

KING ISLAND SCHEELITE



28 June 2006

ASX Announcement

King Island Scheelite Feasibility Study

In the Quarterly Report for the March 2006 Quarter released on 28 April 2006, King Island Scheelite Limited (KIS) announced that the Final Feasibility Study for the re-development of the King Island Scheelite Mine was expected to be completed by the end of June 2006.

While considerable progress has been made during the current quarter, further delays have been experienced, particularly in completing the metallurgical testwork program. The primary cause of this has been logistical issues relating to obtaining adequate large scale samples, and laboratory constraints imposed due to the high levels of demand for mineral processing in the current market.

Discussions are continuing with potential off-takers who are significant players in the tungsten industry. In the course of these discussions, opportunities have been identified to reduce costs across the supply chain from ore to APT (ammonium paratungstate – the most widely traded intermediate material in the tungsten industry). While these opportunities require further test work confirmation, they do appear to offer significant potential to improve metallurgical performance, to reduce operating and capital costs, and to reduce risk. The board has resolved that it is very much in shareholders' interests to pursue these avenues, even though this work could impose a further delay on completion of the Final Feasibility Study.

Further details will be provided in the Quarterly Report for the June 2006 Quarter which will be released before the end of July 2006.

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