



INVESTOR PRESENTATION

December 2005

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KING ISLAND
SCHEELITE

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Introduction

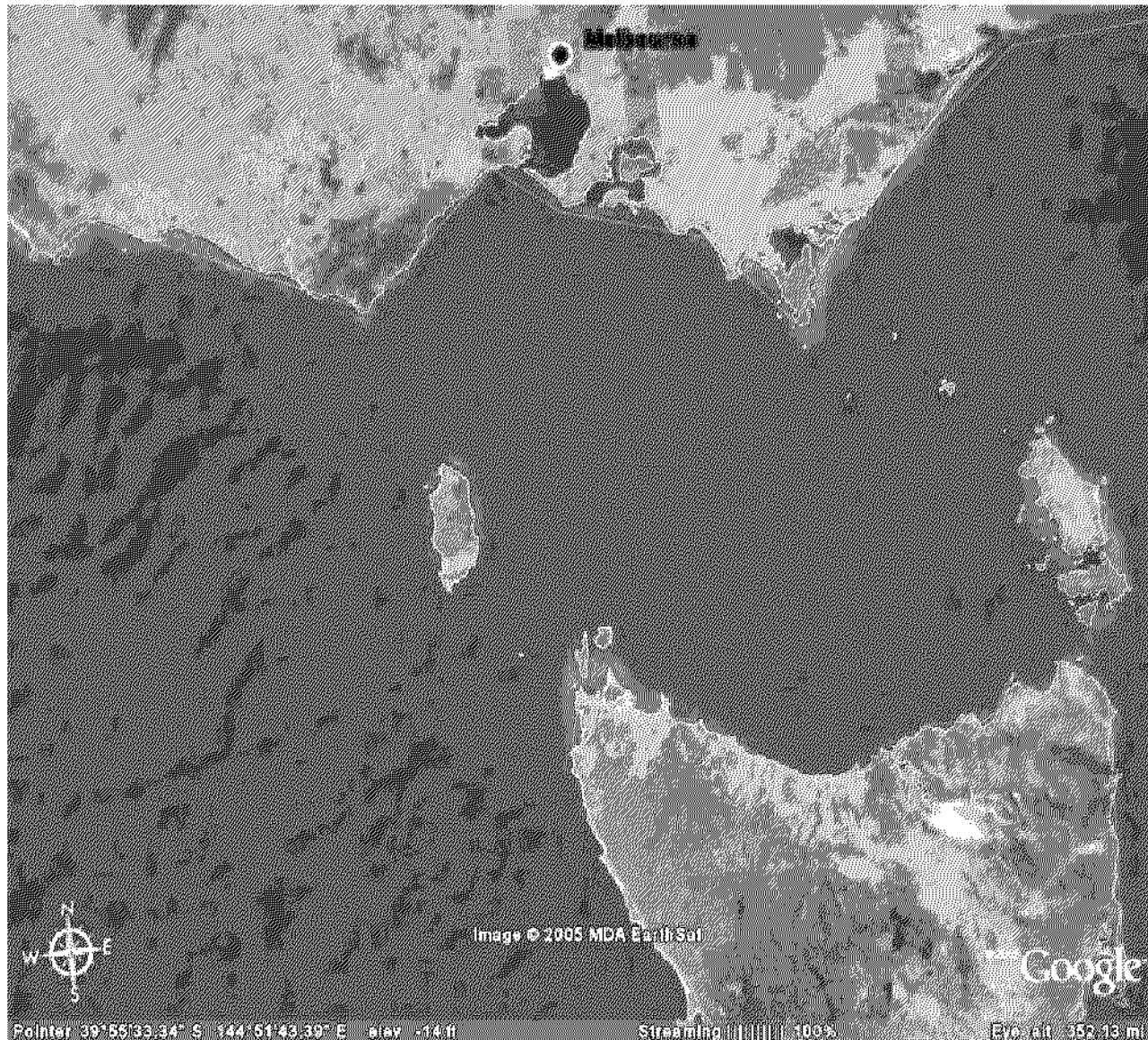
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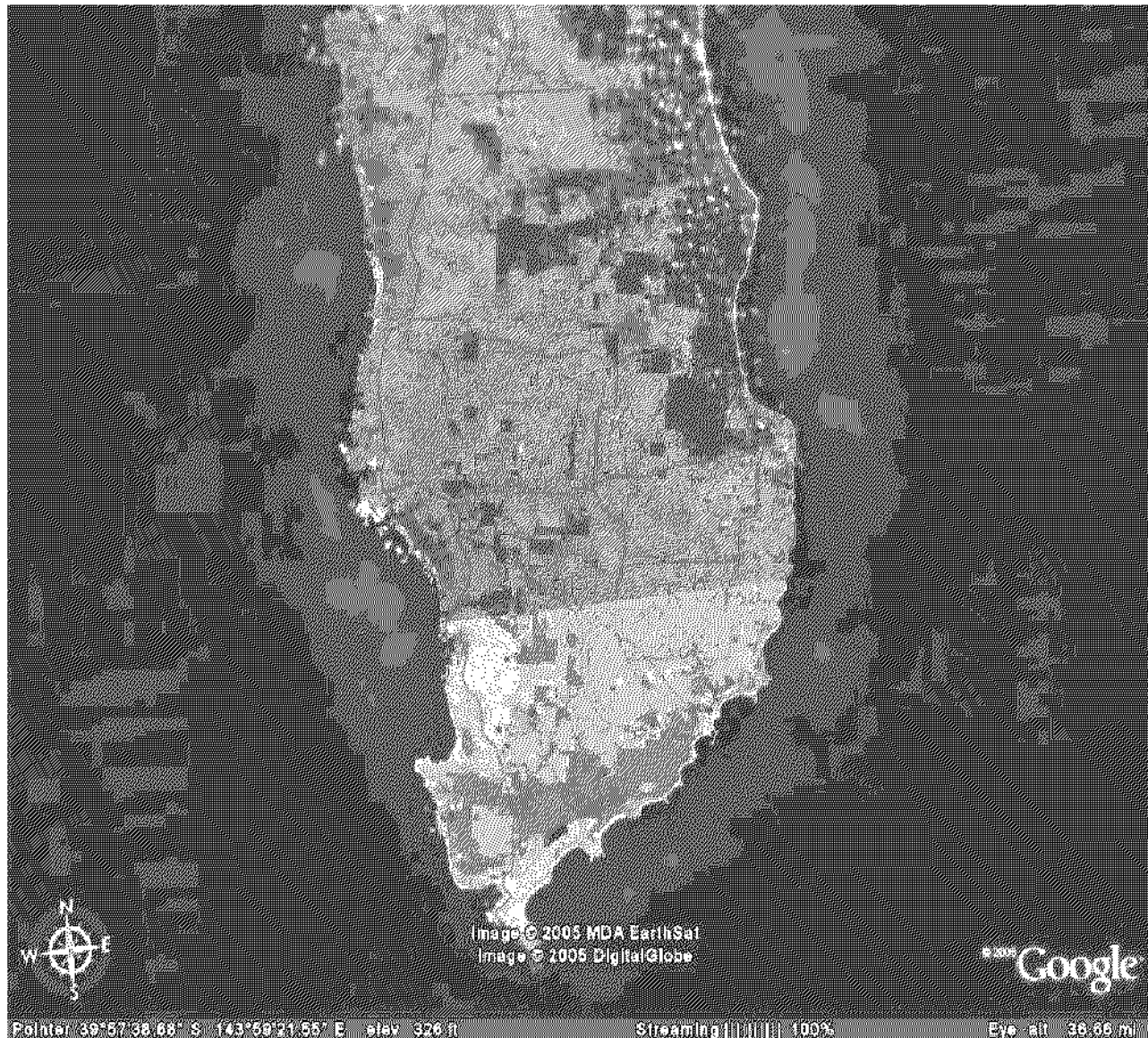


