

7th June 2011

KING ISLAND
SCHEELITE



DRILL RIG MOBILISED AT DOLPHIN SOUTH

Exploration activity and plans to re-establishing underground operations and re-treating of tailings at the Dolphin Project are progressing on several fronts.

EXPLORATION DRILLING

A drill rig has been mobilised and commenced drilling at Dolphin South today. The drilling is designed to demonstrate extended mineralisation beyond the former underground workings at Dolphin. This initial programme will comprise four 500 metre holes for a total initial drill program of 2,000m.

UPDATED FEASIBILITY STUDY

The underground mine plan is currently being revised using the more effective mining method of paste fill instead of post pillar to improve mining recovery rates. Results of this work are expected to be available later this month.

A further review of cut-off grades for the underground mine is being undertaken, these results and an associated production schedule are expected to be available in July.

An engineering firm has been appointed to update the mill design, cost and construction programme. The team is assessing the potential to bring forward the schedule for processing primary ore, which will determine the window available for tailings retreatment and fast-track larger scale production at the Dolphin mine.

TAILINGS REVIEW

A total of 1,200 samples has now been prepared and analysed at the Burnie Laboratory, with results for a resource estimate anticipated later this month.

Several test pits (down to 6m) have been excavated in the tailings dam to confirm the preferred dry recovery method.

Samples have been delivered to China and Canada for metallurgical tests and further analysis, and a flow sheet to process these tailings is anticipated by the end of July.

PERMITTING AND ISLAND ACTIVITIES

Submissions to amend the current development and environmental approvals are well advanced in collaboration with the King Island Council, Environmental Protection Authority and Mineral Resources Tasmania for the tailings and underground operations.

A range of other activities on the island associated with land, housing, project office and site preparation are well advanced utilising a number of local resources.

TUNGSTEN MARKET

Tungsten prices remain strong with APT trading at US\$480/mtu and 65% concentrate at US\$360/ mtu. Our current feasibility model assumes US\$270/mtu for concentrate which will be reviewed once a report from an independent market analyst is received later this month.

Over coming months we look forward to providing the market with updates on our drilling programme, underground mine plans and tailings.

For further information, please contact:

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