

20th December 2010



KING ISLAND SCHEELITE LIMITED ("KIS")

TERMINATION AGREEMENTS WITH HNC NOW EXECUTED

King Island Scheelite Limited and Hunan Non-Ferrous Metals Corporation (HNC) have finalised the agreements necessary to terminate the Dolphin Joint Venture.

KIS Chairman Tony Haggarty said, "This now clears the way for us to move ahead with a new partner. Several parties have expressed an interest in working with us and once we appoint a corporate advisor, we look forward to progressing the Dolphin Project."

Work undertaken by the joint venture over the past two years has confirmed an attractive project with lower risk based on an underground mine.

Following the execution of these agreements today, KIS is now debt-free and holds a 100% interest in the project. HNC has a royalty of 2% of gross revenue, capped at AUD3.9M and retains its 7% shareholding in KIS.

In the current positive climate for mining investment, KIS is confident of being able to secure a suitable partner and funding to progress the redevelopment of this world-class tungsten deposit. To this end, the company will shortly announce the appointment of a corporate advisor to manage this process.

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