KING ISLAND SCHEELITE HISTORY

KING ISLAND SCHEELITE



KING ISLAND SCHEELITE



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- Discovered 1911, small scale mining started 1917
- Open pit mine operated until 1974. Produced 6.46 million tonnes grading 0.53% WO₃.
- Underground mining commenced in 1973 and continued until 1990.
- Bold Head underground mine operated from 1972 to 1983
- Mill capacity of 400,000 tpa through 1972 to 1990 period.
- Ownership History
 - 1911 to 1937 Private Ownership
 - 1937 to 1947 King Island Scheelite Ltd
 - 1947 to 1969 King Island Scheelite (1947) Ltd
 - 1969 Peko Wallsend takeover of King Island Scheelite (1947) Ltd
 - 1990 North Ltd takeover of Peko Wallsend Ltd
 - 1999 Rio Tinto takeover of North Ltd

Historical production

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MINE CLOSED IN 1990 DUE TO LOW TUNGSTEN PRICES – **NOT**
BECAUSE RESOURCE WAS DEPLETED

PRODUCTION

Open Pit Production	1917-1972	6.5 mt @ 0.53% WO ₃ (recovered)*
Underground Prod'n	1972-1980	1.0 mt @ 1.00% WO ₃ (est)
Underground Prod'n	1980-1990	<u>1.5 mt @ 0.94% WO₃</u>
Total Mine Production To Date		9.0 mt @ 0.60% WO ₃

21.2 mt of overburden was removed giving a strip ratio of 3.3 to 1.

Significant resources remain

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The following table presents a Geopeko estimate of remaining underground resource in mid 1989 (after which only 100,000 tonnes were mined).

Location	Measured	Indicated	Inferred	Total
Dolphin Mine	2.43mt @ 1.0%	0.63mt @ 1.0%	1.30 mt	4.36 mt
Bold Head	0.89mt @ 0.9%	0.50mt @ 0.80%	0.41 mt	1.80 mt
Total	3.32mt @ 0.97%	1.13mt @ 0.94%	1.71 mt	6.16 mt

Separate to this, Geopeko geologists also interpreted a continuation of the deposit under the sea to the southeast called the Terodo prospect. While no holes have been drilled, Geopeko saw potential for around 14 million tonnes grading 1.0% WO₃.

The December 2004 PFS designed an open pit mine base on detailed mine sections. Measured tonnage (after dilution) was **4.1 million tonnes grading 0.91% WO₃**

Notes

1. All references to mineralisation grade and tonnage are not in accordance with current JORC standards. Current drilling and resource assessment will bring the resource statements up to JORC standards.
2. Estimates were developed for underground mining purposes. They do not represent what might be recoverable from an open pit mine.

Recent Ownership History

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KIS OWNS 100% OF THE KING ISLAND SCHEELITE PROJECT

- Australian Tungsten Pty Ltd (“ATPL”), associated with Peter Gibson and Robin Morritt, acquired the King Island Project and related tenements from Rio Tinto in 2002.
- GTN Resources Limited (“GTN”) entered into an option to acquire ATPL on 7 August 2004.
- Consideration for the option was completion of a Pre-Feasibility Study.
- The GTN PFS showed that re-development by extending the old open pit mine was a better development proposition than going underground.
- The conclusion of the PFS was favourable and GTN exercised the option.
- The consideration was 11.0m GTN shares on Shareholder approval plus 16.0m GTN shares conditional on financial close of the project.
- GTN changed its name to King Island Scheelite Ltd (KIS) in October 2005.

RAY SOPER, CHAIRMAN

- Mining Engineer – 40 years experience
- Early career with MIM, Renison Gold Fields, McKinsey, Peko Wallsend.
- Director of Resource Finance Corporation 1989-2002
- Involved in development of Woodcutters Mine in mid 1980s.
- Experienced director. Huntley Investment Company and numerous juniors.

TONY HAGGARTY, NON-EXECUTIVE DIRECTOR

- Founder and Managing Director of Excel Coal
- 25 years experience in development, management and financing of mining projects.
- Worked for BP Coal and BP Finance in Sydney & London
- MD of Agipcoal subsidiary in Australia
- Chairman Newcastle Coal Infrastructure Group Pty Ltd
- Director Port Kembla Coal Terminal Pty Ltd

ROBIN MORRITT, NON-EXECUTIVE DIRECTOR

- Geologist with WMC
- Managing Director of Relode Ltd
- Founder and Director of Australian Tungsten Pty Ltd

Management

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MANAGEMENT

- | | |
|------------------------------|-----------------------------|
| – Company Secretary | Ian Morgan |
| – Project Manager | Rob Yeates |
| – Geology | Lindsay Newnham |
| – Mining | Brian Speechly & Bill Holly |
| – Geotechnical | Kevin Rosengren |
| – Metallurgy | Terry Weston |
| – Environment and Permitting | John McCambridge |

CONSULTING FIRMS

- | | |
|-------------------------|-------------------------------|
| – Ore Resource | Australian Mining Consultants |
| – Metallurgical Testing | SGS Lakefield |
| – Engineering | SEMF |
| – Plant Design | Keith Dodd & Associates |

FINANCING (Intended)

- | | |
|-------------------------------|------------------------|
| – Lead Bank | Societe Generale |
| – Bank's Independent Engineer | Behr Dolbear Australia |
| – Lead Equity Arranger | Austock |



KING ISLAND SCHEELITE

THE TUNGSTEN MARKET

Properties of Tungsten

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TUNGSTEN IS A GREY TO WHITE METAL

Its properties include:

- Specific Gravity 19.25 g/cc, similar to gold. Heavier than lead or uranium
- Melting point 3410 degree C, highest of any metal.
- Lowest co-efficient of expansion of any metal
- Lowest vapour pressure of any metal
- Hardness (as tungsten carbide) second only to diamond
 - Over 3 times harder than chromium, cobalt, titanium
 - Over 5 times harder than nickel, iron, platinum
- Moderate electrical conductivity
- It is also corrosion resistant and does not break down or decompose - environmentally benign

