

11th November 2011

KING ISLAND
SCHEELITE



ASX/Media Announcement

EXPLORATION DRILLING AT DOLPHIN SOUTH INTERCEPTS 2.0M @ 6.4% TUNGSTEN TRI-OXIDE ON KING ISLAND

The objectives of the just-completed exploration core drilling program at Dolphin South was to demonstrate scheelite (tungsten) mineralisation in two locations outside the JORC compliant Dolphin resource on King Island. The first, "Swan Extended" located down-plunge from the Dolphin resource and the second "Decline Zone" to the east of the Dolphin Fault.

King Island Scheelite Limited (KIS) is pleased announce results from the second drill hole into "Swan Extended"; a 2.0m high-grade intercept, 6.4% WO₃ between 341.0m and 343.0m down-hole. Both holes intersected scheelite mineralisation. Refer to the following **Technical Summary** for further information.

These drill results provide encouragement to KIS that scheelite mineralisation, including high grades, continues down plunge from the current Dolphin resource and former Dolphin mine workings.

The Dolphin underground resource estimate is 8.94Mt @ 0.92% WO₃ at a 0.25% WO₃ cutoff. The current total project mine life, feeding a processing plant at 350,000 tpa is 12 years. The exploration drilling just completed suggests the mine life could, in the future, be extended.

The third exploration drill hole was designed to test for a new ore position in the "Decline Zone". Following ongoing technical difficulties penetrating the Decline Fault and associated structures, the company has discontinued drilling from surface. It now plans to recommence this exploration from underground platforms once the mine is reopened. This cost effective revision to the planned testing of the "Decline Zone" will not impact on existing mine planning and scheduling.

With plans to start dewatering and rehabilitating the former underground mine next year, KIS continues to aggressively progress the redevelopment of this world-class tungsten deposit.

Yours Faithfully,

A blue ink signature of Simon Bird, Chief Executive Officer of King Island Scheelite Limited.

Simon Bird
Chief Executive Officer
(02) 8622 1400

Explanatory Notes for Exploration Results: Competent Person and JORC Code

The information in this report that refers to exploration results and Mineral Resource estimations is based on information compiled by geology consultant Mr. Tim Callaghan who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"); has a minimum of twenty years experience as a geologist, five of which are in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the resource report in the form and context in which it appears.

TECHNICAL SUMMARY

Drill hole KI001 intersected B-Lens between 290.5 and 319.0m. The carbonate was moderately metasomatised, particularly near the contacts forming a pyroxene-garnet assemblage with sporadic low grade Scheelite mineralisation. Best intersections include 298.0 – 299.0 for 1.0m @ 0.6% WO₃ from a larger zone between 296.0 – 299.0 containing 3.0m @ 0.3% WO₃. Collar and intersection details are located in Table 1.

Drill hole KI002 intersected B-lens between 338.2 and 352m downhole. Metasomatised pyroxene-garnet-pyroxene was intersected on the margins of B-lens with strong Scheelite mineralisation occurring on the skarn – carbonate contact. A downhole intercept between 341.0 and 343.0m returned a very high grade 2.0m @ 6.4% WO₃. The lower contact returned a low grade intercept between 351.0 and 352.0m of 1.0m @ 0.2% WO₃. Collar and intersection details are located in Table 1.

Despite the discontinuity of the historically better mineralised C-lens, the high grade B Lens intercept in KI002 suggests additional B Lens resources will be added to the King Island Scheelite project from the Swan Extend Area.

Drill hole KI003 was designed to test for mineralised mine sequence east of the Decline Fault and west of the Grassy River Fault (Figures 1 and 3). The hole was collared in late September with very slow progress due to numerous sub parallel faults with squeezing clays which are considered to be part of the Decline Fault system. At 239m after the barrel disengaged from the rod string and the hole collapsed behind it. Attempts to retrieve the hole were not successful. Given the high cost of drilling this hole a decision was made to discontinue the surface exploration drilling. Exploration of the eastern side of the Decline Fault is planned to recommence from mine infrastructure where the drilling costs are considered to be substantially lower and technically less difficult.

Table 1. WO₃ intercepts in drill core				
Hole id	Collar	Intersection depth m	Length m	WO₃ %
KI001	220240mE 563770mN 8mRL Length 336.3m Dip -90 Azm 0	B- Lens 296.0 – 299.0	3.0	0.3
		Inc. 298.0 – 299.0	1.0	0.6
KI002	220350mE 563730mN 8mRL Length 379.4m Dip -90 Azm 0	B – Lens 341.0 – 343.0	2.0	6.4
		B – Lens 351.0 – 352.0	1.0	0.2
KI003	220350mE 563730mN 8mRL Length 239m Dip -80 Azm 110	Terminated at 239m due to technical difficulties.		

