

14th February 2011



KING ISLAND SCHEELITE LIMITED (“KIS”)

BROKER BRIEFING ON DOLPHIN PROJECT

Having regained 100% ownership of the project KIS now plan to accelerate first production, further derisk the project and extend the mine life with a staged development plan. The company is now confirming the most appropriate funding solutions for each stage.

STAGED PLAN

Unlike previous plans involving substantial ‘up-front’ capital requirements and risks associated with extending the former open pit, our current plan involves underground mining with higher grades, less capital and an ability to de-risk the project by staging the development.

The initial stage involves processing the tailings while dewatering the former mine which allows:

- a) Production to commence within 18 months at 1,000t WO₃ per annum from re-treated tailings, generating strong cash flows.
- b) Confirmation of underground conditions and our mine plans before committing further capital.

(This stage will require approximately \$25m)

In the next stage the company will complete the processing facilities and start mining the Dolphin and Bold Head reserves as underground operations to:

- a) Produce 3,600t WO₃ per annum.
- b) Payback the investment after first year of underground production.
- c) Enable us to conclude the Dolphin South down-plunge drilling to resource estimate in order to extend the mine life beyond 10 years.

(This stage requires approximately \$50m)

These two stages comprise the “base case” which at today’s prices will generate \$270 million cash with a peak capital outlay of \$65 million and \$79 million NPV. KIS has however developed a short term programme to expose further upside potential and de-risk this project.

EXPOSING THE UPSIDE

Ahead of committing to funding arrangements for our base case, KIS intends to expose any further upside by drilling targets in Dolphin South which have long been considered areas of potential mineralisation. Although the previous operator planned development drilling in this area, low tungsten prices in the early 1980’s halted these plans before the mine subsequently closed.

Further high grade ore down-plunge would add significant value to this project. Initial indications are an additional \$40 million in free cashflow for every year of additional production.

The initial phase of this programme involves drilling four 500m diamond holes from the surface before committing further expenditure.

SHORT TERM PROGRAMME

The company is completing the tailings project feasibility which includes a resource estimate and further metallurgical tests. KIS is also amending current approvals to reflect the staged underground development plan.

To complete this programme and drill Dolphin South, funding of approximately \$3m is required.

BROKER BRIEFINGS

KIS is now progressing plans to fund this short term programme. These plans include broker briefings. The attached **Broker Briefing** document provides an overview of our project and future potential. For a copy of this presentation please see our website www.kingislandscheelite.com.au

Our clear development plan and the current mining investment climate provide a positive outlook for the company. With various parties interested in financing our project we are confident of being able to fund future stages beyond this short term programme.

We look forward to providing further details of funding plans and project milestones as we progress this project.



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- 1) Confirmation Resource and Reserve estimates referred to for Dolphin and Bold Head in this briefing are consistent with previous announcements and accord with the JORC Code (2004).

Explanatory Notes for Resource Statement: Competent Person and JORC Code

The resource report was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Consultant Geologist Mr Tim Callaghan of Resource and Exploration Geology, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"); has a minimum of twenty years experience as a geologist, five of which are in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code (2004). This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the resource report in the form and context in which it appears.

Explanatory Notes for Reserves Statement: Competent Person and JORC Code

The reserves report was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Consultant Mining Engineer Mr Alan Fudge of Polberro Consulting, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM") and has a minimum of five years experience in the estimation, assessment and evaluation of Mineral Reserves of this style and is a Competent Person as defined in the JORC Code (2004). This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the reserve report in the form and context in which it appears.

2) Confirmation regarding potential for further mineralisation in Dolphin South referred to in this briefing.

This briefing contains Exploration Targets which are conceptual in nature where there has been insufficient exploration to define full mineral resources and it is uncertain that further exploration will result in the determination of a Mineral Resource.



Pacific Road Corporate Finance



KING ISLAND SCHEELITE LIMITED

**Broker Briefing
February 2011**

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This presentation contains Exploration Targets which are conceptual in nature where there has been insufficient exploration to define full mineral resources and it is uncertain that further exploration will result in the determination of a Mineral Resource.

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King Island Scheelite



Company

King Island Scheelite Limited

(ASX:KIS)

Shares

62M shares on issue
\$0.285/share price (11/2/11)
\$17.8M market capitalisation

Board

- | | | |
|-------------------|----------|----------|
| • Tony Haggarty | Chairman | (9%) |
| • Robin Morritt | Director | (22%) |
| • Andy Plummer | Director | (4%) |
| • Zeng Shao Xiong | Director | (7%) HNC |

Management

- Simon Bird (CEO)
- Ian Morgan (Co Secretary)
- Sue Jolliffe (Project Accountant)

Project Team

- | | |
|-----------------|---|
| • Tim Callaghan | (Geology) |
| • Alan Fudge | (Mining) <i>former King Island mine manager</i> |
| • Nick Moony | (Metallurgy) |

Board and Management team with substantial project development, exploration and mine management experience.