Uses of Tungsten

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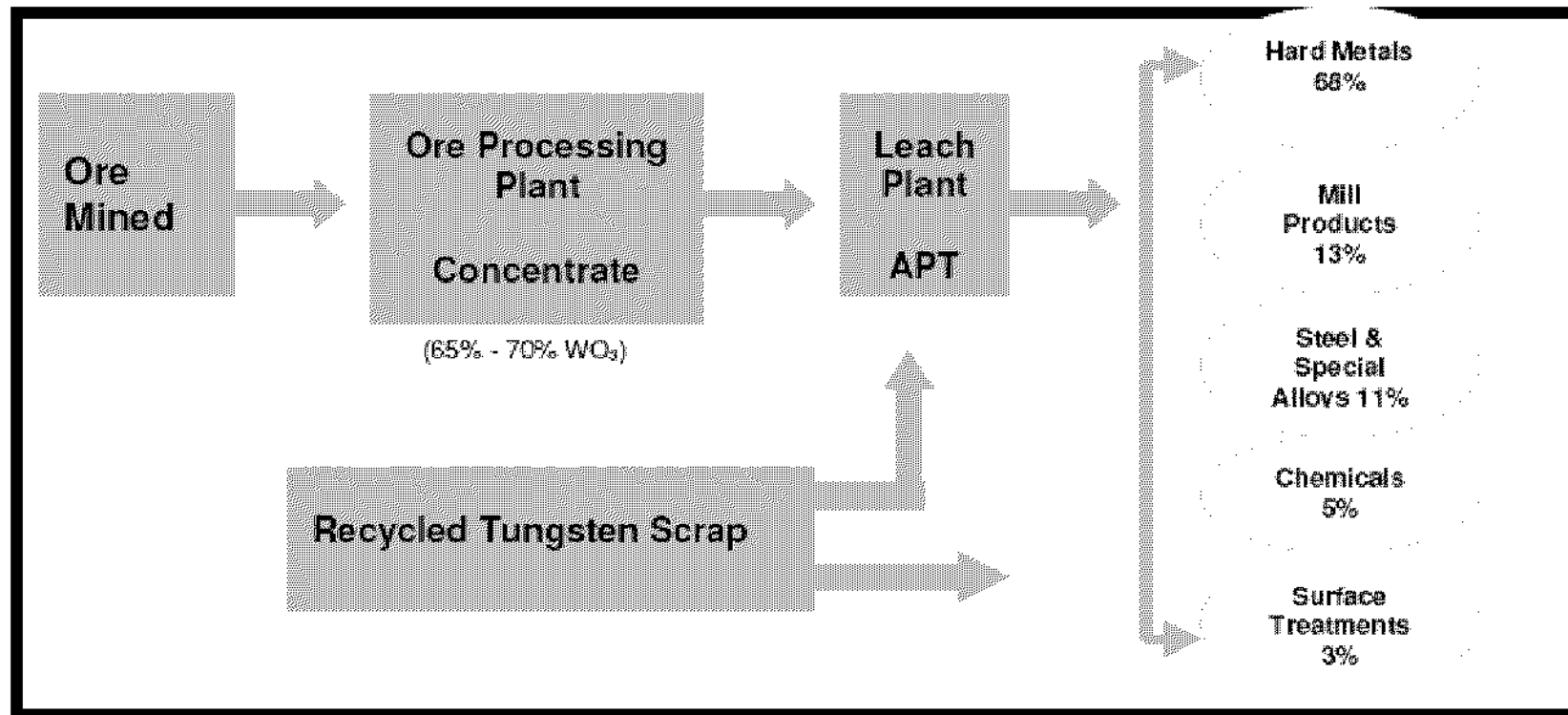
THE HIGH COST OF FABRICATION HAS LIMITED COMMERCIAL USE TO AREAS IN WHICH ITS PROPERTIES ARE CONSIDERED ESSENTIAL.

PROPERTY	INDUSTRIAL APPLICATIONS
HARDNESS	High speed cutting tools Heavy machinery Specialty alloys
HIGH MELTING POINT	Jet turbine blades Light bulb filaments
HIGH DENSITY	Sporting goods – golf clubs, tennis racquets Ballast Armour piercing ordinance
ENVIRONMENTALLY BENIGN	Alternative to lead -Sports ammunition - bullets, shotgun pellets -Military training ammunition -Sports fishing weights

Tungsten Supply Chain

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Figure 3 - Supply Chain for Tungsten Products



Most applications for tungsten are relatively mature. Growth in consumption is primarily related to regional economic growth, most of which is coming from China.

Some product growth will occur in the following sectors.

- The US military has recently approved the use of tungsten as a replacement for lead core bullets.
- Expanded super alloy milling capacity has provided new product potential for tungsten and tungsten alloys.
- Rapid expansion of the tooling industry in China and other parts of Asia.

SUBSTITUTION

Due to its unique properties, tungsten has few, if any, replacements in most of its industrial uses.

The emergence of LCD and LED lighting reduces demand for tungsten filaments in incandescent and fluorescent lighting.

RECYCLING

A substantial portion of the tungsten carbide market is recycled. Scrap-yards accumulate tungsten carbide inserts for sale at times of high prices.

Lighting filaments are not recycled

CHINA DOMINATES WORLD PRODUCTION AND RESERVES

	Mine Production 2003	Mine Production 2004	% of World Production	Reserves*	% Of World Reserves	Reserves Base**	% Of World Reserves Base
	tpa	tpa		t of W		t of W	
China	52,000	53,000	88%	1,800,000	62%	4,200,000	68%
Canada	2,750	-	0%	260,000	9%	490,000	8%
Russia	3,900	3,500	6%	250,000	9%	420,000	7%
United States	-	-	0%	140,000	5%	200,000	3%
Bolivia	442	450	1%	53,000	2%	100,000	2%
Korea, North	600	600	1%	NA	0%	35,000	1%
Portugal	700	700	1%	25,000	1%	25,000	0%
Austria	1,400	1,400	2%	10,000	0%	15,000	0%
Other countries	290	300	1%	360,000	12%	700,000	11%
World total (rounded)	62,100	60,000	100%	2,900,000	100%	6,200,000	100%

*That part of the reserve base that may be economically extracted or produced at the time of determination.

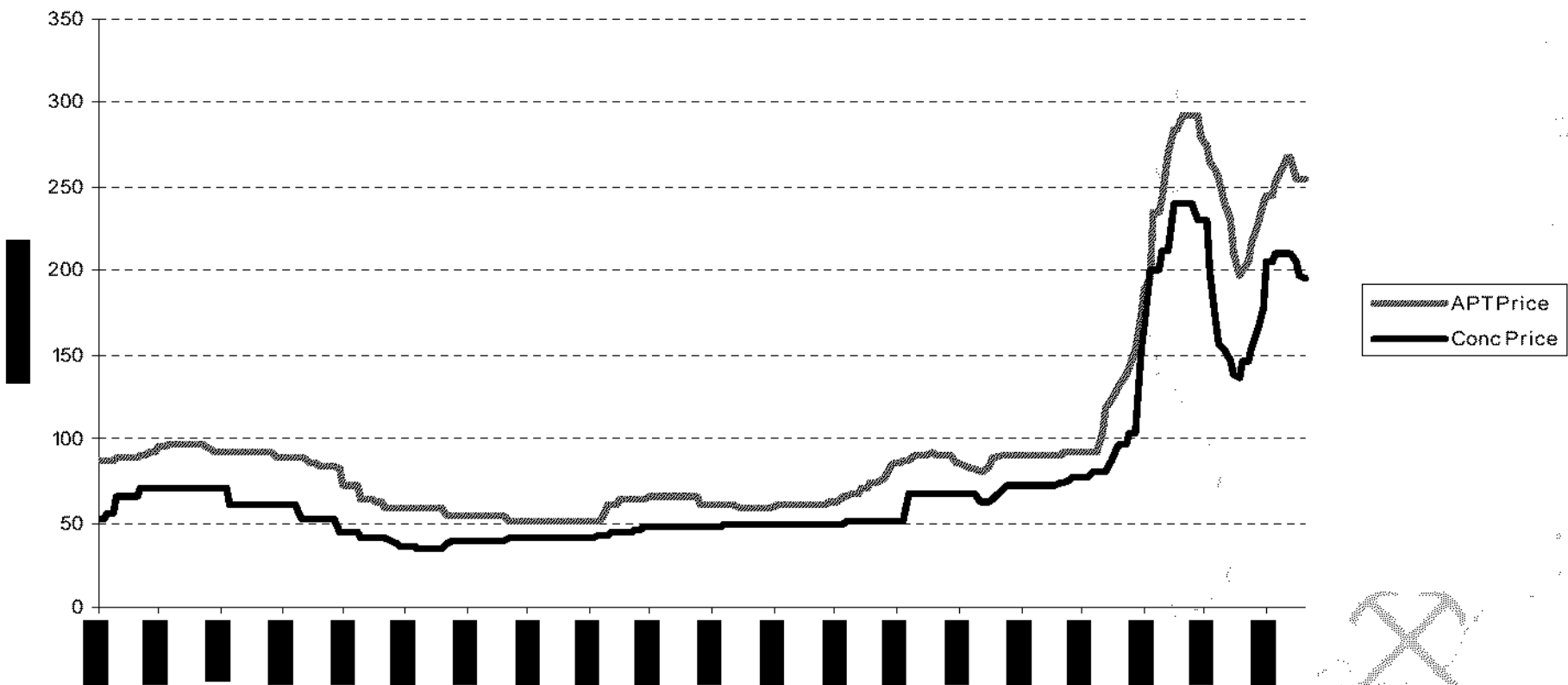
**The reserve base is the in-place demonstrated resource from which the reserves are estimated.

