

DOLPHIN JOINT VENTURE

An unincorporated joint venture
for the redevelopment of the
King Island Scheelite (Tungsten) mine



Monday, 29 March 2010

Therese Taylor
Manager, Tenement Administration
PO Box 56
Rosny Park TAS 7018

Dear Therese,

Exploration annual return for EL16/2002 for the year 2009-2010

This licence remains of strategic importance to the overall redevelopment plans for Dolphin. Redeveloping this tungsten mine remains the key focus of the Dolphin Joint Venture, with partners King Island Scheelite Limited and Hunan Nonferrous Metals Corporation.

Exploration Licence 16/2002 on King Island covers an offshore area immediately south of the Dolphin open-cut and underground scheelite mines near Grassy.

The area is assessed as having potential for southern extensions of the scheelite-bearing skarn deposits previously mined at Dolphin.

However, this potential lies at depth (>300 vertical metres) and offshore. Drill definition and ultimate underground development of resources is dependent on the current redevelopment of the adjacent Dolphin Mine.

Whilst the 2007 high resolution aeromagnetic survey enhanced definition of basement geology and structures in the area, further exploration was not considered possible until such time as the sea wall protecting the new Dolphin open-cut is completed. This might facilitate some limited drilling to the south.

This year the activities of the Dolphin Joint Venture partners KIS-HNC remained focused on the redevelopment of the Dolphin mine. Significant expenditure has been incurred on this project during the past 12 months.

The longer term resource potential to the south beneath EL 16/2002 will probably only be evaluated in greater detail at a later stage. However, during this year geotechnical drill data acquired for the project was correlated to aeromagnetic survey data acquired in 2007. In addition our geologist has prepared a report on the future exploration potential at Dolphin South as well as Teredo and Dolphin East. Both these technical reports are attached to the annual return for your records.

Attached Reports:

Resource Potential of the Grassy Mine Area 2010 prepared by Tim Callaghan

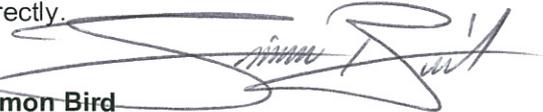
Interpretation revision due to newly available geotechnical data with respect to the 2008 technical report: *Geological Interpretation of Airborne Magnetic and Radiometric Data, Grassy, King Island* prepared by Fugro Airborne Surveys

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of King Island Scheelite Limited] and HNC (Australia)
Scheelite Pty Ltd [wholly owned subsidiary of Hunan
Nonferrous Metals Corporation]

Should you have any queries or require further information please do not hesitate to contact me directly.



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