King Island Scheelite



Dolphin Tungsten Project

Ownership	100% owned and controlled by KIS
Location	On King Island, Tasmania, Australia
History	<ul style="list-style-type: none"> Operated as an open pit between 1917 and 1975, then as an underground until 1990. Gravity and flotation processes produced high grade WO_3 concentrates. Closed and site rehabilitated in 1990 due to low tungsten prices. Rio Tinto asset acquired in 2005 and feasibility study conducted by KIS. KIS entered into a 50/50 JV with Hunan Nonferrous Metals ('HNC') in 2008. JV terminated in December 2010 with KIS regaining 100% of the project. HNC forgave KIS debt, in exchange for a 2% royalty on future gross revenue, capped at \$3.9m.
Current Project	Re-opening the former underground mines to feed a new processing facility producing 3,600 tonnes of contained tungsten per annum
Resource	<p>At 0.7% cut-off: 4.76 Mt @ 1.30% WO_3 (Dolphin Underground)</p> <p>At 0.5% cut-off: 1.65 Mt @ 0.96% WO_3 (Bold Head Underground)</p>
Reserve	<p>At 0.7% cut-off: 1.63 Mt @ 1.30% WO_3 (Dolphin Underground)</p> <p>At 0.7% cut-off: 0.61 Mt @ 0.76% WO_3 (Bold Head Underground)</p>
Dolphin South Exploration Potential	<ul style="list-style-type: none"> Swan extended mineralisation Decline extended mineralisation

Resource and Reserve details are consistent with previous announcements in accordance with JORC Code 2004.



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Tungsten



Turbine blades contain up to 10% tungsten. (Siemens AG, Germany).



Cemented carbide coated drills improve productivity (Mitsubishi Materials Cooperation & Hitachi Tool Engineering Ltd).

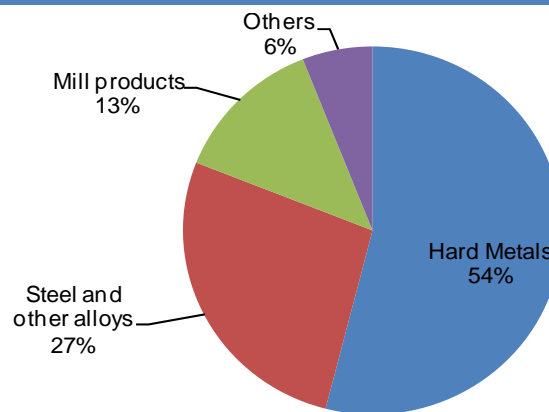
Properties

- Highest melting point & lowest vapour pressure of all metals.
- Highest tensile strength at high temperatures.
- Tungsten carbide products are the hardest of all metals.
- Among the heaviest of all metals.
- Brilliant sheen, is scratch and corrosion resistant and conducts electricity well.

Applications

- Cutting tools.
- Mining / oil / gas drilling equipment.
- Nuclear reactors.
- Specialty chemicals.