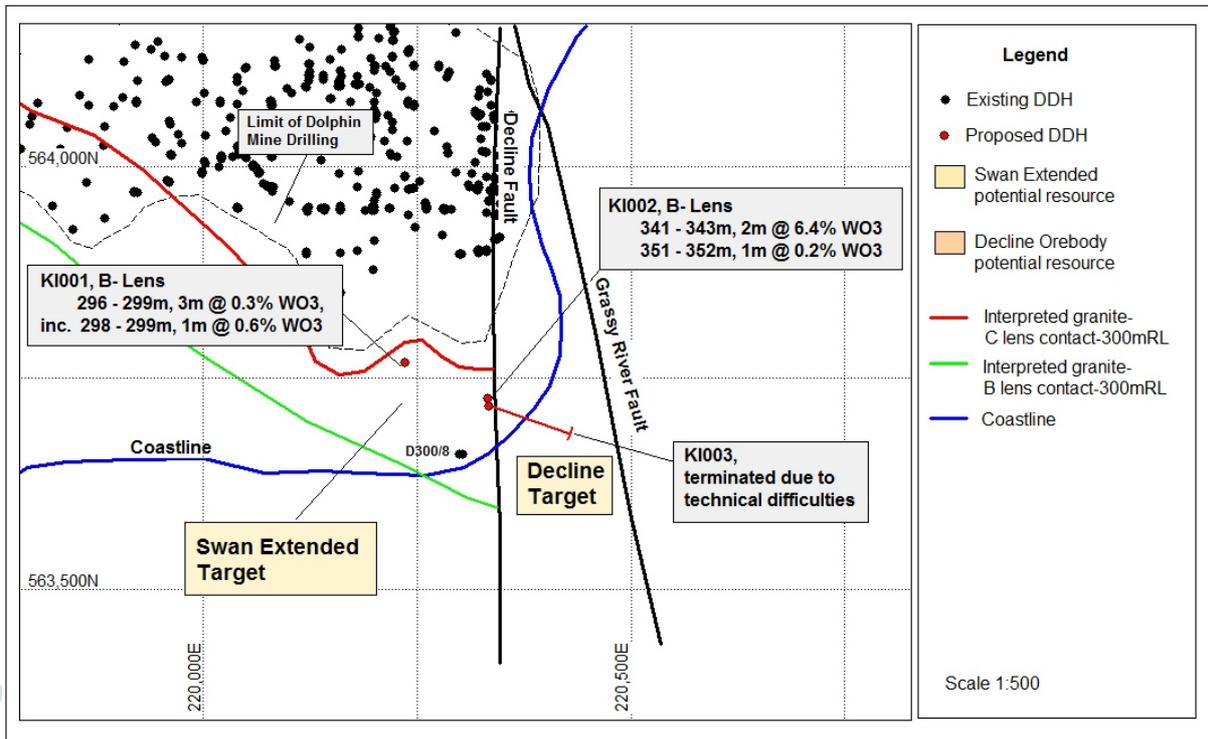


Figure 1. Dolphin South Drill Plan.