Source USGS

Tungsten pricing

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Tungsten APT and 65% WO₃ Concentrate Prices



Note: Tungsten is not traded on an exchange

Influences on historical tungsten price

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Post WWII

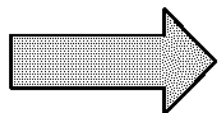
- Important strategic metal for military purposes
- Russia and USA both accumulated large strategic stockpiles

1980-2000

- Chinese producers flooded the market with metal from many small, but high grade mines.
- Low prices caused closure of many western mines.
- Both USA and Russia sold down strategic stockpiles adding to over-supply

2000-2004

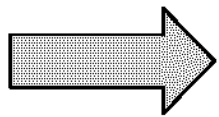
- China adopted new policy to conserve resources, and restrict exports and focus on value add.
- Many Chinese mines closed down and/or high grade reserves depleted.
- Very strong demand emerged in China.
- Russian strategic stockpile depleted.



Very tight concentrate market in 2005. Spot prices of US\$215 per mtu

Market consensus is that a WO₃ concentrate price of US\$100 to \$US\$120 is required to ensure sufficient supply. Tiberon used US\$100 in their BFS.

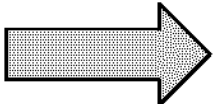
- China, the world's largest supplier by far, is focussing on conserving resources and adding value. Their supply of tungsten raw materials to the west is declining and should continue to decline. China government policy is becoming more restrictive.
- Western consumers wanting to remain in value add tungsten products must do one of two things:
 - Secure reliable alternative supplies of raw materials from low cost western sources
 - Build on technical leadership to develop higher valued added products



1. Opportunities for low cost, reliable western suppliers to enter into long term off-take contracts with customers
2. Customers will favour high purity concentrates, or concentrates that they can process readily.

HOWEVER: The market is small, and contract opportunities few. Developers who miss the boat will be unlikely to secure debt funding, and will miss out.

OSRAM-SYLVANIA HAS EXPRESSED A VIEW ON CHINA

- Dean Schiller (November 2004) and David Devine (ITIA September 2005)
 - With China accounting for around 80% of world tungsten production and a growing domestic consumption, its influence on the tungsten market will be critical.
 - China's tungsten industry has been through a major restructuring with production closures, mergers and vertical integration.
 - Exhausted reserves and official mine closures reduced the number of active mines from 248 in 2002 to 118 at the end of 2004
 - At the same time China's APT producers have been adopting a policy of vertical integration by taking over domestic tungsten mines and were aggressively looking to acquire raw materials from outside China.
 - In addition they have been looking to shift to downstream production and to pursue joint ventures with global companies for the production of value added products within China.
- 
1. Chinese Tungsten Ore will be used more exclusively for the Chinese market as demand grows.
 2. Non-Chinese end users need new non-Chinese sources of material to meet current requirements, and new applications.



KING ISLAND SCHEELITE PROPOSED DEVELOPMENT

Timetable

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	COMPLETION DATE
Draft Bankable Feasibility Study:	December 2005
Final Bankable Feasibility Study:	March 2006
Financial Close (Project Go-Ahead):	June 2006
Construction Complete:	January 2007
Mining Commences:	January 2007
First Concentrates Shipment:	June Quarter, 2007

This timetable assumes that project work continues during the period January to June 2006 while financing and permitting are completed

Detailed design will be done in January to June period 2006 and long lead time equipment items will be identified and ordered in advance of Financial Close. The Mill will be commissioned on low grade near surface ore.

Stage 1 Pit

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PIT PARAMETERS*

- 4.1 million tonnes at 0.91% WO₃.
- Strip ratio of 10.5:1.
- B-Horizon and C-Horizon ore extracted down to 165m depth.
- Milling rate 400,000 tpa of ore – ten year life.

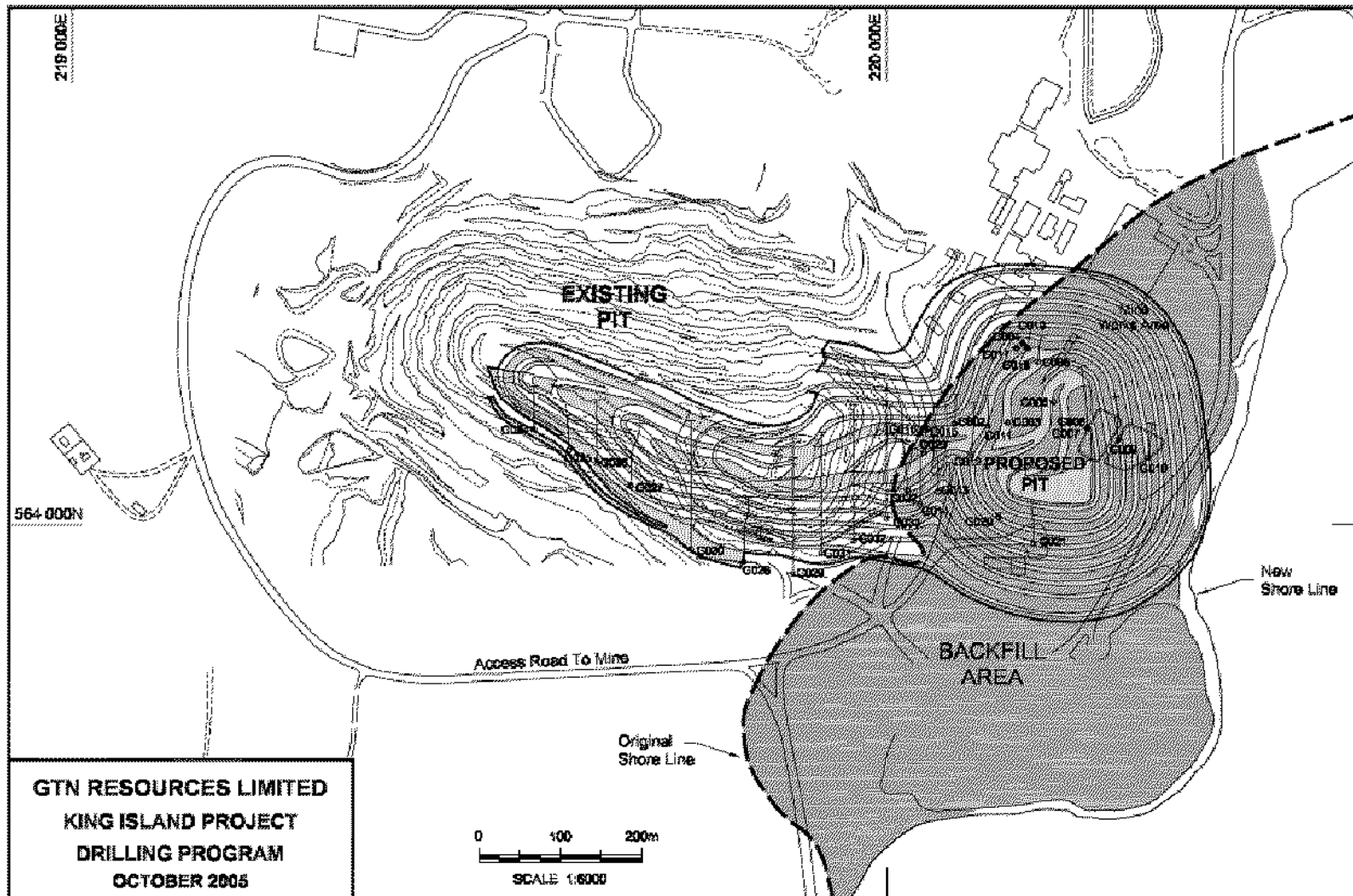
CURRENTLY EVALUATING POTENTIAL FOR ADDITIONAL LOW GRADE MATERIAL TO BE EXTRACTED WITHIN THE OPEN-PIT MINE ENVELOPE. IF PRESENT THIS WOULD:

