



Partial Relinquishment Report – EL 19/2001

1. Summary

Australian Tungsten Pty Ltd (ATPL) holds EL 19/2001, granted for the exploration for industrial and metallic minerals. This EL, which is located on the south east corner of King Island, is adjacent to RL 2/1998, which is both the site of the previous scheelite mining operations as well as the site of King Island Scheelite Ltd's (KIS) proposed scheelite redevelopment project.

ATPL applied in 2006 to surrender approximately 25 sq km of this EL. This land is located on the north and west boundaries of the EL. The scheelite mineralization is controlled by a granite intrusion and the presence of the Grassy River fault. Both of these structures occur in the south and east of the area.

Consequently, it is interpreted that economic mineralisation is unlikely in the areas to be surrendered.

2. Tenure

EL 19/2001 is held by Australian Tungsten Pty Ltd, a wholly owned subsidiary of King Island Scheelite Ltd. The licence was granted on 14 December 2001 for the exploration of industrial and metallic minerals.

The tenement is located in the south east corner of King Island (fig 2).

Application was made in November 2006 to surrender part of the licence. This amount totaled 25 sq km, which has the effect of reducing the area to 66 sq km.

See fig 1 which shows that area shaded in red that covers that surrender application.

3. Exploration Objectives

The Dolphin mine, which is located in the adjacent RL 2/1998, has been successfully, although intermittently, mined for scheelite ore since 1917. These operations, which were a mixture of open pit and underground operations, produced approximately 9.7 mt of ore grading 0.65% WO₃. In addition, approximately 2.5 mt of ore were extracted from the Bold Head mine that is located approximately 3 km to the north of the existing Dolphin pit.

The prolonged period of low tungsten prices forced the closure of the mine in 1990, whereupon all infrastructure was removed.

Following the recovery of tungsten prices this decade, KIS has completed a feasibility study and intends to reopen the Dolphin mine as an open cut operation. There is some possibility that the Bold Head mine may be reopened at some point in the future. KIS also believes that there is significant potential for the discovery of additional resources in both EL 19/2001 and EL 16/2002, both of which are held by ATPL.

