

III.AU

Icon Resources Limited

A\$ 0.07

11 June 2009
Tungsten, Gold, Base Metals, PGE
Australia (QLD, NSW, TAS)
Scoping
Exchanges: ASX:III

Icon's strategy to develop the Mt Carbine tungsten project (QLD) is to re-treat the historic mine tailings while confirming the resource for a sustained open-cut operation – potential for >50% expansion of current hard rock 10.7mt @ 0.21% WO₃.

Capital Profile

Share price (A\$)	0.07
52 week range (A\$/share)	0.04 to 0.24
Number of shares (m)	68
Options and warrants (m)	6
Convertible notes (m)	0
Fully diluted (m)	74
Market capitalisation (undiluted) (A\$m)	4.8
Debt (A\$m) - Jun 09F	0.0
Enterprise value (A\$m)	4.8
Major shareholders: S Bartrop (12.6%), G Fallon (8.3%), J Bishop (7.0%), R Lew is (6.4%), A White (6.2%), L Pretorius (5.7%).	
Avg monthly volume (m)	0
Cash (A\$m) - Jun 09F	0.3
Price/Cash (x)	15.9
Price/Book (x)	1.0
Listed company options:	IIIO

Production and Financial Forecasts

YEAR END: June	Mar-09a	Jun-09F	2008a	2009F	2010F
Exploration and evaluation (A\$m)	0.12	0.10	2.43	1.17	2.00
Corporate (A\$m)	0.10	0.10	0.55	0.37	0.38
Exploration/(Expl.+ Corporate) (%)	54	51	82	76	84
Funding duration at current burn (yrs)	-	-	0.1	0.2	0.4
Shares on issue (pr end) (m shares)	61.1	68.2	46.5	68.2	77.2
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	0	0	0	0	8,000
Land holding ('000 ha)	420	420	600	420	420
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.25	0.35	0.00	1.68	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	0.1	0.3	0.2	0.3	1.1
Cash backing (Ac/share)	0.2	0.4	0.3	0.4	1.4
Net asset backing (Ac/share)	7.1	6.8	8.1	6.8	4.8

Quarters stated on calendar year basis.

Investment Points

Owns 100% of the historic Mt Carbine Project (QLD), formerly Australia's largest tungsten mine.

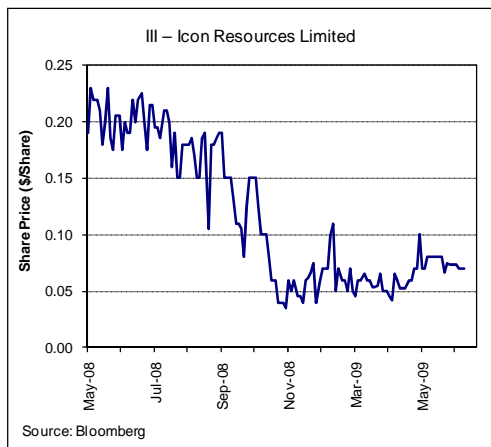
Mt Carbine: resources total 25kt WO₃. Open pit resource 1.1mt @ 0.2%, target 15mt @ ~0.2% WO₃ upgrade possible in 2H09.

Feasibility study in progress on 3-phase mine plan: tailings, open pit and/or underground. Open pit study could be completed 2H09, hard rock production 3Q11.

Early cash flow targeted from third-party processing of tailings at Mt Carbine (negotiations in progress).

Collingwood Tin Project (QLD): negotiating purchase with III shareholder Metals X, could bring a 360kt/yr processing plant for Mt Carbine.

Share placements in 1H09 have raised working capital of A\$0.6m; Mt Carbine expected to be funded externally..



Company Comment

Overview: III listed on the ASX in June 2006. Its flagship project is the historic Mt Carbine tungsten deposit in QLD. It also has a portfolio of diversified exploration tenements in eastern Australia.

Mt Carbine (W, QLD, 100%): 120km from Cairns. Prior to its closure in the mid 1980s, Mt Carbine was Australia's largest tungsten producer. The mine's production of ~0.8-1.2kt/yr WO₃ was in the form of high-grade, low impurity concentrates of wolframite and scheelite from sheeted veining. There was no recovery of <75 micron material, which was lost to tailings. III is targeting a bulk tonnage operation focused on the existing **granted** 14-year Mine **Leases**, with a **three-stage development program**. This involves the re-treatment of the **mine tailings** (JORC inferred resource 1.6mt @ 0.1% WO₃ from 4Q09; the re-opening of the **open pit** (1.05mt @ 0.2% WO₃) and potentially waste dumps (non-JORC estimate 10-14mt @ ~0.1% WO₃) to produce 2.5kt/yr WO₃ (~1.25mt ore grading 0.2%); and, later, the re-opening of the **underground** development (resource 9.6mt @ 0.22% WO₃ accessible by a 500m decline).