- Increase the overall content of metal in the pit
- Reduce the strip ratio thus lowering mining cost
- Lead to an increase in mill throughput
- Lower the average head grade of the mill

*Note: These numbers are from December 04 PFS and are subject to change

Stage 1 Pit

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- The deposit plunges to the south east under the sea.
- The mining plan provides for overburden and waste material to be used to build a 200m wide sea wall between the pit and the sea.
- Water ingress is expected to be manageable
 - The underground mine acts as a sump. Open shafts can be used to pump water from the mine.
 - Grouting can be used to stem water flow where applicable.
 - Current testing will aid careful design of the seawall.

KIS IS IN DISCUSSIONS WITH THE PORT AUTHORITY TO BUILD A NEW BREAKWATER THAT WILL ALLOW THE DEVELOPMENT OF A LARGE PIT AND LARGER SHIP ACCESS.

- Important community benefit. Shipping on the Bass Strait run is currently restricted to a 4000 tonne ship due to Grassy Port constraints. This results in current high shipping costs for King Island.
- The current port was developed using overburden material from the old open pit mine.

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OLD MILL HAS BEEN REMOVED. IT COMPRISED:

- Conventional crushing
- Rod mills
- Tables
- Flotation of the gravity tailings to recover fine scheelite
- Artificial scheelite plant to upgrade flotation concentrate

MILL PERFORMANCE:

- Scheelite is coarse grained, and liberated at 150 microns.
- 83% recovery in the gravity circuit to a 70% WO₃ concentrate.
- Gravity concentrate contained 2% Mo, and a penalty applied.
- Flotation and artificial scheelite plant lifted overall recovery to in excess of 90%.

ADVANCES IN PROCESSING ARE EXPECTED TO DELIVER IMPROVED PERFORMANCE, AND LOWER CAPITAL AND OPERATING COSTS.

CONCENTRATES ARE MARKETABLE

- Long history of successful production shows concentrates can be reliably produced.
- Concentrates well known and widely accepted in the marketplace.
- 2% Mo in concentrates may attract a penalty.
- Concentrates to be shipped in 20 tonne containers, with the concentrates packed in 1t or 2t Bulka-Bags.
- Strong demand from western customers for non-Chinese concentrates.
- KIS scheelite concentrates have minimal U and Th which are proving problematic for transport of some wolframite concentrates and disposal of residues.
- Project will be a reliable, low cost supplier

KEEN INTEREST BEING SHOWN BY POTENTIAL OFFTAKERS

- Western customers concerned about concentrate supply position
- Keen to access material from reliable, low cost western suppliers
- Representatives of three potential off-taker partners have already visited site, and maintain dialogue
- One Letter of Intent in place already showing likely terms (confidential)
- Working towards 5 year off-take contracts to support financing
- Contracts likely to be volume based, with price by reference to APT market prices with an adjustment for cost of conversion.

PRE-FEASIBILITY STUDY COMPLETED IN DEC 04 SHOWED:

- Cash Opex of US\$41 per mtu
- Capex of A\$25m which we now expect it to be somewhat higher. To be confirmed through bankable feasibility study.
- Long term tungsten concentrate price assumption of US\$75 per mtu. Other projects using US\$100 per mtu in BFS and spot price is currently US\$215 per mtu.
- Payback of approximately 2.5 years at US\$75 tungsten price.
- Resource Equity Consultants estimated that US\$10 increase in the long term Tungsten price assumption NPV increased by \$12.9m.

KEY ISSUES

- Tungsten price – what is the sustainable long term tungsten price?
- Permitting delays
- Capex increase
- Workability of seawall concept
- Nearby community concerns
- Securing suitable off-take contracts

ENVIRONMENTAL ISSUES CONSIDERED RELATIVELY MINOR

- Town/mine/port complex regarded as a developed site. Not pristine
- No risk of acid mine drainage issues. Carbonate rocks quickly neutralise any acid from minor sulphides.

Long Term Development Plan

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POTENTIAL MINE LIFE OF 30 YEARS PLUS

- Stage 1: Open pit mine to depth of 165m. Ten year mine life.
- Stage 2: Open pit cut-back and deepening to depth of 250m.
Further ten year mine life.
- Stage 3: New underground mine to extract Terodo – interpreted extension of the mineralised system to the south-east, under the sea.
- Bold Head: At some point, the remaining resource (1.8 mt @ 0.8% WO₃) within the Bold Head deposit, some 3km to the north, will be extracted.

FURTHER EXPLORATION POTENTIAL

Competitive position

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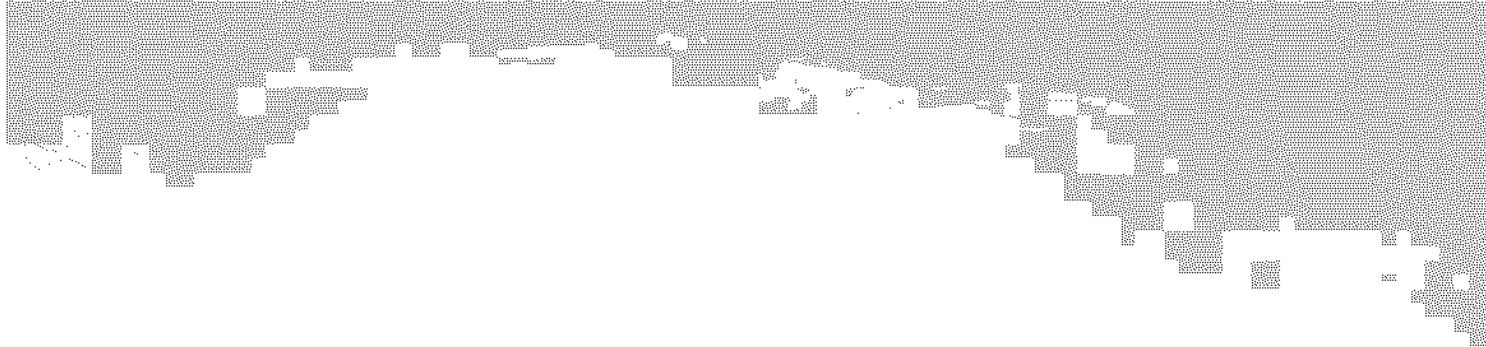
COMPARISON OF KING ISLAND WITH PROJECTS FOR WHICH WE HAVE DETAILED INFORMATION SHOWS A FAVOURABLE COMPETITIVE POSITION