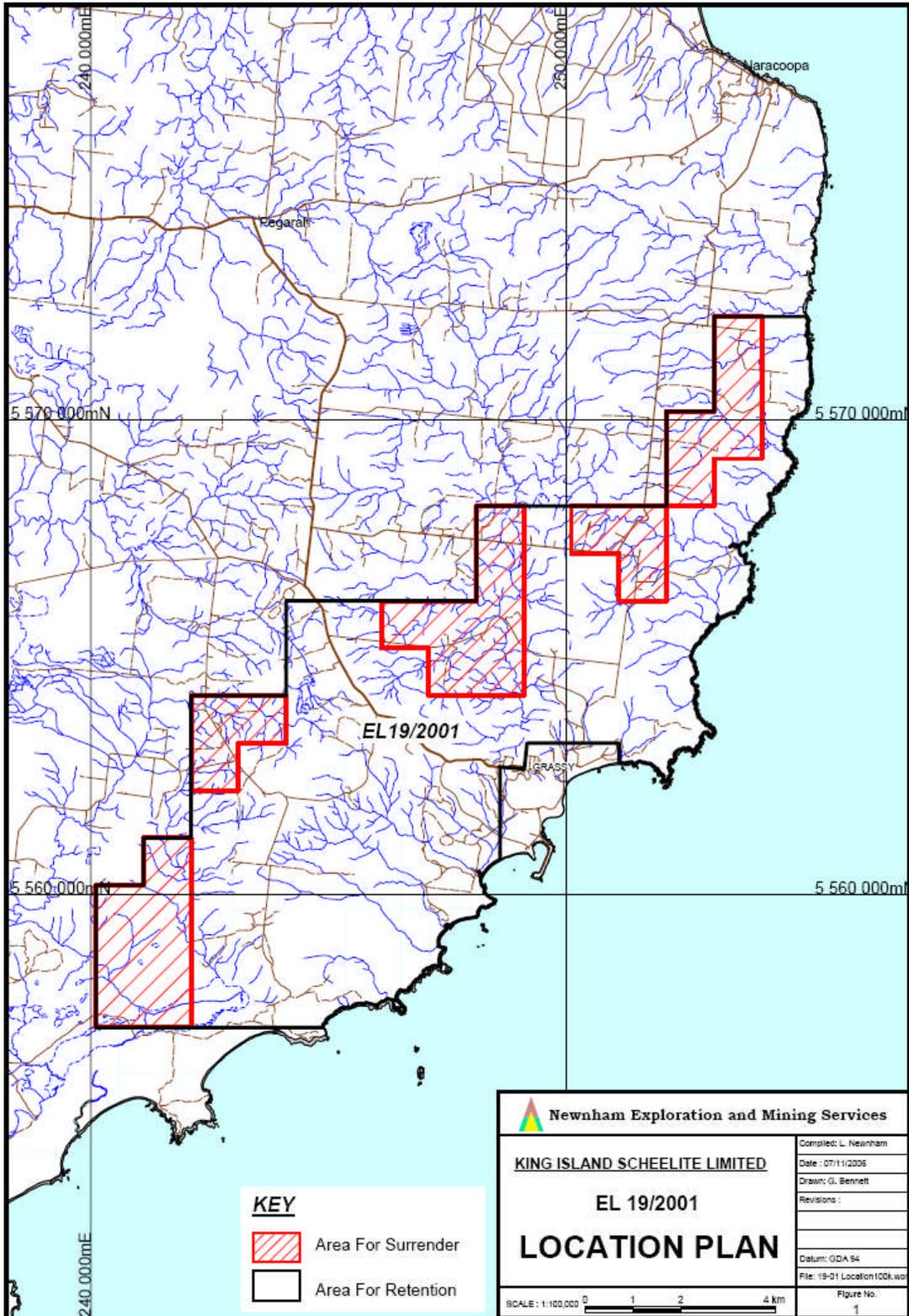
The Grassy area is underlain by a sequence of NeoProterozoic – Lower Cambrian sediments which is a younger sequence than that found in the rest of King Island. Overlaying this is a sequence of mafic volcanic rocks. These formations were intruded in the Lower Carboniferous period by granite, resulting in extensive metamorphism and metasomatism, as well as folding and faulting in the sediments and volcanics. The alteration resulted in the formation of garnet-pyroxene skarns, which bear scheelite mineralisation. These occur primarily in two carbonate beds, referred to as the B and C lenses.

The Grassy River Fault which trends NNW terminates the skarns to the east, and is thought to have controlled both the nature of the granite intrusion as well as the mineralising fluids.

See fig 3.

The interpretation of this geology is that the highest probability for the discovery of economic scheelite mineralization will be associated with the edge of the granite intrusion. KIS believes that two targets in this area known as Investigator 21 and West Dolphin provide significant prospectivity, while the further one moves away from the granite contact the less prospective the terrain becomes. Both of these targets were drilled by the previous mine operator, which confirmed this prospectivity. Refer to the 2006 Annual Report for EL 19/2001 for more information on these targets.

Consequently, KIS believes that the area to the north and west of EL 19/2002 has little prospect of yielding economic ore and is therefore covered in the application for surrender.