The main global uses of tungsten



Source: World Mineral Statistics Database, British Geological Survey



Market



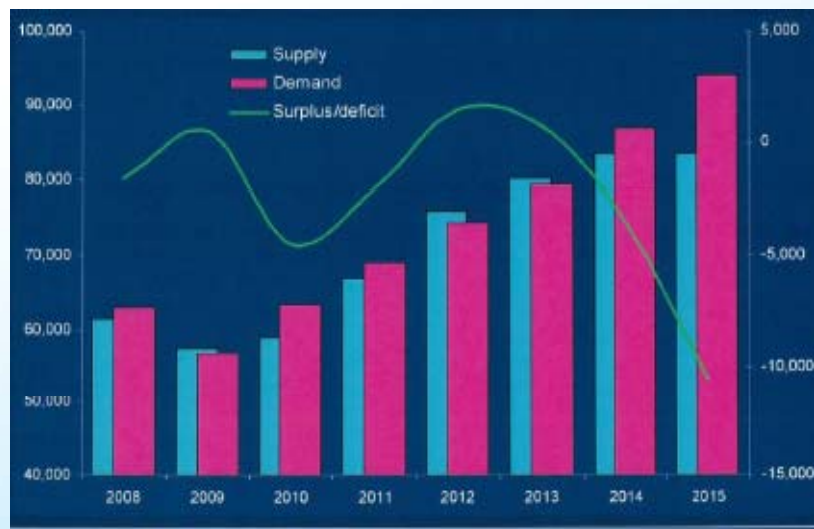
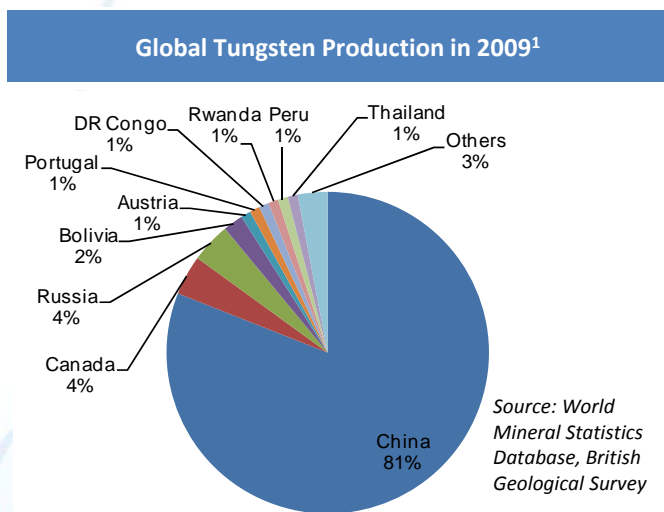
China is the dominant global supplier and restricts exports of this strategic metal.

Key Supply Issues¹

- Primary tungsten production in 2009 estimated at 62,000t.
- Recycling can make up 30% of total supply.
- Non-Chinese production recovering from oversupply in the 1980s.
- China dominates production but restricts exports to processed WO₃.
- USA, Russian and Japanese stockpiles have been depleted.
- Tungsten declared a US “conflict metal” in 2010.

Key Drivers of Demand¹

- Primarily driven by industrial output.
- 60% of consumption relates to cemented carbides.
- China expected to account for 37% of world consumption in 2010.
- World reliance on Chinese supply.
- Few substitutes and increasing numbers of tungsten applications.
- Industrial output has accelerated post Global Financial Crisis.



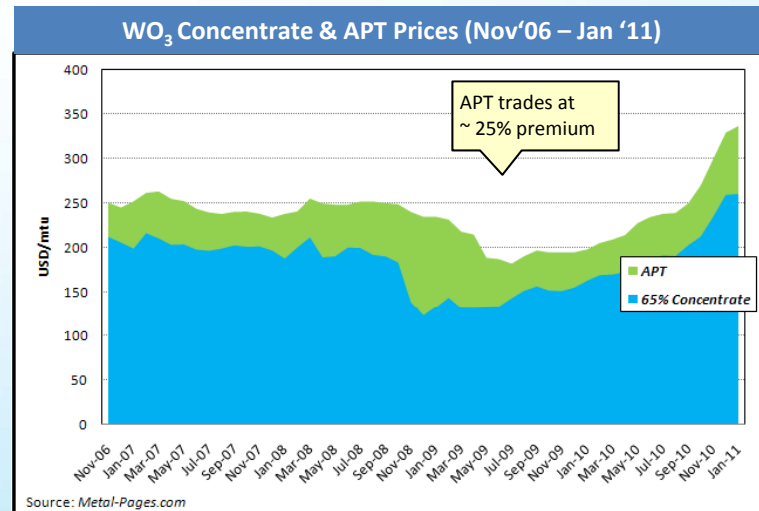
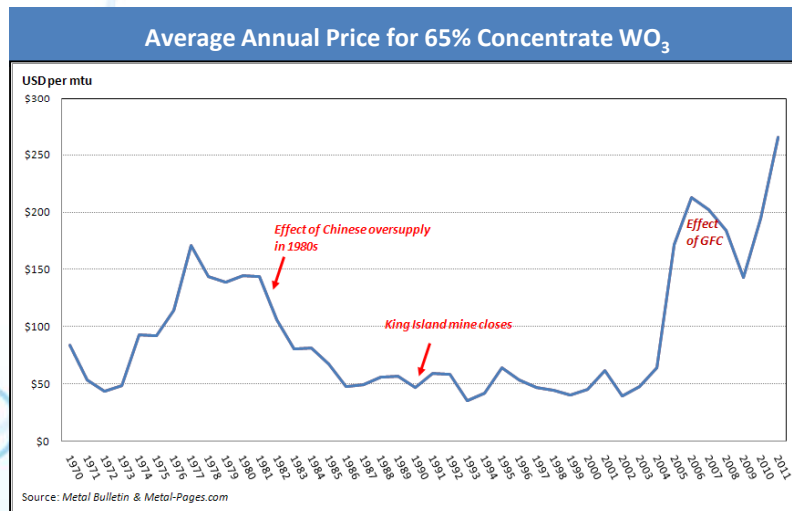
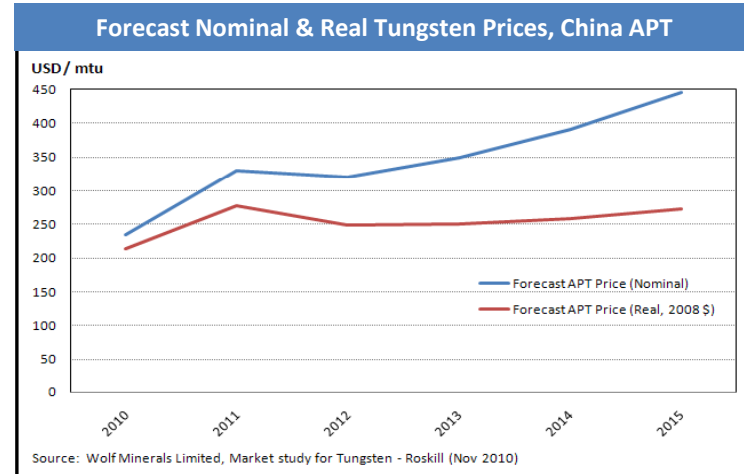
1. Refer to: <http://www.bqs.ac.uk/downloads/start.cfm?id=1981>



