TUNGSTEN PRODUCTION TO COMMENCE FROM TAILINGS AT MT CARBINE

Summary:

• Successful completion of tungsten recovery test work has led to the decision to proceed with a capital raising to fund plant construction for the retreatment of the tailings resource at Mt Carbine.
• Plant construction will commence immediately after the capital raising is complete, with the intention of taking advantage of record tungsten prices.
• The tailings resource at Mt Carbine is approximately 2 million tonnes with an estimated grade of 0.1% WO3, based on historical mine sampling and recent work.
• Extensive sampling and physical characterisation has shown that 80% of the total tungsten occurs in the minus 150µm fraction and that most of the remainder is in the 1mm to 8mm size range.
• Following successful superpanning trials at laboratory scale, testing of bulk samples has confirmed that saleable concentrates can be produced with a simple, low-capital cost gravity circuit.
• A metallurgical flowsheet for the tailings retreatment is now complete and forecast cash flow modelling of the tailings retreatment indicates that the project has robust economics even at the present Aus$ exchange rates.
• A number of enquiries have been received from tungsten consumers regarding purchase of the Mt Carbine tungsten concentrate.
Overview of the Tailings Resource

The tailings resource at the Mt. Carbine Operations consists of two stockpiles called the “Number 3” and “Number 4” Dams. These stockpiles are situated in two discrete areas on the mining lease approximately 200 meters apart and will be combined to feed to the processing plant which will be situated adjacent to the “Number 4” tailings Dam stockpile. The total inferred Resource is approximately 2 million tonnes at a combined grade of 0.1% WO$_3$ (Icon ASX release June 2008).
During the previous operation, tailings were pumped through a pipeline to discharge points at each of the dams (3 and 4). The coarse dense particles settled first, closer to the discharge point, with the “finer” particles (-150µm) being deposited closer to the edge of the dam and the “slimes” (-10 µm) settling at the water’s edge. There is thus a discrete separation of the finer particles from the coarser particles within the dams. In both tailings dams most of the higher-grade fines are still preserved although the coarser fractions have been partly removed during recent quarrying operations.
Tailings Dam Number 3

<table>
<thead>
<tr>
<th></th>
<th>Tonnes (estimate)</th>
<th>WO₃ %</th>
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</thead>
<tbody>
<tr>
<td>Tailings Dam No. 4</td>
<td>1,800,000</td>
<td>0.1%</td>
</tr>
<tr>
<td>Tailings Dam No. 3</td>
<td>200,000</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total Tailings Inferred Resource*</td>
<td>2,000,000</td>
<td>0.1%</td>
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</tbody>
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*Qld Wolfram Reporting (1986-87) and Icon ASX Statement 5th June 2008
Tailings Sampling

A comprehensive auger drilling and sampling program was carried out on both Tailings Dam 4 and Tailings Dam 3 by the previous operators of the Mt Carbine mine in 1986-87. This comprised 90 auger holes being drilled in Dam 4 and 14 holes drilled in Dam 3.

Tailings Dam Number 4, 90 Hole Drilling Programme Results
(Total WO3% Multiplied by Depth of Hole in meters)
Composites samples were made for each 3 meter down hole interval by combining the riffled samples of two consecutive 1.5 meter samples. This resulting 3m composite was then assayed by size (providing very detailed grade analysis) with samples sent to Central Mineralogical Services for detailed mineralogical analysis by size.

This has resulted in each drillhole having detailed size by grade analysis (+4mm to -45µm) and detailed mineralogical analysis for each size obtained from each sample taken in each hole drilled.

**Sampling and Metallurgical Test Work**

Drillhole “site 16”, in Tailings Dam number 4, was chosen as the “Dam Average” representing the area where a bulk sample should be taken for detailed metallurgical testwork and flowsheet design.

Detailed analysis of the sample taken from “site 16” showed that the size distribution and tungsten distribution showed an accurate correlation to the “Dam Average” taken from all the drill hole data that has been collected from the Tailings Dams number 4.

