



10 April 2006

King Island Scheelite Limited JORC Compliant Resource Statement

King Island Scheelite Limited (KIS) has today received a Mineral Resource estimate reported in accordance with the JORC Code for the planned open-pit redevelopment of the King Island Scheelite mine at Grassy, King Island, Tasmania from its consultants AMC Consultants Pty Ltd (AMC). The resource estimate is designed to assess the resource potentially recoverable by planned open pit mining. It comprises remnants from the previous underground operation and other mineralised zones not mined during that operation.

The drill-hole database used for the resource assessment includes information from 593 pre-KIS drill-holes. The core logs and assays for these have been digitised and included in a 3D model of the deposit. Since May 2005, the company has drilled a further 39 core holes to check and confirm key information such as mineralisation boundaries, presence of stopes and pillars, and to recover metallurgical test samples. A further 13 holes have been drilled for geotechnical and groundwater assessment purposes. The drilling program has now been completed, and the rig has left King Island.

AMC has worked closely with KIS's geological consultant "Newnham Exploration and Mining Services" (NEMS) to check, and to the extent possible with the pre-KIS data, verify all of the drill-hole and assay information. AMC has developed a 3D block model of the deposit. Blocks used are 20m in an E-W direction, 10m in a N-S direction, and 6m vertically.

AMC reports a Mineral Resource at a cut-off grade of 0.25% WO₃ down to an RL of 308m below sea level of:

Mineral Resource

Indicated:	13.2 million tonnes @ 0.64% WO ₃
Inferred:	0.2 million tonnes @ 0.35% WO ₃
Total:	13.4 million tonnes @ 0.64% WO₃

These estimates have been classified and reported in accordance with the 2004 JORC Code. While the Mineral Resources have been classified predominantly as Indicated Resources, it is likely that a significant proportion would have been classified as Measured Resources had it not been for uncertainty with respect to the precise location of underground workings and therefore of remnant mineralisation, and incomplete records relating to some of the old drilling data.

Shareholders are advised however, that not all of this material will necessarily be recoverable from the planned open pit mine. Further work is required to finalise capital and operating costs, mill recoveries, final pit slopes and other key parameters before an Ore Reserve can be estimated. AMC has run preliminary Whittle Pit Optimisation studies using preliminary cost and recovery parameters provided by the Company. These studies suggest that between 70%

and 80% of the resource tonnage may be extractable in an open pit at an overall strip ratio around 6.5 to 1.

Because of the preliminary nature of these studies, your Board believes it appropriate to report the full Mineral Resource to 308m below sea level until such time as the optimum open pit shape and depth can be determined.

Finalisation of the Ore Reserves is dependent on completion of the Final Feasibility Study.

These resource numbers do not include the following:

- Mineralised material down-plunge in the main Dolphin deposit below an RL of minus 308m. The presence of well-mineralised material is known in this area from past drilling and mining activities. However, it is not considered that this material can be recovered by open pit mining.
- Mineralised material at the old Bold Head mine some 3km north of the King Island Scheelite mine. Geopeko records from 1990 indicate that there are approximately 1.7 to 1.9 million tonnes of material grading approximately 0.8% to 0.9% WO₃ remaining at Bold Head¹.

The company announced an earlier resource estimate for Dolphin (Investor Presentation, December 2005, released to ASX 14/12/05). The new estimate has been taken to a lower depth than the earlier estimate and includes additional lower grade material that lies within the pit envelope

Shareholders will be aware from our earlier announcements that KIS expected to complete the Final Feasibility Study by end March 2006. However, due to factors beyond our control, primarily related to the current high levels of demand for mining expertise and test facilities, we are not as far progressed on the FFS as we had planned to be. We now expect the Final Feasibility Study to be completed towards the end of the June 2006 quarter.

The information in this report that relates to Mineral Resources is based on information compiled by L A Newnham and R L Webster, who are a Fellow and Member respectively of The Australasian Institute of Mining and Metallurgy. L A Newnham is responsible for the geological interpretation and the collection and validation of data. R L Webster is responsible for Mineral Resource estimation and reporting. L A Newnham is a full-time employee of Newnham Exploration and Mining Services and R L Webster is a full-time employee of AMC Consultants Pty Ltd. Both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which they are undertaking, to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

¹ Reported as a range in accordance with Clause 18 of the 2004 JORC Code. Based on Geopeko internal mineral resource estimates

For further information, please contact:

Ray Soper
Chairman
King Island Scheelite
(02) 9250 0111

Kate Kerrison
Kate Kerrison + Company
Tel: 0413 946 704
(02) 6746 3221
Email: kate@katekerrison.com.au