Prices



- Total consumption of tungsten metal forecast to grow from approx 62,000t in 2009 to 80,000t in 2013.
- Positive market outlook for Tungsten.
- Tungsten APT prices increased 70% in 12 mths to Dec 2010.
- APT trades at a premium to 65% WO₃ concentrate.



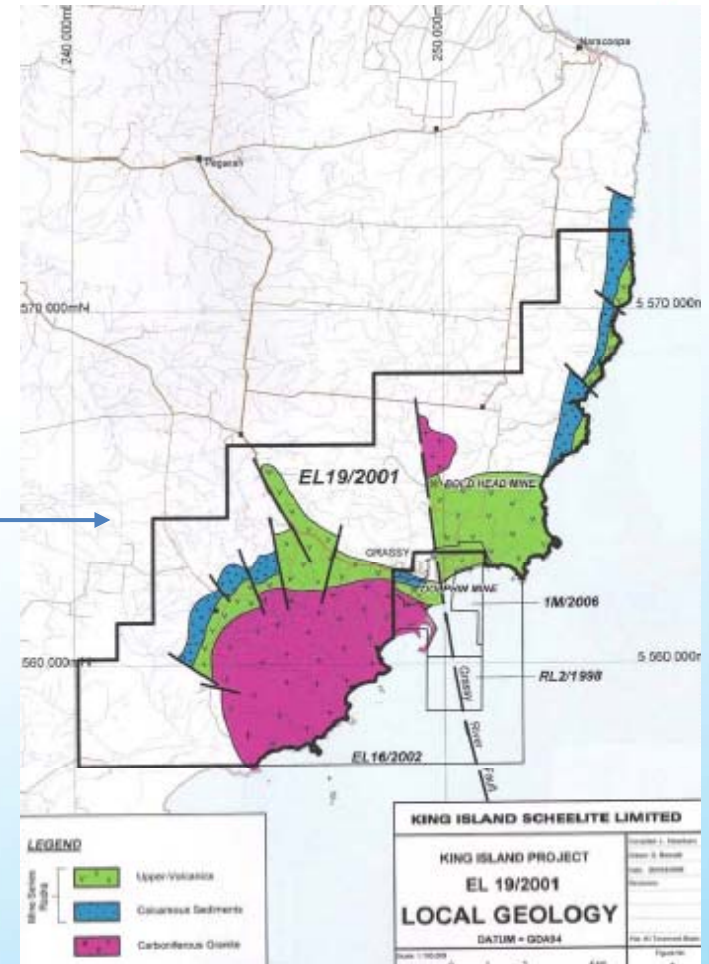
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Dolphin Project



- The project is located on King Island, off the coast of Tasmania.
- Tenements are 100% owned by KIS and in good standing.
- Strong local support to restart mining operations.
- Development approvals to be upgraded to reflect new plan.
- Access to existing infrastructure: port, water, camp, roads etc.



Staged development plan



- Confirm additional resource.
- De-risk project development.
- Commence production within 18 months.

