

## **Annual Report**

### **Australian Tungsten Pty Ltd**

#### **Annual Report for EL16/2002**

The twelve months to May, 2005 saw excellent progress in commercialising the tungsten (scheelite) resource on King Island. The period was characterised by strongly rising tungsten prices which has aided Australian Tungsten's efforts. EL 16/2002 covers the postulated seaward extensions of the tungsten resource at Grassy.

The company is awaiting the approval of shareholders of GTN Resources Limited (GTN), an ASX-listed company, to complete the acquisition of ATPL by GTN. GTN and the shareholders and directors of ATPL have signed an agreement whereby GTN will acquire ATPL and only GTN shareholder approval is now required to finalise this transaction. GTN has completed a positive pre-feasibility study on the King Island scheelite project and recently began a bankable feasibility study on re-developing the scheelite mine as an open cut. This study is expected to require up to twelve months to complete.

The company has made good progress in discussions with tungsten consumers and is confident it will finalise the marketing arrangements prior to the completion of the BFS. This will assist with financing arrangements (assuming the feasibility study produces a positive result) and could allow the mine to enter production in early calendar 2007.

Drill testing of the postulated deep extensions of the Dolphin orebody, which may extend into EL 16/2002, will be conducted in a sequential fashion subject to positive drilling and feasibility results on the shallower sections of the orebody (which will be mined first).

Site activities for EL16/2002 have been limited due to the nature of the tenement (it is located entirely under the Bass Strait). Exploration work to date has consisted of data and literature reviews by ATPL/GTN and its consultants. A possible re-interpretation of the offshore location of the major Grassy River Fault is being considered based on a consultants review of aero-magnetic data. This re-interpretation will require further study and although no decision has been made, it is likely that additional detailed aero-magnetic and gravity surveys will be required before drilling targets can be defined.

Total expenditure for EL16/2002 for the period under review, including directors' time at a nominal rate, was \$13,000.

Peter Gibson  
Director  
Australian Tungsten Pty Ltd  
2 May 2005