

**2004
Annual Report**

Australian Tungsten Pty Ltd

**Joint Annual Report for
EL19/2001 and
RL2/1998**

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Note: Joint reporting for these tenements has been adopted, with permission of MRT, as the anniversary dates are 14 December and 18 December, respectively.

The twelve months to December, 2004 saw substantial progress in commercialising the tungsten resource on King Island. The period was characterised by a rising tungsten price, which has aided Australian Tungsten's efforts.

Directors signed an option agreement with GTN Resources Limited in August 2004. Under the terms of the option GTN is to expend \$250,000 on a pre-feasibility study as consideration for the option. Preliminary results of this study suggest the King Island resource may be amenable to open cut mining, which in turn indicates a lower-risk development proposition than the previous plan to re-enter the flooded underground workings. GTN has yet to exercise the option to acquire Australian Tungsten, however, ATPL directors are confident this will shortly occur.

Upon acquiring ATPL, GTN is expected to begin a detailed feasibility study. The budget for this work program is yet to be finalised, but it will likely include delineation drilling and exploration to test deep targets below the existing resource.

Studies to date have been confined to literature review, re-calculating resources, mine and plant design, tungsten market analysis, financial analyses, visiting potential customers and other related activities. No site exploration work has been conducted.

Total expenditure for EL19/2001 and RL 2/1998 for the period under review, including directors' time at a nominal rate, was \$81,500.

Peter Gibson
Director
Australian Tungsten Pty Ltd
10 November 2004