Feasibility Study results are expected 2H09. Trial gravity separation of tailings recovered 50-53% to a ~65% WO₃ concentrate, and 75% to a ~45% WO₃ concentrate (centrifuge, flotation). Concentrates have been sent to potential consumers. **The ore is amenable to beneficiation by photometric sorting, potentially reducing the required concentrator throughput by 80%.** III is planning to evaluate resource expansion outside the current pit envelope in **mid-09**, using samples of historic core (low cost); **followed by further drilling in late 2009.** There is prospectivity north of the current pit, and potential to extend the open pit resource in the order of 15mt @ 0.2% WO₃, based on old workings and mapping. Assuming exploration is successful, Icon believes this would provide a 10 year open pit mine life.

Collingwood Tin Project: Icon is negotiating with Metals X (ASX:MLX) to acquire the Collingwood Tin Project. Collingwood could provide a processing plant for Mt Carbine (360kt/yr capacity, sufficient to treat ~1.8mt pre-sorted ore) and Icon is currently assessing whether this represents the best development option. An announced MOU (Feb '09) included a loan and convertible note from MLX; however, this was set aside due to a delay in securing third party re-treatment of tailings, and because some parties could be interested in developing both tailings and hard rock resources (potentially without Collingwood).

Eastern Australian Exploration (100%): III has a multi-commodity exploration portfolio, for which it is **seeking JV partners to evaluate priority targets.** Projects include **Burketown** (NW QLD, Mt Isa block), prospective for large IOCGU targets under cover, **Fitzroy** (Central Qld) containing base metal prospects, **Peel Fault** (NSW), **over widespread structurally controlled historic** hard-rock gold workings; and **Tara** (NSW), **a large polymetallic-tin system beneath shallow cover.**

Investment Comment: III had forecast annual net cash flow at Mt Carbine of ~A\$15m, assuming WO₃ US\$200/mtu and exchange rate of AUD/US\$0.86, for a 13 year operation. Using similar parameters, with production of 2.5kt/yr WO₃, US\$180/mtu for 65% concentrate, and costs of US\$120/mtu, approximate NPV (5% discount) of the hard rock resource is A\$51m, compared with III's market cap of A\$5.5m. Third party processing of the Mt Carbine and Collingwood tailings could provide cash flow from 4Q09. With working capital secured by share placements, III could complete the Mt Carbine feasibility study in 2H09 and be in hard rock tungsten production by 3Q11.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian (JORC)								
Tungsten	Classification	Project	Ore	WO ₃	Cut Off	WO ₃	WO ₃ Eqty	
		Equity	Mt	%	%	kt	M mtu	kt
Reserves						0.0	0.0	0.0
Resources								
Mt Carbine - tailings	Inferred	100%	1.6	0.11	na	1.8	0.2	1.8
Mt Carbine - open cut	Inferred	100%	1.1	0.20	na	2.1	0.2	2.1
Mt Carbine - u/ground	Inferred	100%	9.6	0.22	na	21.1	2.1	21.1
						25.0	2.5	2.5
Mineralised Material (est., non compliant with JORC)						0.0	0.0	0.0

Also Fitzroy (QLD), has total Inferred Resource: 1.75mt @ 1.7% Cu, 2% Zn, 8.5g/t Ag, 0.2g/t Au, cutoff 1% equiv Cu in Nov '07

Contacts

Dr John Bishop
Managing Director
Tel: +61 (0)2 9279 1252
Sydney, NSW, Australia
www.iconresources.com.au