	Panasquiera Portugal	Niu Phao Vietnam	King Island PFS	King Island Possible
Head Grade	0.28% WO3	0.207% WO3	0.91% WO3	0.72% WO3
Mtu pa	85,680	464,310	302,120	388,800
Mining US\$/mtu	45.55	6.93	15.31	19.01
Milling US\$/mtu	21.97	19.93	17.87	15.43
Admin etc US\$/mtu	19.53	3.03	7.71	8.98
Total Opex US\$/mtu	87.06	29.89	40.89	43.43
Capital Service US\$/mtu	NA	45.66	10.10	10.98
Total Cost US\$/mtu	87.06	75.55	50.99	54.41

COMPARATIVELY HIGH GRADE AND BROWNFIELDS SITE ARE KEY

Grassy Port with mine behind

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Grassy Port and RORO Ship

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Mine and port

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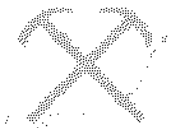
Proposed open cut mining area

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Old open cut mine

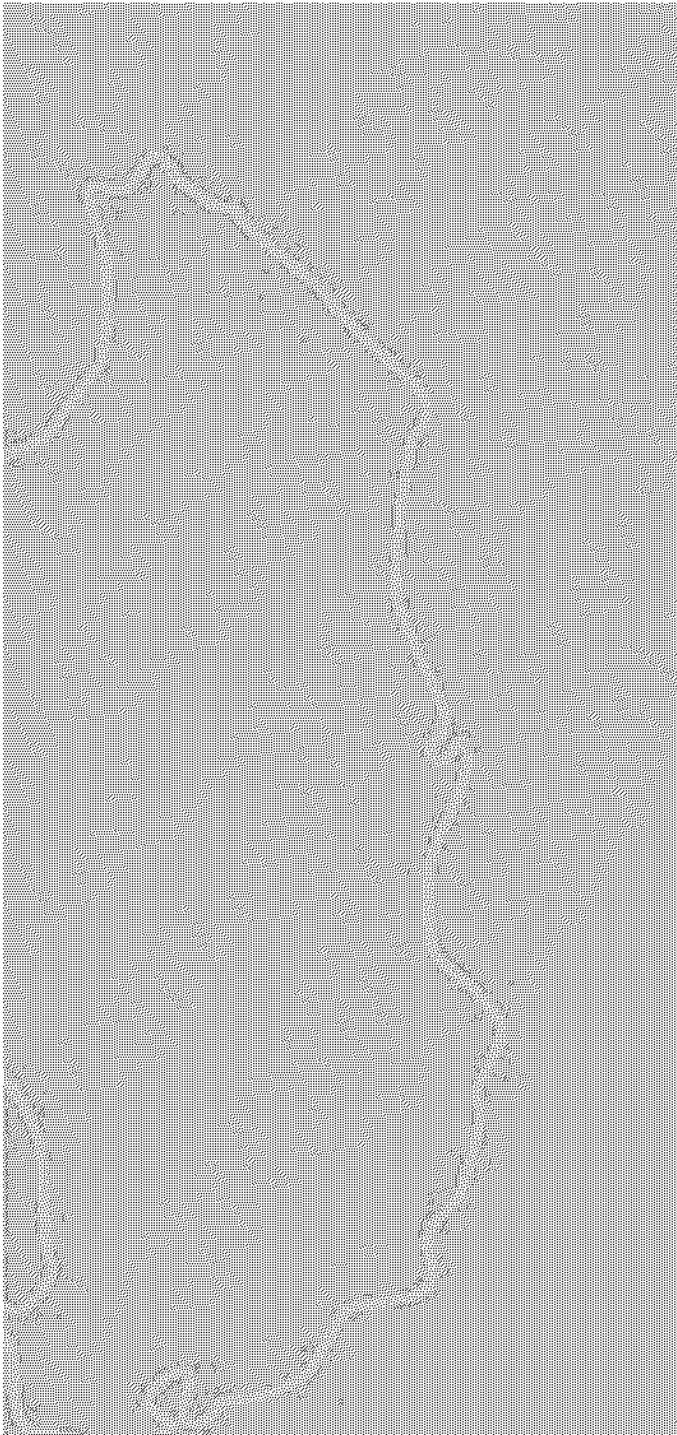
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Old open cut mine

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CORPORATE

Capital Structure

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Original GTN Issued Capital	19,689,713 fpo shares
Acquisition of ATPL	<u>11,000,000</u> fpo shares
Total shares on issue at 25 Nov 2005	30,689,713 fpo shares
CPS* shares at Financial Close	16,000,000 fpo shares
Options exercisable at Financial Close	<u>1,000,000</u>
Fully diluted capital at 25 Nov 2005	47,689,713 fpo shares
Current raising	5,000,000 shares @ \$1.00 per share
Fully diluted after current raising	52,689,713 shares

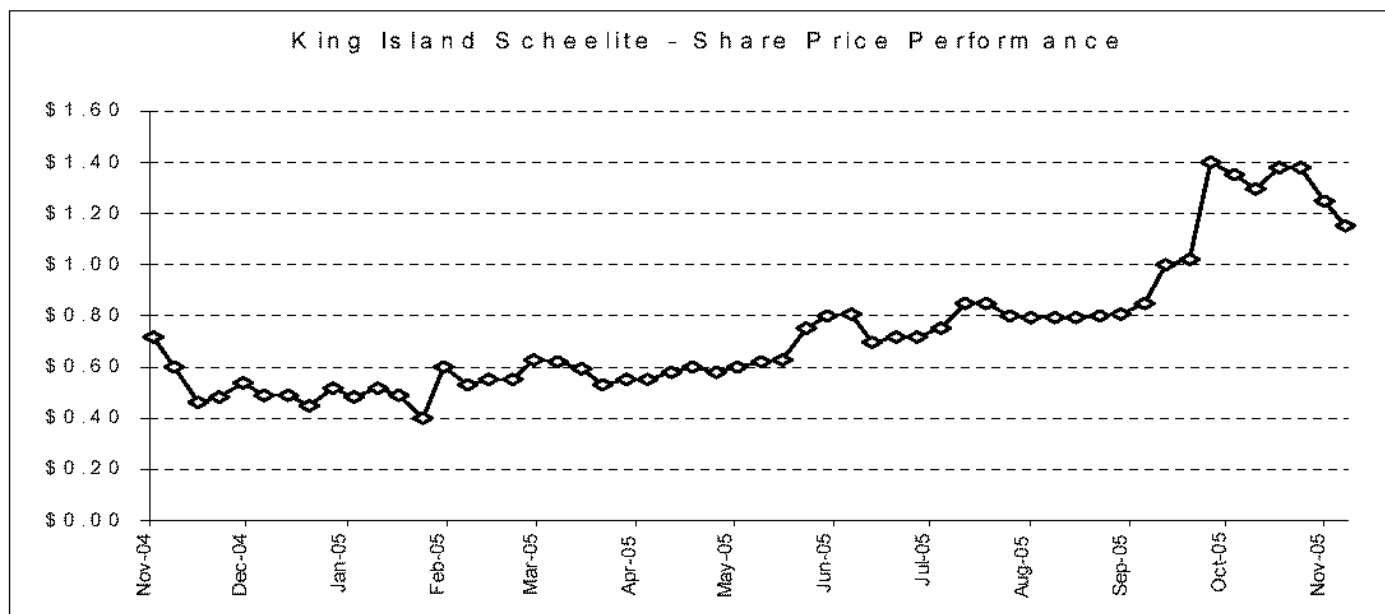
* Converting Performance Shares – contingent vendor consideration