Stage	Goal	Activities	Timing	Funding Required
1	<ul style="list-style-type: none"> • Increase high grade resource • Evaluate project tailings 	<ul style="list-style-type: none"> • Additional drilling at Dolphin South • Completion of Tailings Dam DFS 	Feb 2011 to Dec 2011	A\$3-5 million
2	<ul style="list-style-type: none"> • Develop Tailings Project • De-risk Dolphin Project 	<ul style="list-style-type: none"> • Build the Tailings project • Dewater the Dolphin area 	Jan 2012 to Dec 2012	A\$20-25 million
3	<ul style="list-style-type: none"> • Develop Dolphin & Bold Head U/G mines 	<ul style="list-style-type: none"> • Construct the Dolphin project 	Jan 2013 to Jun 2014	A\$45-50 million
Beyond	<ul style="list-style-type: none"> A. Add further value to the project B. Develop Dolphin South C. Additional exploration 	<ul style="list-style-type: none"> • Consider APT plant • Further drilling and DFS work • Balfour, other targets 		



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Project Overview



	Mine		Mill	Production	Process Description
	Mineable Tonnes	Grade	Recovery	WO ₃ Tonnes	
Tailings	2.8Mt	0.18%	65%	3,229t	<ul style="list-style-type: none"> • Resource estimate to be completed by April 2011. • Recover tailings by water monitoring or dredge at 900,000tpa. • Construct processing facility. • Pre-concentration and flotation used to recover WO₃. • Recovery rate based on sample tests. Further testing required. • Production from mid 2012 at 1,000tpa metal contained.
Bold Head	0.6Mt *	0.72%*	91%	3,892t	<ul style="list-style-type: none"> • Dewater former mines and rehabilitate declines. • Contractor to operate underground mines producing 350,000tpa. • Post-pillar stoping with classified tailings for hydraulic fill. • Construct plant utilising tailings flotation circuit. • Whole-ore-flotation process used to recover WO₃. • Recovery rate based on extensive flotation test work. • Production from early 2015 at 3,600tpa metal contained.
Dolphin	1.63Mt *	1.30%*	91%	19,351t	
Total				26,472t	

* Mineable tonnes and grades are per previous resource and reserve announcements in accordance with JORC Code 2004.

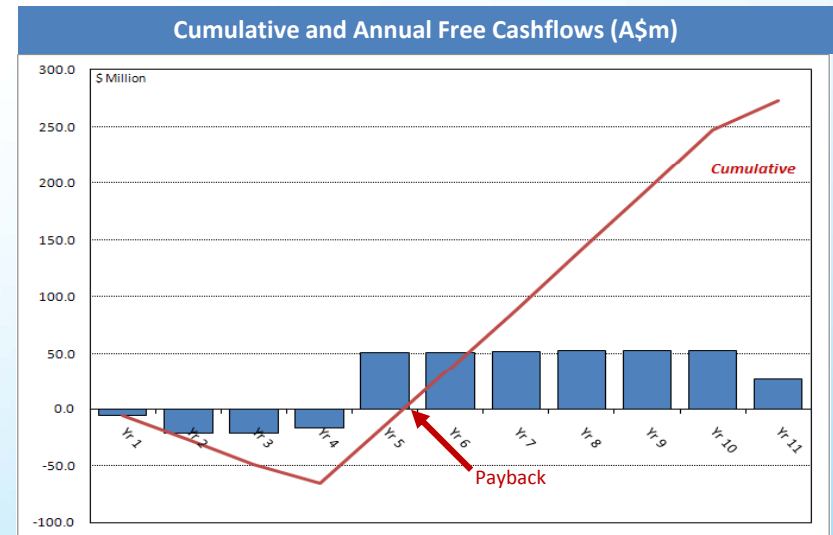
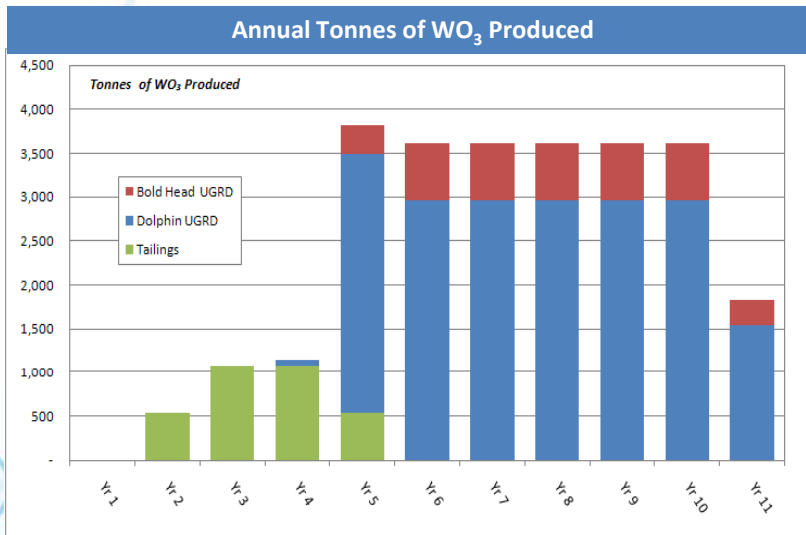


