



16th September 2011

DOLPHIN PROJECT EXPLORATION DRILLING UPDATE

This diamond drilling programme is testing extensions to the high-grade Dolphin scheelite ore body that could substantially increase mine life beyond the current 12 year plan producing 31,835 tonnes of tungsten tri-oxide (WO₃).

This programme targets two areas of mineralisation:

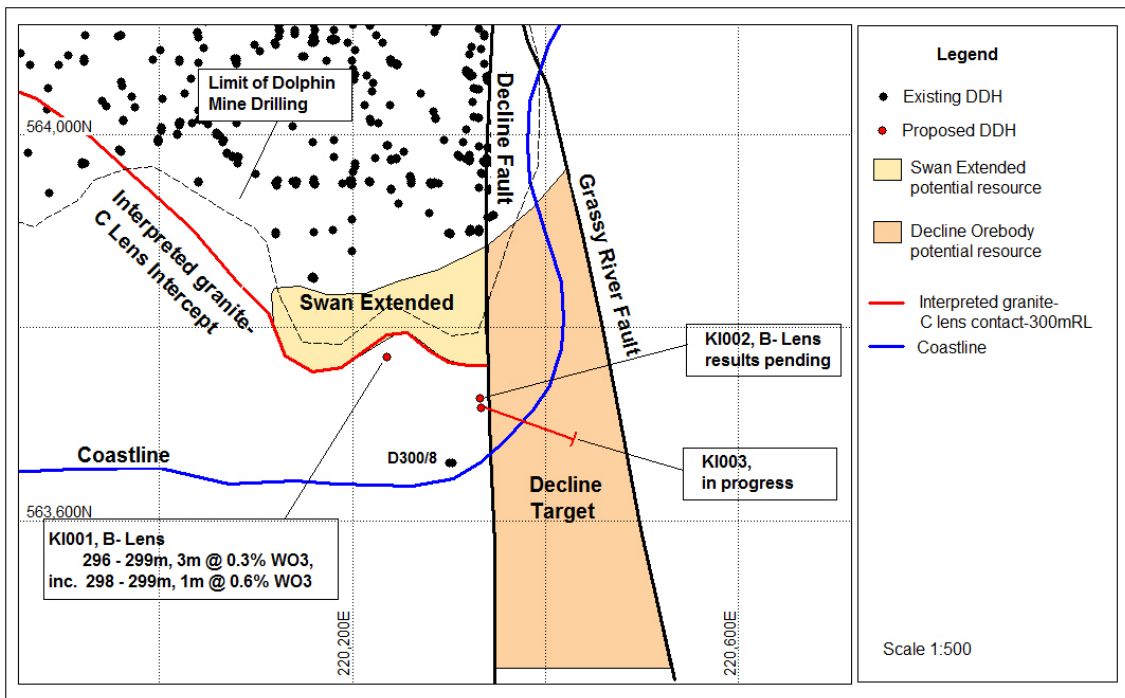
- 1) Swan Extended - with two drill holes (KI001 and KI002) now completed; and
- 2) Decline - to test for mineralised mine sequence between the Decline and Grassy River Faults with one drill hole (KI003) currently underway.

KI001 intersected B-Lens mineralisation between 290.5 and 319.0m. The carbonate was moderately metasomatised, particularly near the contacts forming a pyroxene-garnet assemblage with sporadic low grade scheelite (tungsten) mineralisation. Best intersections include 298.0 – 299.0 1.0m @ 0.6% WO₃ from a larger zone between 296.0 – 299.0 containing 3m @ 0.3% WO₃. Collar and intersection details are located in Table 1.

KI002 intersected B-lens between 338.2 and 352m downhole. Metasomatised garnet-pyroxene skarn was intersected on the margins of B-lens and ultra violet light lamping of the core indicates the presence of florescent scheelite mineralisation. Analytical results are pending. Collar details are in Table 1.

Both drill holes intercepted B Lens but not C-Lens mineralisation which has been cut out by the granite intrusion (Figures 2-3). Historic underground drill hole D160/22 intersected mineralised C-Lens 75m NW of KI001. Historic underground drill hole D300/5 intersected mineralised C-Lens 80m east indicating the presence of discontinuous C-Lens in the Swan Extended area. Results from the current drilling program suggest the resource potential in the Swan Extended area is limited by the discontinuities in the C-lens.

KI003 drilling commenced on 14th September 2011.



For personal use only

Figure 1. Dolphin South Drill Plan.