Use of proceeds

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- Fund completion of BFS and securing of market contracts and financing.
- Land purchases necessary for the development of the mine.
- Pre-order critical long lead time equipment items
- General working capital

Any surplus will be applied to the main equity raising in second quarter of 2006





INVESTMENT HIGHLIGHTS

Why invest?

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- Highly leveraged to the China growth story
- Strong project on brownfields site
- Open pit redevelopment of an old underground mine.
- Competitive low cost position
- Risks identified. All are manageable, and mitigation plans in place.
- Strong board and management team with a successful track record.
- Relatively modest capital requirements
- Best placed of emerging projects to meet current needs of off-takers for secure supply.



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APPENDIX 1: COMPETITIVE POSITIONING

Competitive position

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OPERATING MINES

- China
- Mittersill, Austria
- Panasquiera, Portugal
- Cantung, Canada

EMERGING MINES

- Tiberon, Vietnam
- King Island, Australia

UNDEVELOPED DEPOSITS

- Molyhil, NT
- Wolfram Camp, Qld
- Watershed, Qld
- MacTung:



Competitive position

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APART FROM KARA, KING ISLAND IS THE MOST ADVANCED AUSTRALIAN PROJECT

Mine/Deposit	Status	"Resource"	Production	Comments
Kara	Producer	135,000 t grading 0.54% Mo	Since 1977	By-product of magnetite production.
King Island King Island Scheelite Ltd	BFS	4.1 mt grading 0.91% WO₃	Mid 2007	BFS advanced, Good numbers
Molyhil Thor Mining PLC 100%	Resource Drilling	2.03 mt grading 0.3% WO ₃ + 0.18% MoS ₂	Uncertain	
Mt Mulgine Vital Metals earning 70%	Exploration	None published	Uncertain	
Watershed Vital Metals 100%	Resource Drilling	13.9 mt grading 0.35% WO ₃	Uncertain	
Wolfram Camp Queensland Ores 100%	Resource Drilling	0.85 mt grading 1.6% WO ₃ + MoS ₂	Uncertain	Resource "assumed" in Prospectus.

Competitive position

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KING ISLAND SHOULD BE COMPETITIVE WITH MOST CHINESE MINES.

Mine	Production	Recovery of WO3	Tonnes WO3 pa In Concentrate
Luanchuan Mine Henan Province	4.5 mtpa @ 0.1% WO3 + 0.15% MoS2	60%	2,700 tpa
Shizhuyuan Mine Hunan Province			
Dajishan Mine Jiangxi Province	499,000 tpa @ 0.322% WO3	85.6%	1,945 tpa
Pangushan Mine Jiangxi Province	231,000 tpa @ 0.344% WO3	86.7%	1,227 tpa
Tieshanlong Mine Jiangxi Province	425,000 tpa @ 0.274% WO3	87.3%	1,381 tpa
Piaotang Mine Jiangxi Province	533,000 tpa @ 0.26% WO3	79.7%	1,162 tpa
Dangping Mine Jiangxi Province	269,000 tpa @ 0.306% WO3	85.8%	719 tpa
Xialong Mine Jiangxi Province	284,000 tpa @ 0.308% WO3	86.2%	1,162 tpa
Xiaolong Mine Jiangxi Province	113,000 tpa @ 0.305% WO3	84.3%	383 tpa

Competitive position

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KIS COMPARES WELL WITH OTHER NON-CHINESE MINES AND PROJECTS

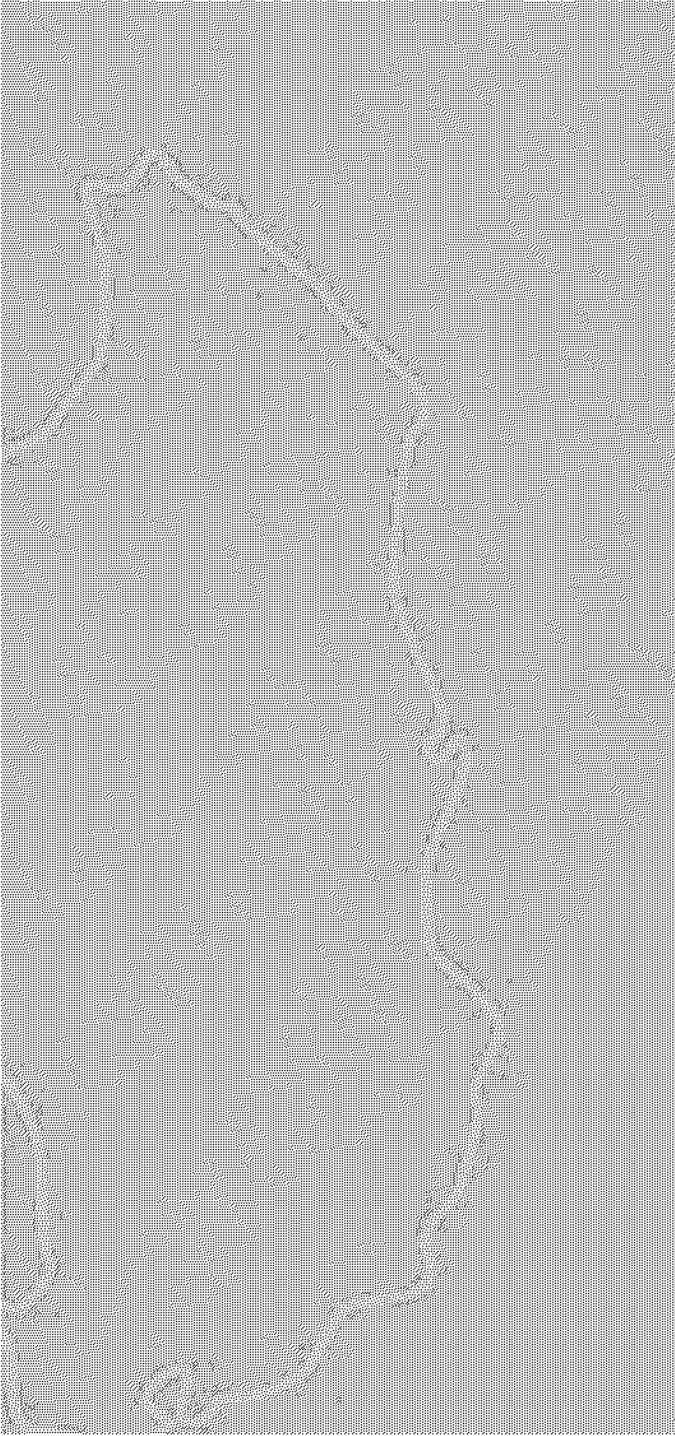
Mine/Deposit	Status	"Resource"	Production	Comments
Mittersill, Austria Wolfram Bergbau	Producing	4.5 mt @ .27% WO3	1.5 mtpa milled 1,770 tpa WO3 in concs	Underground mine. Consumed internally
Cantung, Canada North Am Tungsten	Producing	2.0 mt @ 1.2% WO3	370,000 tpa milled 4000 tpa WO3 in concs	UG Mine. Re-opened recently. First concs delivered Oct 2005. High costs – Arctic Circle
Panasquiera, Portugal, Primary	Producing	3.6 mt @ 0.31% WO3	600,000 tpa @ 0.24% 1,200 tpa WO3 in concs	Underground mine. Cash opex US\$79 per mtu.
Primorsky/Lermentov Russia	Closed	22 mt @ .43% WO3		Restarting?
Nui Phao, Vietnam Tiberon	BFS	25 mt @ .251% WO3 + Fluorspar + BM	3.5 mtpa @ 0.248% WO3 + Fluorspar + BM Start in 2008	US\$130m Capex, US\$7.59/t opex, 66% WO3 Recovery. Claimed cash opex US\$7/mtu for WO3, US\$16/t for fluorspar
Mactung, Canada	Evaluation	50 mt @ 0.93% WO3	Possibly after Cantung depleted in 6 years	Arctic Circle, difficult location
King Island	BFS	4.1 mt @ 0.91% WO3	400,000 tpa @ 0.91 3000 tpa WO3 in Concs	Open pit mine. Low capex, Opex US\$40-\$50