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Set to become major tungsten producer



- Will account for 6% of current global primary production.
 - To become largest producing mine outside China.
 - 10 year mine life before additional ore at Dolphin South.
 - Total capital expenditure estimated at \$117 million.
 - Staged approach means a peak outlay of \$65 million.
 - Payback after first year's production from Dolphin.
 - Generates free cashflow after capital (before interest & tax) of \$270 million.
- See Appendices for comparison with current and potential (ex-China) producers.



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Significant value and upside



Base Project (based on current prices)

	Measure	
WO ₃ contained in 65% concentrate	mtu	2,647,000
Price (at Feb 2011)	per mtu	USD 270
Foreign exchange rate	AUD:USD	1.00
Total revenue	AUD	\$715 million
Net cashflow (before tax & interest)	AUD	\$270 million
Peak cash outlay	AUD	\$65 million
IRR		35%



A\$79m

Upside

Dolphin South

Independent geologist reports indicate potential for substantial additional tonnes down-plunge (no drilling since 1980's).

> \$40 million free cashflow for every additional year of mine life

APT Plant

Potential value uplift of 25% on WO₃ if sold as APT.

> \$40 margin/ mtu of WO₃ with outlay of \$20-25 million for APT plant



A\$?



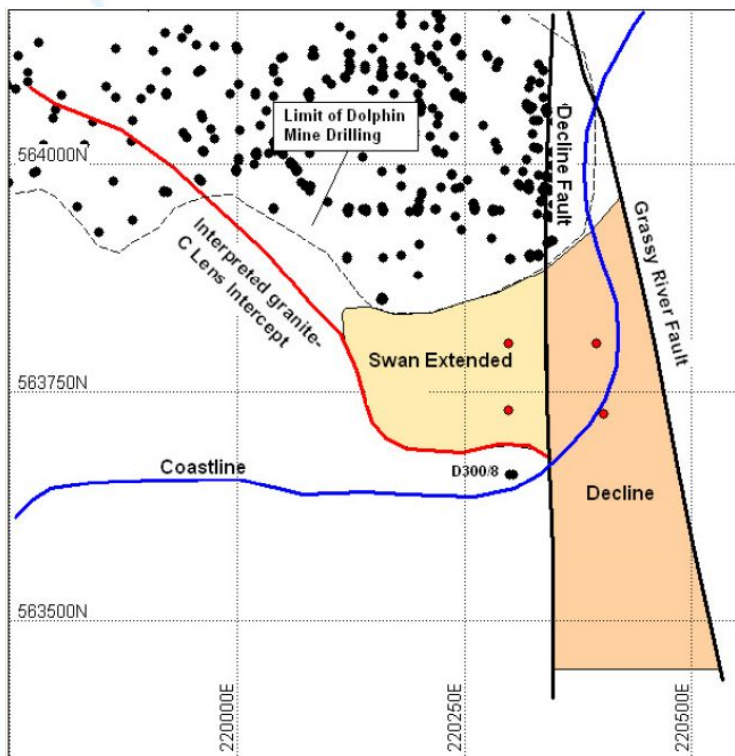
A\$?