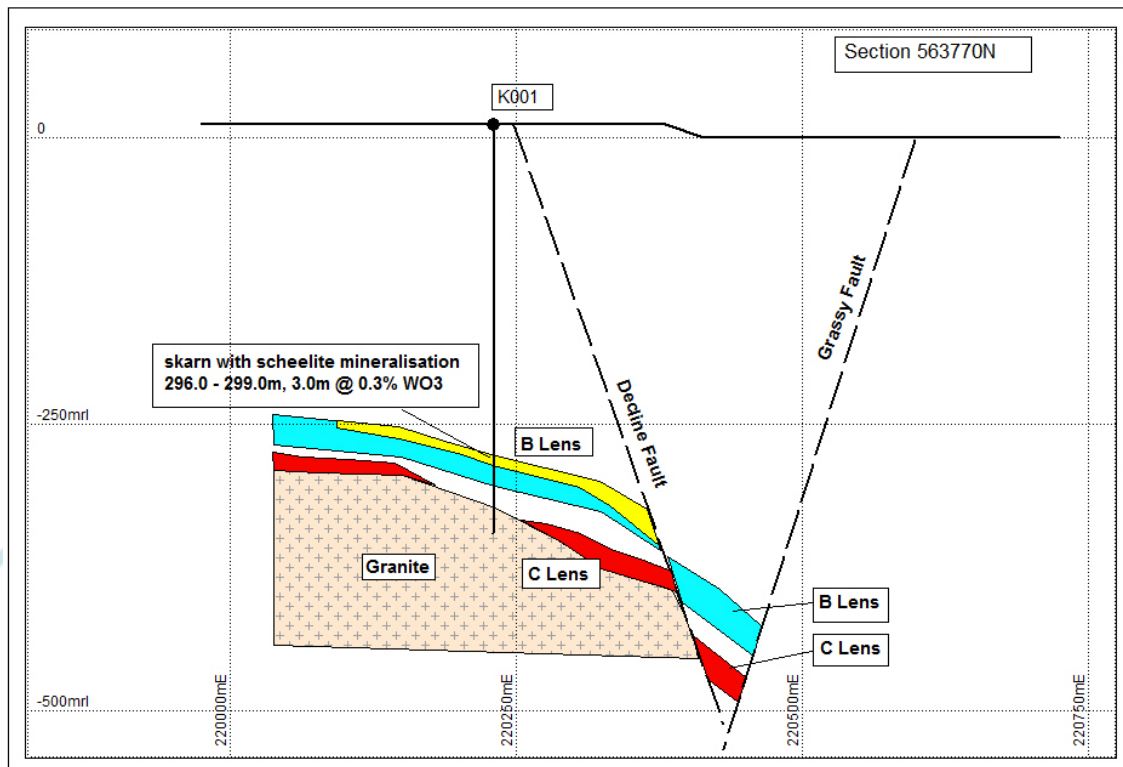


Figure 2. Section 563770N

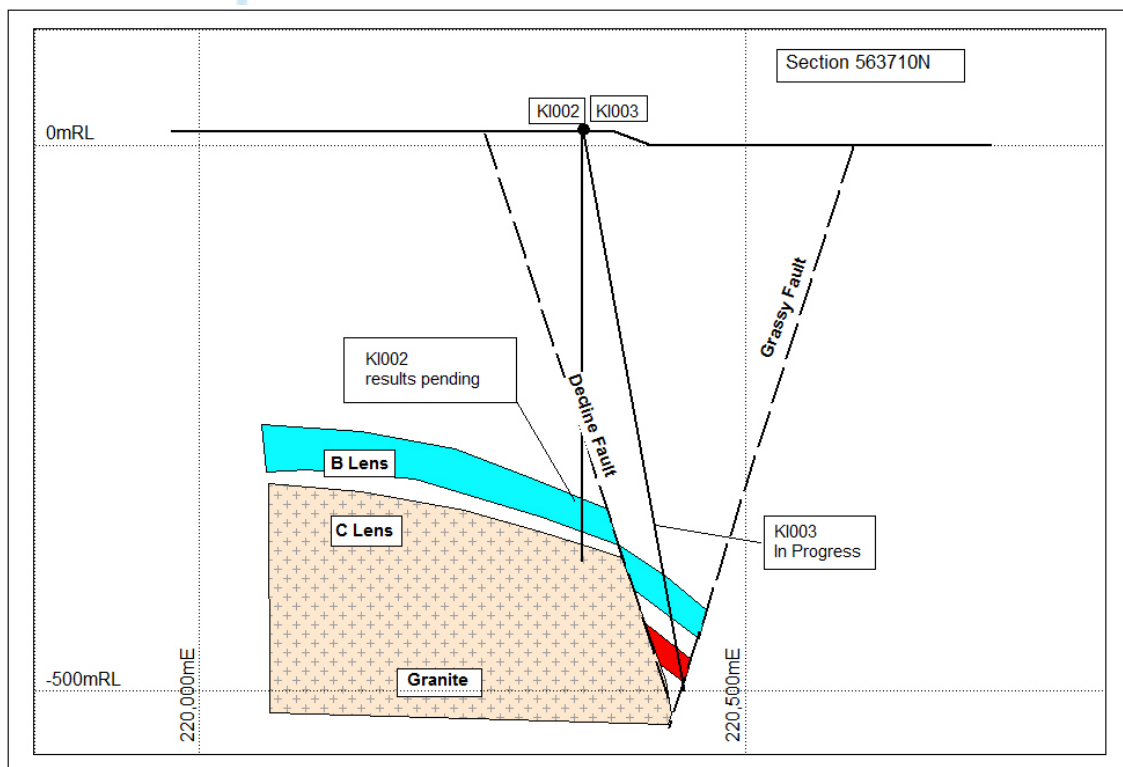


Figure 3. Section 563710mN

It is pleasing to have completed these two exploratory holes in challenging conditions. The proximity to the coast line and ground conditions encountered certainly made drilling difficult.

The Company remains confident of the potential for additional mineralisation at this world class tungsten deposit and looks forward to providing further updates as new information becomes available.

Simon Bird
Chief Executive Officer
(02) 8622 1400

Competent Persons Statement

The information within this report that relates to Exploration Results is based on information compiled by Mr Tim Callaghan who is a consultant geologist working for King Island Scheelite. Tim is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the styles of mineralisation and types of deposits in consideration to qualify as a competent person according to the 2004 edition of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). He consents to the inclusion of this material in the form and context in which it appears in this report.

Hole id	Collar	Intersection depth m	Length m	WO3 %
KI001	220240mE 563770mN 8mRL Length 336.3m Dip -90 Azm 0	B- Lens 296.0 – 299.0	3.0	0.3
		Inc. 298.0 – 299.0	1.0	0.6
KI002	220350mE 563730mN 8mRL Length 379.4m Dip -90 Azm 0	B – Lens Results pending		
KI003	220350mE 563730mN 8mRL Length 379.4m Dip -80 Azm 110	In Progress		