Competitive position

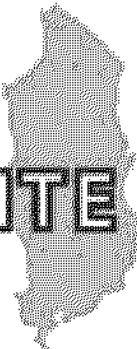
KING ISLAND
SCHEELITE

COMPARISON OF KING ISLAND WITH PROJECTS FOR WHICH WE HAVE DETAILED INFORMATION SHOWS A FAVOURABLE COMPETITIVE POSITION

	Panasquiera Portugal	Niu Phao Vietnam	King Island PFS	King Island Possible
Head Grade	.28% WO3	.207% WO3	0.91% WO3	0.72% WO3
Mtu pa	85,680	464,310	302,120	388,800
Mining US\$/mtu	45.55	6.93	15.31	19.01
Milling US\$/mtu	21.97	19.93	17.87	15.43
Admin etc US\$/mtu	19.53	3.03	7.71	8.98
Total Opex US\$/mtu	87.06	29.89	40.89	43.43
Capital Service US\$/mtu	NA	45.66	10.10	10.98
Total Cost US\$/mtu	87.06	75.55	50.99	54.41



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APPENDIX 2: CHINA AND ITS POSITION IN THE TUNGSTEN MARKET

CHINA DOMINATES WORLD PRODUCTION AND RESERVES

	Mine Production 2003	Mine Production 2004	% of World Production	Reserves*	% Of World Reserves	Reserves Base**	% Of World Reserves Base
	tpa	tpa		t of W		t of W	
China	52,000	53,000	88%	1,800,000	62%	4,200,000	68%
Canada	2,750	-	0%	260,000	9%	490,000	8%
Russia	3,900	3,500	6%	250,000	9%	420,000	7%
United States	-	-	0%	140,000	5%	200,000	3%
Bolivia	442	450	1%	53,000	2%	100,000	2%
Korea, North	600	600	1%	NA		35,000	1%
Portugal	700	700	1%	25,000	1%	25,000	0%
Austria	1,400	1,400	2%	10,000	0%	15,000	0%
Other countries	290	300	1%	360,000	12%	700,000	11%
World total (rounded)	62,100	60,000	100%	2,900,000	100%	6,200,000	100%

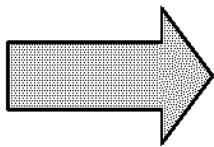
*That part of the reserve base that may be economically extracted or produced at the time of determination.

**The reserve base is the in-place demonstrated resource from which the reserves are estimated.

Source USGS

EASILY RECOVERABLE HIGH GRADE RESERVES ARE DEPLETING RAPIDLY

- Some 25% of Chinese reserves are associated with other metals creating difficulties for recovery and utilisation.
- Most ore is low grade. Only 2% of recoverable reserves grade better than 0.5% WO₃. Most lie between 0.25% AND 0.5%
- Most of the China reserve base is scheelite, with wolframite only 28% of the recoverable reserve.
- Most scheelite deposits "have low grade, complex composition, and bad construction condition, and are difficult to be exploited and utilised".
- However, 90% of production is wolframite concentrates from higher grade wolframite deposits. Wolframite has been well explored and utilised for many years but wolframite resources are being rapidly depleted.
- The future of mining in China is low grade, metallurgically complex scheelite deposits.



Higher mining and processing costs

CHINA HAS RECOGNISED THAT TUNGSTEN RESOURCES ARE FINITE AND MUST BE CONSERVED FOR BEST BENEFIT OF CHINA

- Internal Chinese demand now world's largest, and growing at 15% pa.
- Private enterprise sector growing rapidly
- Large state-owned enterprises being substantially reorganized
- Focus on updating of processes, equipment improved products – value add
 - China's tungsten metallurgy, powder production process and equipment have reached world standard.
 - Many enterprises have set up R & D centres to develop core technology and new products
- Since 1980, much work has been done to improve the utilisation of tungsten resources.
 - R&D has improved ore dressing procedures, and the overall recovery of tungsten has improved greatly.
 - Recovery of by-product Mo, Bi, Sn and Cu has also improved dramatically. These now account for 15% of total production value.

DRAMATIC CHANGES IN GOVERNMENT POLICY

China has implemented a national policy in order to:

- Control production
- Foster exploration
- Enhance recycling
- Encourage healthy market development both in China and abroad

Policy initiatives:

- Nominated tungsten as a special mineral to be “protectively exploited”
- Stopping export of tungsten concentrates to focus on value-added products.
- Introducing a mine licensing system - many unlicensed mines closed.
- Restructuring the tungsten industry to create world-class companies.
- Introducing total quality control

These measures are reported to have been widely supported by industry

MAJOR POLICY INITIATIVES CONTINUE

- In 2004, the government commissioned Jiangxi Tungsten Industry Group to carry out extensional exploration in the deeper parts of old mines and in surrounding areas.
- In December 2004 the Chinese government removed the 13% export tax rebates on a number of commodities including ferro-tungsten effective January 1st in order to meet commitments that China had made to the WTO.
- On 21st of July 05 China announced that it would revalue the Renminbi allowing it to appreciate 2.1% against the US dollar, potentially a bullish factor for the market, raising costs in dollar terms within China.
- In July 05 the European Union extended its 33% anti-dumping duties on imports of Chinese tungsten carbide and fused tungsten carbide for another five years.
- In August 05 the Chinese State Council announced that it will impose quotas on the exploitation and exports of tungsten, tin and antimony with the aim of controlling total output, optimise the industry structure, enhance environmental protection and ease energy squeezes. The policy is also designed to encourage reorganization and combination to form industry giants and restrict illegal exploitation and over-exports.
- Beijing also announced the abolition of toll treatment for a series of ferroalloys including tungsten. The change, in combination with the renminbi revaluation, is likely to force the Chinese suppliers to increase export prices again as the toll treating trade allows exemption of import tax for foreign raw materials as well as relevant value-added taxes.