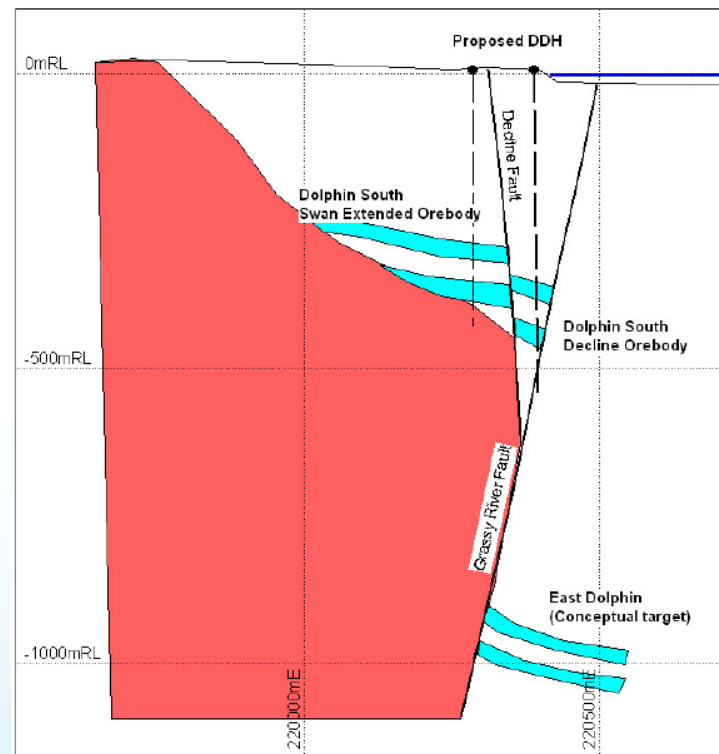
Dolphin South exploration potential



Planned initial 2,000 metre drilling program.
Plan view of Dolphin South area.



Cross section at 563800N



- The Swan Extended area is separated from mine workings by a fault on the northern boundary.
- Mineralisation has been demonstrated in several holes drilled from the former mine workings.

- Mineralisation has long been thought to exist between the Grassy River and Decline faults.
- Rio Tinto planned to develop an exploration drive on the -260RL level. Low tungsten prices in the early 1980's halted further exploration.



Dolphin South exploration potential



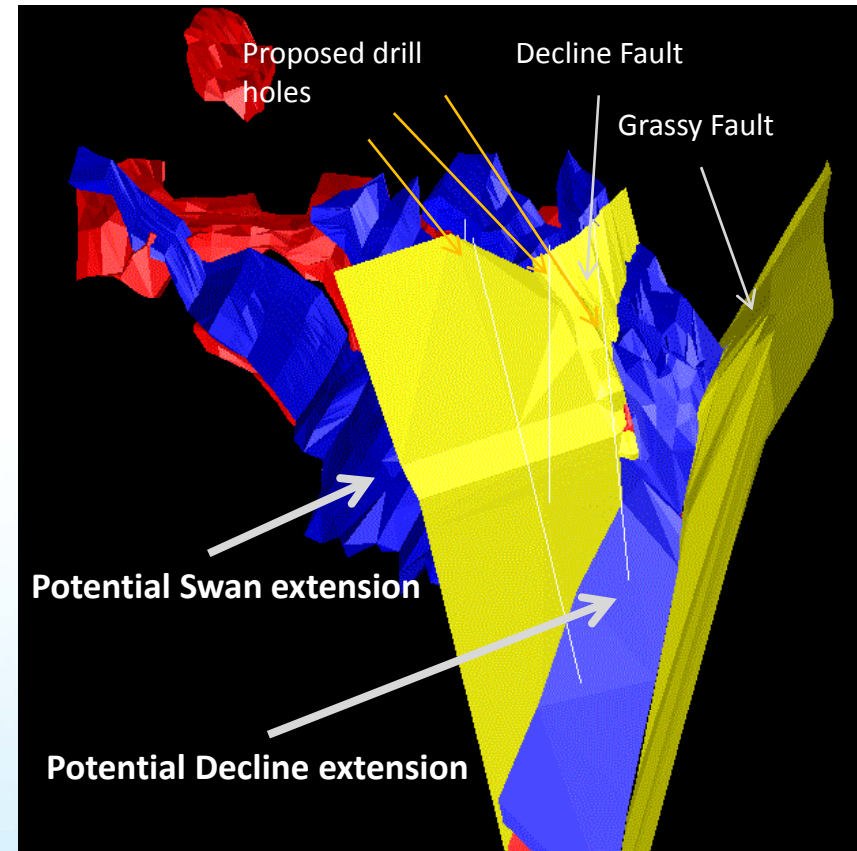
- “C” lens has been the major source of ore in past operations.
- The grade of “C” lens increased with depth.
- Positions of Grassy and Decline faults diverge to the south providing scope for increased tonnages of “C” lens.

Faults are shown in YELLOW

“B” lens mineralisation shown in BLUE

“C” lens mineralisation shown in RED

3D representation of Decline position



Highlights



- ★ Demand for Tungsten increasing
- ★ Tungsten supply constrained
- ★ One of the highest grade Tungsten projects in the world
- ★ Short term production target
- ★ No political / country risk
- ★ Project NPV indicates potential for significant increase in KIS market cap
- ★ Multiple opportunities for project enhancement and extension