KEY

	Area For Surrender
	Area For Retention

 **Newham Exploration and Mining Services**

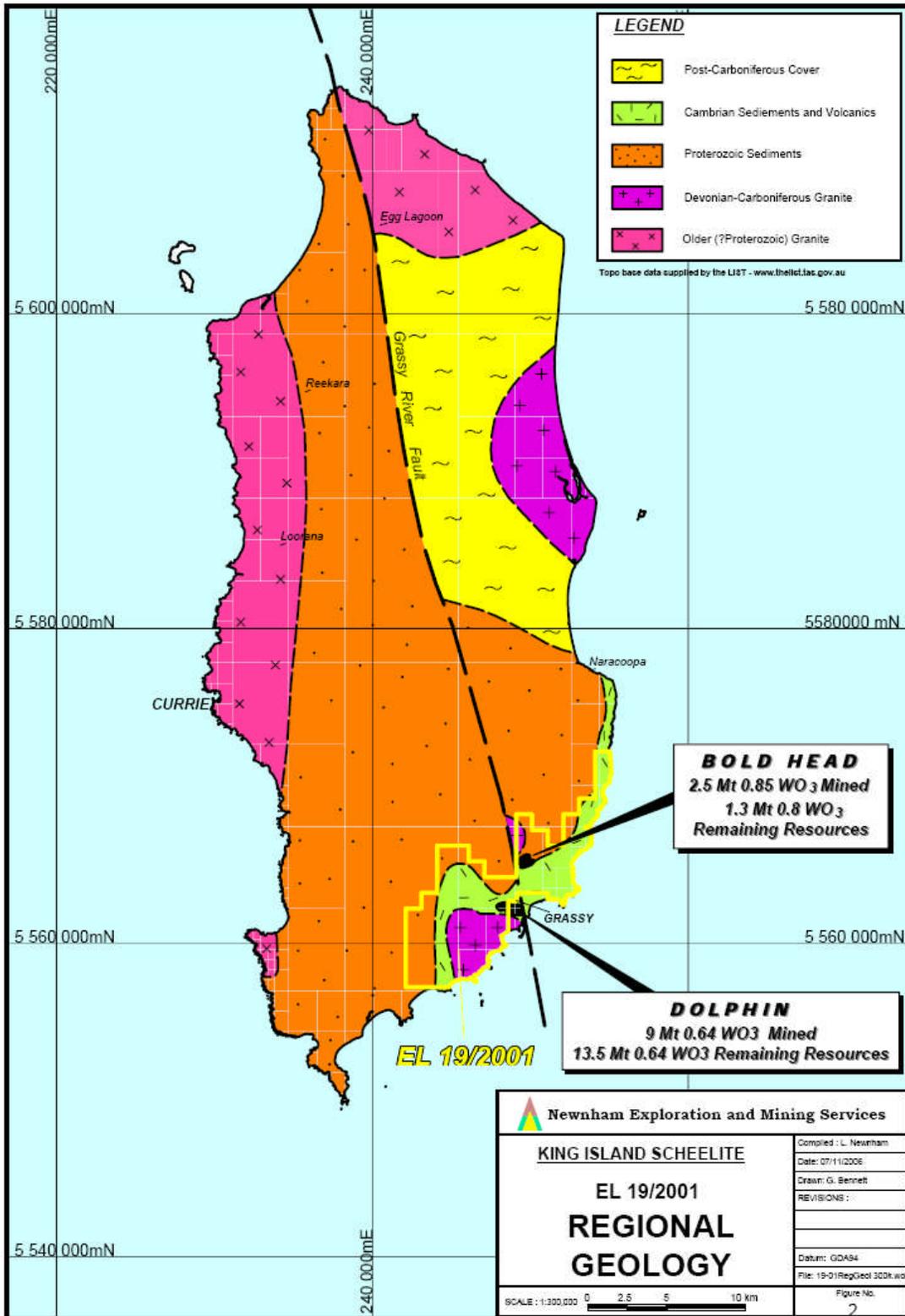
KING ISLAND SCHEELITE LIMITED

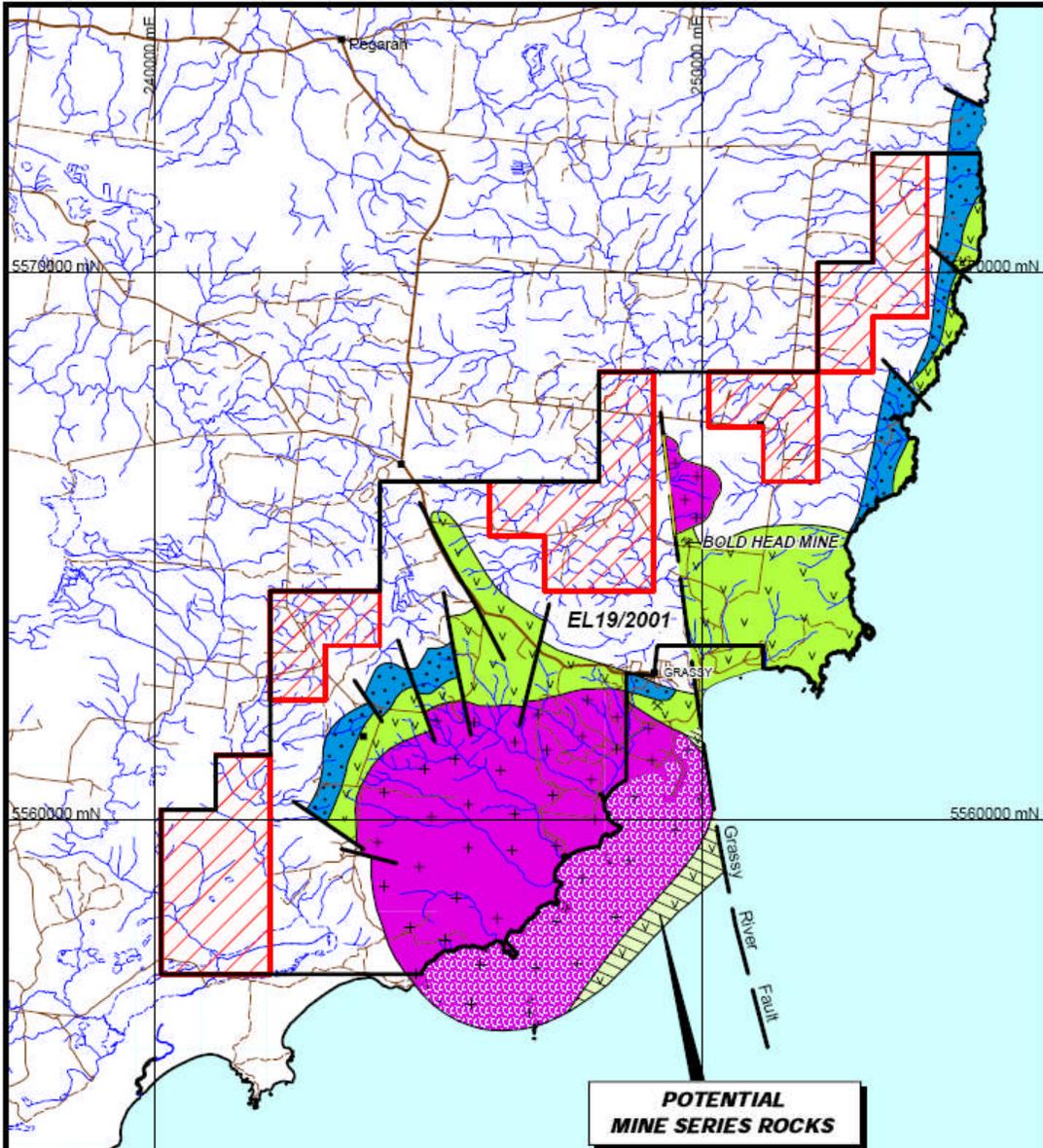
EL 19/2001

LOCATION PLAN

SCALE: 1:100,000 

Completed: L. Newham
Date: 07/11/2006
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Figure No. 1





LEGEND

Mine Series Rocks

- Upper-Volcanics
- Calcareous Sediments
- Carboniferous Granite
- Area For Surrender
- Area For Retention

Topo base data supplied by the LIST - www.theist.tas.gov.au

**POTENTIAL
MINE SERIES ROCKS**

Newnham Exploration and Mining Services

KING ISLAND SCHEELITE
EL 19/2001
GEOLOGY PLAN
SHOWING AREAS FOR SURRENDER

SCALE: 1:100,000 0 1 2 4 km

<small>COMPILED: L. Newnham</small>	<small>DATE: 07/11/2008</small>
<small>DRAWN: G. Bennett</small>	<small>REVISIONS:</small>
<small>DATUM: GDA 94</small>	<small>FILE: 19-01 Local/Geol 1008</small>
<small>Figure No.</small>	<small>3</small>