Analyst: Dr Trent Allen
trentallen@rcresearch.com.au

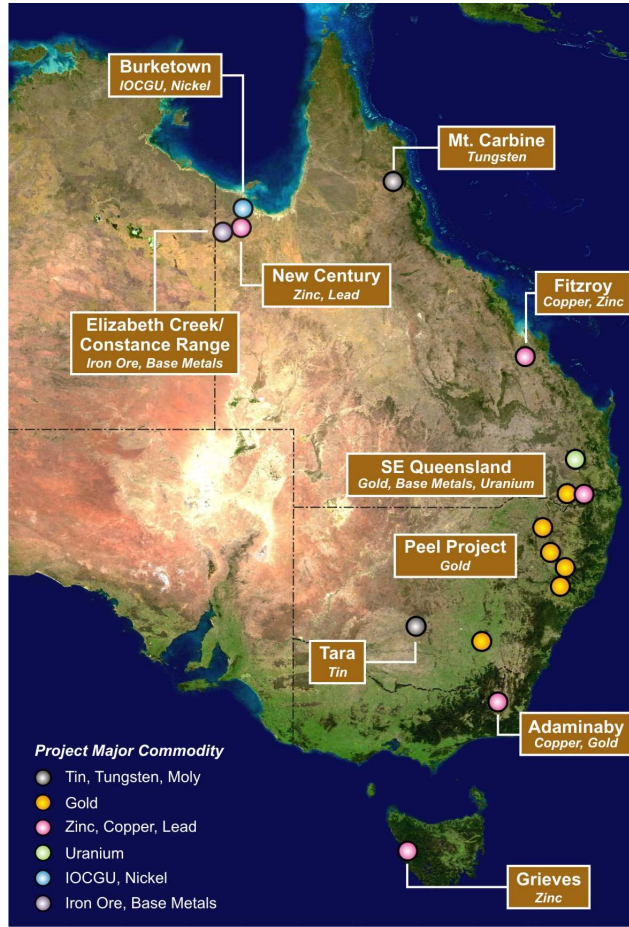
Directors

A White (Chair)
J Bishop (MD)
S Bartrop

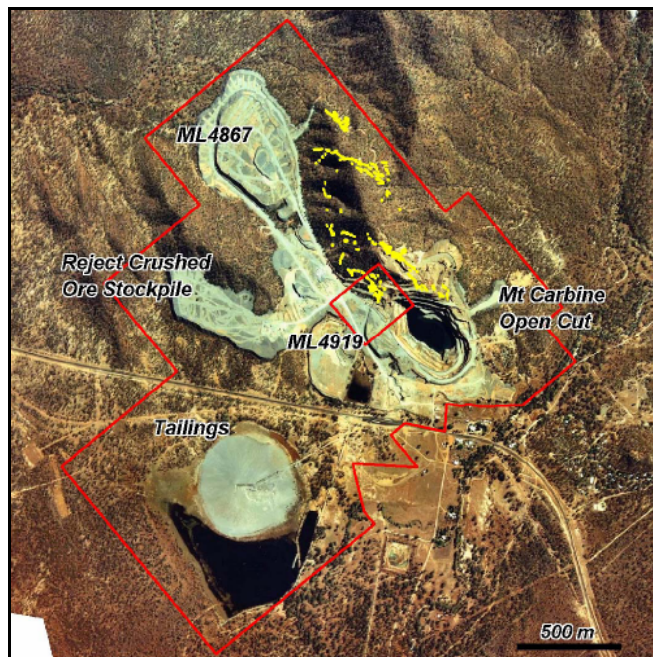
Key Projects

Project	Ownership/		JV	Target	Process	Project	Location
	Option	Metal					
Mt Carbine	100%	W	none	Vein	Grav, float	Scoping	Aus (QLD))
Burketown	100%	IOCGU,Ni	none	IOCGU	na	Early Expl	Aus (QLD))
New Century	100%	Zn,Pb	none	Sedex	na	Early Expl	Aus (QLD))
Fitzroy	100%	Cu,Zn	none	VMS	na	Adv Expl.	Aus (QLD))
Peel	100%	Au	none	Structural	na	Mid Expl.	Aus (NSW)
Tara	100%	Sn	none	Structural	na	Mid. Expl	Aus (NSW)

Icon Resources project locations: IIR is focused on the historic Mt Carbine tungsten deposit (QLD), where it plans to develop a tailings re-processing operation, followed by open-cut and underground mines. The asset portfolio includes prospective leases in the Mt Isa district of north-western QLD.



Mt Carbine Project: the mine produced 43% of Australia's annual tungsten output, until it closed following a sharp price decline in 1986. It has considerable pre-existing infrastructure and permitting, including a 14 year mining lease, sealed road and 132KV power line. Hard rock mining is planned for 3Q11.



Disclosure and Disclaimer

Disclosure and Disclaimer

Important Information

Resource Capital Research Pty Limited (referred to as “we”, “our”, or “RCR” herein) ACN 111 622 489 holds an Australian Financial Services Licence (AFS Licence number 325340). General advice is provided by RCR’s Authorised Representatives Dr Tony Parry (Authorised Representative number 328842) and Dr Trent Allen (Authorised Representative number 331960). The FSG is available at www.rcresearch.com.au. All references to currency are in Australian dollars unless otherwise noted.