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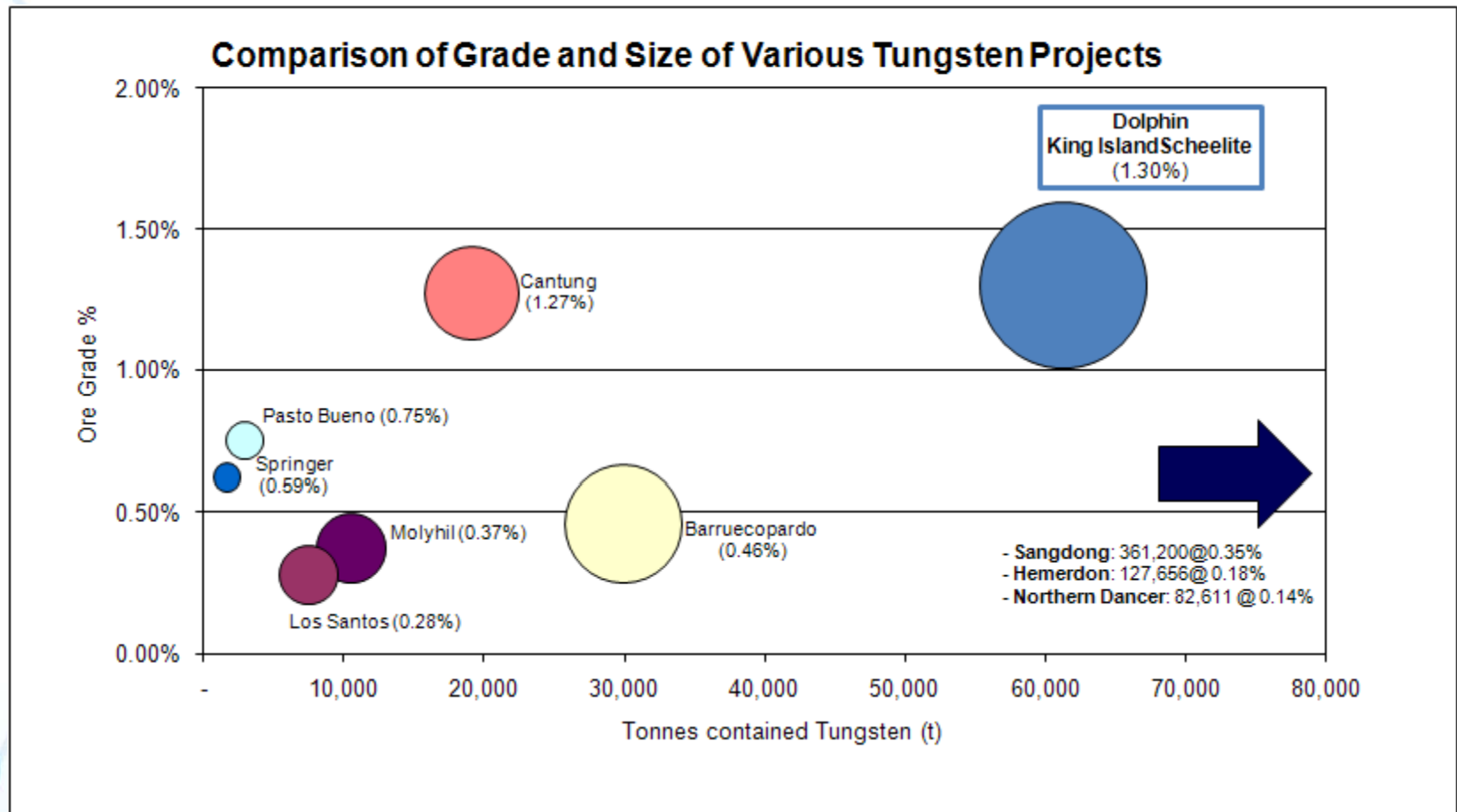
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Appendix 1: Project Comparison



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Appendix 2: Re-emerging producers



Current & potential producers	Project information		
Current producers (ex-China)	Cantung Mittersill Panasqueira Los Santos Pasto Bueno	2,900tpa 1,200tpa 1,000tpa 900tpa 900tpa	(off-line 2009-10) (off-line 2004-07) (off-line 2009/10)
	King Island - Dolphin	3,600 tpa 6.4 Mt @ 1.21% WO₃	(commencing 2015) Resource
Potential producers (ex-China)			
➤ Australia	O’Callaghans	59Mt @ 0.29% WO₃	Resource (Indicated)
	Big Hill	9.5Mt @ 0.16% WO₃	“
➤ Canada	Mactung	33Mt @ 0.88% WO₃	“
➤ Korea	Sangdong	103Mt @ 0.35% WO₃	“
➤ Spain	Barruecopardo	6.5 Mt @ 0.46% WO₃	“
➤ United Kingdom	Hemerdon Ball	71Mt @ 0.18% WO₃	“
➤ Vietnam	Nui Phao	56Mt @ 0.2% WO₃	Reserve

