



15 November 2005

Company Announcements
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Following is the Chairman's Address to be read at the Annual General Meeting of King Island Scheelite Limited to be held at 2pm today:

"Good afternoon. Welcome to the Annual General Meeting of King Island Scheelite Ltd (formerly GTN Resources Limited).

I felt it appropriate to make a few comments about the company, and progress with the King Island Scheelite project.

A lot has happened since the last Annual General Meeting of the company. As you may recall, we had taken a decision to exit the sapphire business due to depletion of resources, and an adverse market environment for sapphires.

At the time of the last AGM we were evaluating the King Island Scheelite project under an option agreement with the vendors. We were in the midst of preparing a Pre-Feasibility Study, the completion of which was consideration for the option agreement. As you are aware, the Pre-Feasibility Study demonstrated that re-development of the King Island Scheelite mine by an open cut mine appeared to be the best development option, and offered potential for a low-cost and profitable scheelite mine.

Following the positive result of the Pre-Feasibility, your board took a decision to exercise the option to acquire the King Island Scheelite project. Shareholder approval was obtained at a General Meeting of the company on 24 May 2005.

Following the completion of the acquisition, the company embarked on a fullscale Bankable Feasibility Study (BFS) that involved a drilling program, metallurgical test program, detailed mine design, geotechnical program, infrastructure support, product marketing, permitting and the other issues needing to be addressed ahead of a decision to proceed with mine development. The BFS is well advanced and the Draft Feasibility Study is scheduled for completion by the end of the current calendar year. The Final Feasibility Study is expected to be complete in March next year, and debt and equity funding is expected to be in place by the end of June with project construction commencing shortly after.

In keeping with the changed status of the company and the focus on the King Island Scheelite project, we thought it fitting to change the name of the company to King Island Scheelite Ltd. Older shareholders may recall that the company that operated the King Island Scheelite mine for many years was called King Island Scheelite Ltd, and later, following a reconstruction, King Island Scheelite (1947) Ltd. That company was taken over by Peko Wallsend in the 1970s, which in turn was taken over by North Ltd, which in turn was taken over by Rio Tinto in 1999.

Detailed reports on progress are contained in our quarterly reports, and we refer shareholders to those reports rather than repeat the detail here. Shareholders can also find information on the company on the newly established website at www.kingislandscheelite.com.au.

We indicated in our September 2005 quarterly report that the Company had remaining funds at 30 September 2005 of \$1,575,000 and commitments for the December 2005 quarter of \$1,408,000. The Board is currently

addressing the raising of funds to carry the Company through to Financial Close currently scheduled for 30 June 2005.

It is worth making some comments about the market for tungsten and scheelite. Tungsten is a hard metal, the main uses for which are light bulb filaments, hard metal inserts (as tungsten carbide) on cutting tools of various kinds, and more recently the movement towards "green" tungsten bullets replacing lead bullets. Tungsten is also used in certain steel alloys, notably cutting tools. Scheelite (CaWO_4) is one of the two main ores of tungsten (the other is wolframite).

The markets for tungsten are relatively small at around 56,700 tonnes in 2004. The strongest area of demand growth is internal Chinese demand which is growing at an annual rate of around 15% year.

Since the early 1980s, the main supply source has been China which accounts for around 85% of new tungsten supply. Over the past ten years or so, there has been a deficit between mine supply and demand which has been satisfied by releases from Russian and USA strategic stockpiles. The Russian stockpile is now reported to be depleted.

Most of the smaller high grade Chinese deposits have now been depleted, and production increasingly comes from large tonnage but low-grade deposits. China has announced that while it can maintain output at current levels for an estimated ten years or so, it is unlikely to be able to increase production. At the same time, the strongly growing internal Chinese demand is raising concerns about China's capacity to keep supplying western markets, leading to renewed demand for metal from western supply sources.

The result of these supply/demand pressures working out has been that, along with other commodities such as molybdenum, the tungsten price has increased sharply over the past year or so. At the time GTN entered into the option agreement to acquire the King Island project in August 2004, the scheelite price was US\$62.50 per metric tonne unit ("mtu", or 1/100 of 1 metric tonne or 10 kg). At the time of the shareholder meeting on 24 May 2005, the price had soared to US\$240 per mtu. The price retreated during the northern summer lull to a low of US\$138 per mtu, but has since recovered to US\$212.50 per mtu.

The real issue for our company is what long term sustainable price we can expect for the planned ten year life of the Stage 1 open pit mine. Our analysis and market soundings suggest that prices are unlikely to return to the US\$40 to US\$80 per mtu range that prevailed from 1985 to 2004. The best view we have been able to establish is that prices going forward should average in the range US\$100 to US\$120 per mtu. We are anticipating commencement of sales in mid 2007. Hopefully the current high prices will persist until then. However, even if, as seems likely, prices retreat to the US\$100 to US\$120 range, the project appears likely to be able to offer robust returns to shareholders.

I would like to comment on the excellent team that we have been able to bring together to assist with the project. As shareholders will know, the current resource sector boom is placing considerable pressure on the industry, with good people in particular proving hard to attract. We have been fortunate in retaining the services of Rob Yeates as Project Manager. He is assisted by Lindsay Newnham (geology), Brian Speechly (mine design), Bill Holly (mining engineering), Kevin Rosengren (geotechnical), John McCambridge (environmental and permitting), and Terry Weston (metallurgical). Frank Metcalf has been retained to help us complete the BFS documentation. We have also retained Australian Mining Consultants (geology, resources and reserves), SEMF (engineering and infrastructure, Keith Dodd & Associates (plant design), and SGS Lakefield (metallurgical testing).

We have received helpful support from the King Island Council and the island community, including residents of Grassy – the town adjacent to the mine. We have also been grateful for the support of the Tasmanian Government in advancing the project.

I would like to acknowledge the sterling contributions of Kerry Heywood and Company Secretary Nigel Jones and all of the people who contributed to the company in its sapphire mining years. Finally I would like to acknowledge the support of my fellow directors Tony Haggarty and Robin Morrith, and newly appointed Company Secretary Ian Morgan. "

Yours sincerely

Ray Soper
Chairman