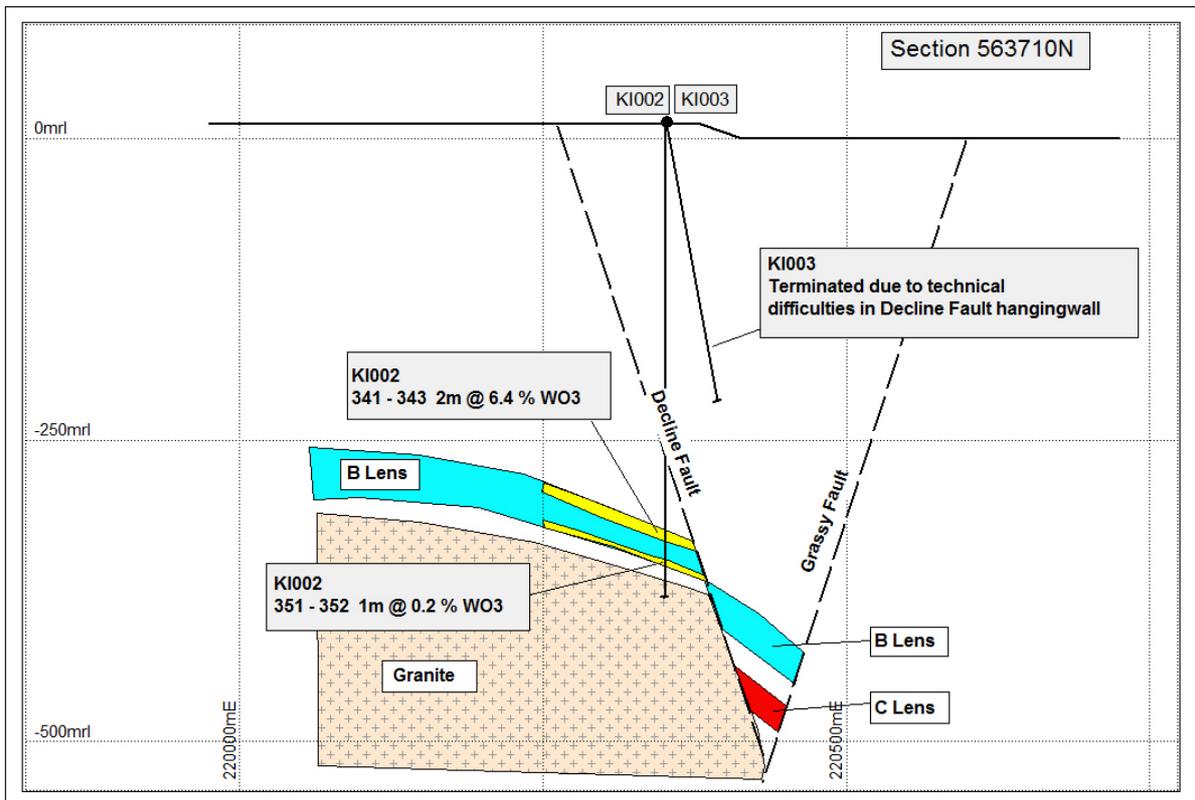


Figure 2. Section 563770mN.

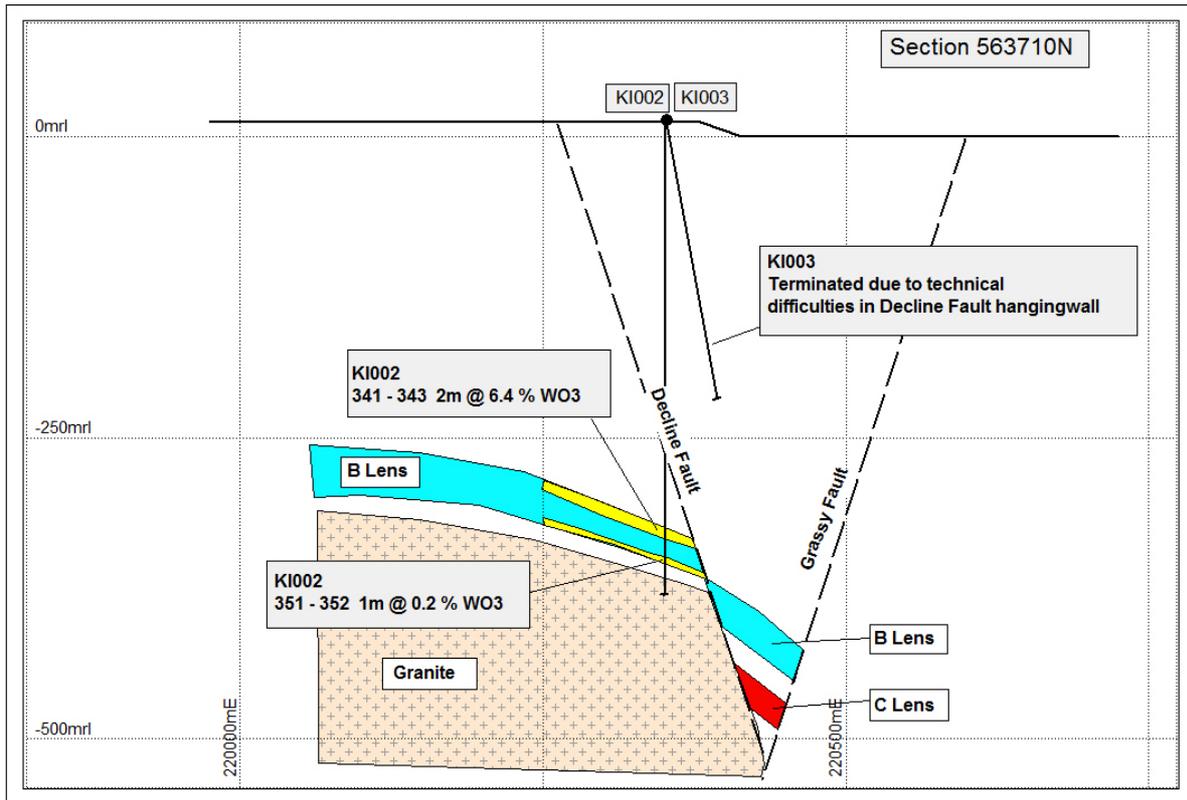


Figure 3. Section 563710mN