



# GTN RESOURCES LIMITED

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## Quarterly Activities Report for the Period Ending 30 June 2005

### CORPORATE

GTN acquired 100% of Australian Tungsten Pty Ltd, owner of the King Island Scheelite mine retention leases and mine redevelopment project on 31 May 2005.

Consideration for the acquisition of Australian Tungsten Pty Ltd was 11 million fully paid ordinary GTN shares, taking the issued capital of GTN to 30,689,713 fully paid ordinary shares. The vendors of ATPL were also issued with 16 million Converting Performance Shares that convert into fully paid ordinary shares on achievement of certain milestones.

### KING ISLAND SCHEELITE MINE REDEVELOPMENT

GTN expects that a Bankable Feasibility Study will be complete by the end of 2005. Mine development is scheduled to commence in the first half of 2006 with first production of tungsten concentrate expected late in 2006 or early 2007. The Bankable Feasibility Study will include a detailed Development Proposal and Environmental Management Plan (DPMP). The company will also work closely with the King Island community to ensure that the impacts of the mine development are positive for the island.

#### *Geology and Drilling Programme*

The drilling program to confirm mineralisation tonnes and grade estimates and drilling commenced in late May. Nine fully cored holes totalling approximately 900 m. have been completed to date. Rate of progress has been slower than expected due to some drilling problems that have been experienced in major fault zones, and to a lesser extent by the former overburden dump material covering this area (which can be up to 25 m. thick). One objective of the drilling program is to establish whether or not additional lower grade material may exist within the open pit mine envelope that can be processed through the mill.

Preliminary assay results have been received and these are in the process of being independently verified. The significance of the drill-holes cannot be established definitively until the results are verified, the logs compiled, and the geological interpretations have been completed. However, preliminary indications are confirming that there is some lower grade material present within the open pit mine envelope in addition to the higher grade mineralization (4.1 million tonnes grading 0.913% WO<sub>3</sub>) that formed the basis for the open pit design in the Pre-Feasibility Study. Detailed results will be reported when preliminary assays are confirmed.

#### *Exploration expenditure*

GTN incurred exploration expenditure of \$343,374 during June 2005.

### SALE OF REMAINING SAPPHIRE ASSETS

During the quarter, mining at a limited level continued at Weean (50% GTN) with a total of 2,200 bcm of wash being treated to yield a total of 67kg of corundum. After the completion of the sale of Weean no production was attributable to GTN.

The sale of the Weean mining operations completes the sale of GTN's remaining sapphire assets, apart from the undeveloped Yaradoo sapphire deposit at Inverell which remains an asset of the company.

For further information, please contact: Ray Soper - Chairman Tel: 02 9250 0111