A bulk sample was taken from the area around drillhole 16 using a small excavator and sent to Burnie Research Laboratories for detailed metallurgical testwork, including “superpanning”.

Superpanning is a technique used on a size by size basis to obtain the best possible recovery from a particular ore body using gravity separation techniques. The recovery figures obtained by superpanning are the best achievable for the ore body and also demonstrate whether gravity separation techniques will work in a full scale processing plant, but not necessarily with the same recoveries. A key objective in the gravity separation testwork was to keep the gravity circuit as simple as possible and to keep the capital expenditure as low as possible.

Once the metallurgical testwork was completed on the initial bulk sample and it was demonstrated that a saleable concentrate could be achieved using a simple gravity circuit, a further bulk sample was taken and was sent to CPG – Mineral Technologies Pty Ltd for full scale characterisation and flow sheet design.
The bulk sample underwent a stringent test program incorporating grinding to ensure all the material was less than 1mm in size, followed by classification at 150µm to ensure coarse and fine gravity circuits were incorporated into the flowsheet design to maximise the tungsten recoveries. The flowsheet development then started.

*Bulk Sampling at Drill Hole Number 16 Tailings Dam Number 4*

Initially the sample was put on through a desliming circuit to cut at a nominal size of 150µm. The minus 1mm +150µm material was then put over a series of spiral classifiers and shaking tables. The concentrates produced were then cleaned using a Low Intensity magnetic separator followed by a final stage of cleaning on a shaking table, and a coarse concentrate was produced.

The classified sample, minus 150µm, was deslimed at 10µm and the resulting sample (minus 150µm+10µm) was then tested through a fine gravity circuit incorporating high speed centrifuges, Low Intensity Magnetic Separation and fine shaking tables to produce various saleable concentrates.
Results of Metallurgical Testwork

The superpanning test work demonstrated that a simple gravity circuit would produce a saleable concentrate with a maximum tungsten recovery of up to 48% to concentrate.

The sample sent for full characterisation and flowsheet design showed that;

- 20% of the total tungsten was contained in the plus 150µm material and was contained in composite particles that would require grinding to less than 600 µm to liberate the wolframite and scheelite minerals.
- Grinding tests demonstrated that a saleable high grade concentrate could be achieved from the course gravity circuit if a rod mill was incorporated in the circuit prior to the coarse gravity circuit. It was decided at this stage as only 20% of the tungsten is in the coarse particles the coarse size fraction would be stockpiled for processing at a later date.
- 80% of the total tungsten was in the -150 µm fraction, with 15% of this being in the -10µm material which would eventually be sent to the “Final Gravity Tails”
- Processing the -150µm+10µm material through a fine gravity circuit obtained a saleable product with a recovery of 29% of the total tungsten.

"Cleaner Table Showing Wolframite and Scheelite Bands"
Flowsheet for the Retreatment of Tailings at the Mt Carbine Operations
Decision to proceed with plant construction

Modelling of forecast cash flows generated by retreating the tailings indicates that the project has robust economics over a range of metal prices, capital and operating costs. The Icon Board of Directors has therefore decided to proceed with a capital raising to fund the construction of the tailings retreatment plant. Final engineering drawings are being prepared and it is intended that plant construction will commence immediately the capital raising is complete. The Board is evaluating the plant costs, working capital requirements and the best way to raise the necessary funds to get into production. It is expected that this decision process will be complete during May.

The Board notes that the tungsten price has risen sharply in the past few months and early production from tailings retreatment should enable the Company to benefit from these rising prices.
Information in this report that relates to Resources with respect to the Mt Carbine Tailings Project is based on studies carried out and information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists. Dr White is a non-executive Director and consultant to Icon and has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Dr White consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Further information relating to Icon and its projects can be found on the Company’s website at www.iconresources.com.au.