



9th August 2011

33% INCREASE IN DOLPHIN PROJECT UNDERGROUND RESERVE ESTIMATE

King Island Scheelite Limited is pleased to announce a reserve estimate that substantially increases the life of the Dolphin mine while maintaining average tungsten grades above 1% WO₃ (tungsten tri-oxide). The revised estimate was based on a review of current operating and market conditions and an improved mining method. This method involves a combination of cut and fill bench stoping utilising paste fill to provide improved recoveries and a more stable work environment. While some areas have been removed because deemed impractical to extract safely, the revised estimate reflects a 33% increase in the volume of metal to be mined from the Dolphin underground.

The revised ore reserve estimate contains a total of **2,687,000 tonnes at 1.04% WO₃ resulting in 2,806,000 metric tonne units (mtu = 10 kilograms).**

This represents a substantial increase from the previous estimate undertaken in April 2010 which contained 1,630,000 tonnes at 1.30% WO₃ resulting in 2,115,000 metric tonne units.

The additional reserve extends the expected mine life of the Dolphin underground mine by more than three years taking the overall mine life beyond 13 years. The current drilling programme at Dolphin South is designed to further extend this mine life with additional high grade ore.

The feasibility study is currently being updated to incorporate this increased reserve estimate along with re-treatment of tailings in a staged development plan as previously announced.

An Ore Reserve Statement report has been prepared by A.D.Fudge, which provides more details on the calculations and long projections that form the basis of this revised estimate for the proposed underground mine at Dolphin.

For further information, please contact:

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Explanatory Notes for Resource Statement: Competent Person and JORC Code

This review 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 this review in the form and context in which it appears.

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