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GTN APPROVES ACQUISITION OF AUSTRALIAN TUNGSTEN

A General Meeting of GTN shareholders today approved the acquisition of 100% of Australian Tungsten Pty Ltd, (ATPL) the owner of the King Island scheelite mine.

ATPL director Robin Morrirt will be appointed to the GTN board which now comprises Ray Soper (Chairman), Tony Haggarty, Kerry Heywood and Robin Morrirt.

GTN will acquire ATPL by the issue of 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 will also be issued with 16 million Converting Performance Shares that convert into fully paid ordinary shares on achievement of certain milestones.

As previously reported, GTN has completed a Pre-Feasibility Study that concluded that, with modern mining and processing practices, re-development of the King Island scheelite mine is an attractive investment opportunity.

GTN plans to develop an open pit mine that will recover remnant high grade material and lower grade material that was not economic to recover from the underground mine.

The Pre-Feasibility study estimated that the open pit mine could recover 4.1 million tonnes of material which is expected to yield approximately 3,000 tonnes per year of tungsten trioxide (WO_3) over a projected 10 year mine life. The preliminary pit design indicates that approximately 3 cubic metres of waste must be removed to recover each tonne of tungsten bearing material. Capital cost for this mine and plant development was estimated to be A\$25 million.

The company has planned a drilling program to confirm these estimates and drilling is expected to commence within a week. There are indications that this drilling program may also establish the presence of additional lower grade material that can be recovered from the open pit mine.

Australian Mining Consultants (AMC) has been engaged to prepare a 3D database of the mineralisation and underground mine voids based on the new drilling and some 600 existing drill-holes in the mine area.

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 (DPEMP). 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.

The company has appointed Mr Rob Yeates, an experienced mining engineer and project manager to manage the project.

As part of information provided to GTN shareholders, GTN engaged Resource Equity Consultants Pty Ltd (REC) to prepare an Independent Expert Report on the King Island scheelite project. REC estimated total operating costs of A\$39.50 per tonne of material processed. This results in an estimated cost per tonne of WO₃ sold of A\$5,400.

REC assessed the current fair market value of the project at A\$18.5 million, based on a long term WO₃ price of US\$7,200 per tonne. REC also noted that the value of the project was very sensitive to the life of mine WO₃ price, with each US\$1,000 per tonne increase in price increasing the value of the project by approximately A\$31.4 million.

Tungsten prices have escalated substantially since GTN first negotiated the option to acquire ATPL. In August 2004, the WO₃ price was quoted by Metal Pages at US\$6,000 to US\$6,500 per tonne. On 19 May 2005, the Metal Pages quote was US\$23,500 to US\$24,000 per tonne, some US\$16,000 per tonne above the long term price used by REC for its valuation.

GTN has completed a review of the supply and demand outlook for tungsten. As with many other commodities, there is strong global demand growth for tungsten. Chinese output has dominated tungsten supply over the past 15 years, however declining ore grades in China and rapidly growing internal demand have led to a situation where supplies entering the western markets from China are rapidly declining. There are few western mines able to take up the shortfall, leading to the current tight supply situation.

GTN's review of supply and demand indicates that the sustainable long term price for WO₃ should exceed US\$10,000 per tonne. This review also shows that the redeveloped King Island scheelite project should be well placed on the supply cost curve, being one of the lower cost sources of tungsten on both an operating and capital cost basis.

More information relating to the project is contained in "The Independent Expert's Report on Acquisition of King Island Scheelite Project" which formed part of the Notice of General Meeting and Explanatory Memorandum for today's General Meeting.

For further information, please contact:

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