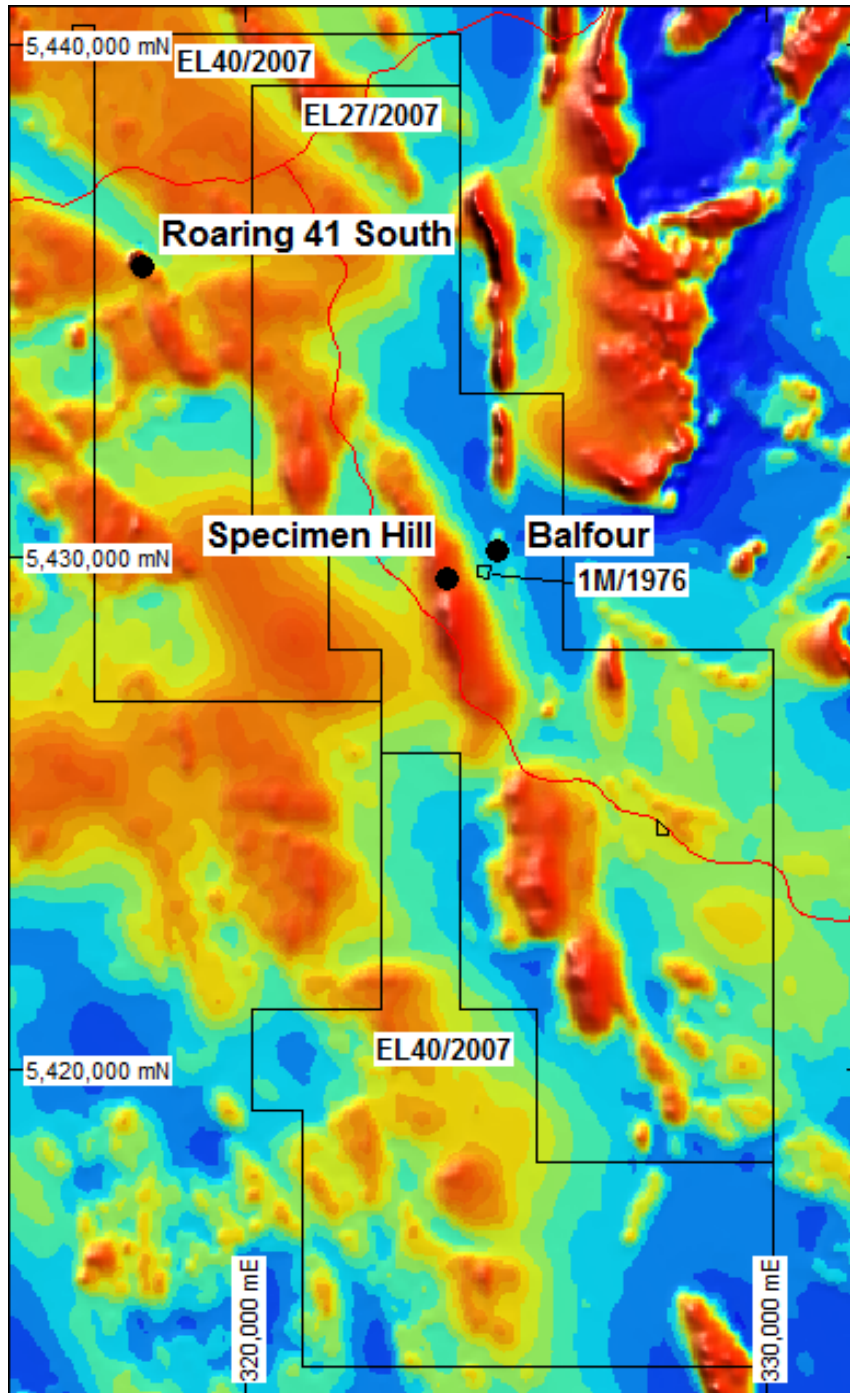
BALFOUR JOINT VENTURE

An unincorporated joint venture
to explore for tin and tungsten
in north west Tasmania



