

31 October 2008

**King Island Scheelite Ltd (“KIS”)
King Island Scheelite Mine Redevelopment Project
Report for the Quarter ended 30 September 2008**

King Island Scheelite joint venture agreement with Hunan Nonferrous Metals Corp (“HNC”)

On the 3rd of September KIS announced that HNC had received the final approvals necessary for it to participate in the re-development of the Project. Consequently, the Dolphin Joint Venture (DJV) was formed, with KIS and HNC as equal partners. A subsidiary of KIS, Scheelite Management Pty Ltd, will manage the construction and operation of the Project on behalf of the DJV.

Planning work for the redevelopment of the Project will commence in October.

Issue of Shares

On the 16th of September KIS issued 4,450,000 ordinary fully paid shares to HNC at a price of \$1.00 per share, which at the time of issue represented approximately 10% of the issued capital of KIS. Concurrently, the Board of KIS appointed Mr Zeng Shao Xiong to the Board as a non-executive director, and Mr Fan Xue Qiang was appointed as his alternate.

On the 17th of September KIS issued a total of 16,000,000 ordinary fully paid shares to parties associated with the two original shareholders in Australian Tungsten Pty Ltd. This was according to the provisions of the agreement whereby KIS acquired Australian Tungsten Pty Ltd in 2005, and the new shares were issued for no cash consideration upon the conversion of 16,000,000 closing performance shares already issued.

KIS also announced that it was undertaking a Share Purchase Plan (SPP) in August. The SPP closed in September, and 908,757 ordinary fully paid shares were issued at a price of 30.7 cents per share.

Following these transactions, KIS has 61,373,758 ordinary, fully paid shares quoted on the ASX, and the top 10 shareholders in KIS are:

	Shares Held	Percentage Of Issued Capital
Catherine Morritt	13,555,000	22.1%
Robyn Gibson	9,792,940	16.0%
Abex Resources Australia Pty Ltd	4,990,962	8.1%
Hunan Nonferrous Metals Corporation Ltd	4,450,000	7.3%
The Glen Rural Pty Ltd	3,994,504	6.5%
ANZ Nominees Limited	3,487,134	5.7%
Chrysalis Investments Pty Ltd	2,249,922	3.7%
Invia Custodian Pty Ltd	1,249,250	2.0%
Serlett Pty Ltd	965,208	1.6%
Chris Ellis Coal Services Pty Ltd	932,775	1.5%

Exploration Activities

The joint venture is likely to place a drill rig on site during the 4th quarter of 2008, with a programme of work mapped out to review and investigate a number of identified targets on tenements held by the JV, as well as continuing work on confirming geotechnical parameters for the pit. This programme is expected to take two to three months.

Tungsten Market

During the quarter tungsten concentrates were trading in US dollar terms at levels in the mid US\$190's per metric tonne unit (1 mtu = 10kg), with the Australian dollar trading at a lower average of 89 cents.

Outlook

KIS and HNC will commence detailed planning for the re-development of the Project in October. It is anticipated that the Project will move towards full engineering design and the procurement of key, long lead time items in 2009. KIS's expectation from earlier design work was that the total construction phase would take approximately 21 months, with the duration ultimately being dependent upon the delivery of long lead time items, such as the rod mill and crusher.

For additional information about King Island Scheelite please visit the company's website – www.kingislandscheelite.com.au

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