Figure 1. EL40/2007 and EL27/2007 Balfour Joint Venture Tenements
lease 1M/1976 excluded)

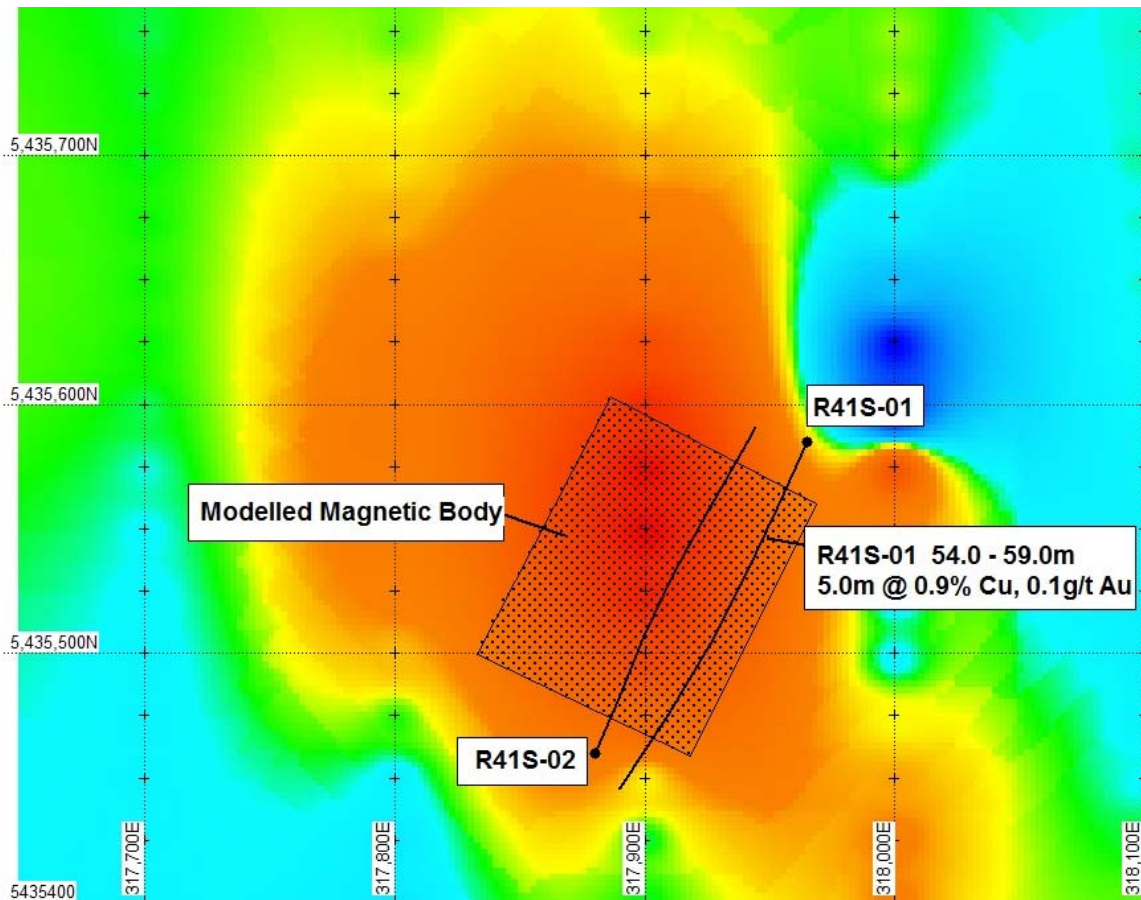
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Figure 2. Roaring 41 South (R41S) DDH locations



The information in this report that relates to Exploration results is based on information compiled by Mr. Tim Callaghan, who is a member of the Australian Institute of Mining and Metallurgy, and has sufficient experience in the style of mineralisation and the activity undertaken to qualify as a competent person as defined in the 2004 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" Mr. Callaghan consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.

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