This report and its contents are intended to be used or viewed only by persons resident and located in the United States and Australia and therein only where RCR’s services and products may lawfully be offered. The information provided in this report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject RCR or its affiliates to any registration requirement within such jurisdiction or country.

This report and its contents are not intended to constitute a solicitation for the purchase of securities or an offer of securities. The information provided in this report has been prepared without taking account of your particular objectives, financial situation or needs. You should, before acting on the information provided in this report, consider the appropriateness of the purchase or sale of the securities of the companies that are the subject of this report having regard to these matters and, if appropriate, seek professional financial, investment and taxation advice. RCR does not guarantee the performance of any investment discussed or recommended in this report. Any information in this report relating to the distribution history or performance history of the securities of the companies that are the subject of this report, should not be taken as an indication of the future value or performance of the relevant securities.

In preparing this report, RCR analysts have relied upon certain information provided by management of the companies that are the subject of this report or otherwise made publicly available by such companies. The information presented and opinions expressed herein are given as of the date hereof and are subject to change. We hereby disclaim any obligation to advise you of any change after the date hereof in any matter set forth in this report. THE INFORMATION PRESENTED, WHILE OBTAINED FROM SOURCES WE BELIEVE RELIABLE, IS CHECKED BUT NOT GUARANTEED AGAINST ERRORS OR OMISSIONS AND WE MAKE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AND DISCLAIM AND NEGATE ALL OTHER WARRANTIES OR LIABILITY CONCERNING THE ACCURACY, COMPLETENESS OR RELIABILITY OF, OR ANY FAILURE TO UPDATE, ANY CONTENT OR INFORMATION HEREIN.

This report and the information filed on which it is based may include estimates and projections which constitute forward looking statements that express an expectation or belief as to future events, results or returns. No guarantee of future events, results or returns is given or implied by RCR. Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable at the time of publication, however, such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from the estimates and projections provided to RCR or contained within this report.

This report may, from time to time, contain information or material obtained from outside sources with the permission of the original author or links to web sites or references to products, services or publications other than those of RCR. The use or inclusion of such information, material, links or references does not imply our endorsement or approval thereof, nor do we warrant, in any manner, the accuracy of completeness of any information presented therein.

RCR, its affiliates and their respective officers, directors and employees may hold positions in the securities of the companies featured in this report and may purchase and/or sell them from time to time and RCR and its affiliates may also from time to time perform investment banking or other services for, or solicit investment banking or other business from, entities mentioned in this report. Icon Resources Limited commissioned RCR to compile this report. In consideration, RCR received a cash consultancy fee of less than \$15,000. RCR may receive referral fees from issuing companies or their advisors in respect of investors that RCR refers to companies looking to raise capital. Those fees vary, but are generally between 0 - 1% of the value of capital raised from referrals made by RCR. RCR received referral fees in relation to recent capital raisings for Globe Uranium Limited, PepinNini Minerals Limited and Uranex NL. At the date of this report, neither RCR, nor any of its associates, hold any interests or entitlements in shares mentioned in this report with the exception that either or both of John Wilson (either directly or through Resource Capital Investments Pty Limited (RCI)) and associates, or RCI, as trustee of the Resource Capital Investments Fund owns shares in BHP, Rio Tinto and YTC Resources Limited.

Analyst Certification: All observations, conclusions and opinions expressed in this report reflect the personal views of RCR analysts and no part of the analyst’s or RCR’s compensation was, is, or will be, directly or indirectly related to specific recommendations or views expressed in the report. Officers, directors, consultants, employees and independent contractors of RCR are prohibited from trading in the securities of U.S. companies that are, or are expected to be, the subject of research reports or other investment advice transmitted to RCR clients for a blackout window of 14 days extending before and after the date such report is transmitted to clients or released to the market.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources: RCR publishes mineral resources based on standards recognized and required under securities legislation where listed mining and exploration companies make their exchange filings and uses the terms “measured”, “indicated” and “inferred” mineral resources. U.S. investors are advised that while such terms are recognized and required under foreign securities legislation, the SEC allows disclosure only of mineral deposits that can be economically and legally extracted. United States investors are cautioned not to assume that all or any part of measured, indicated or inferred resources can be converted into reserves or economically or legally mined. We recommend that US investors consult Securities and Exchange Commission Industry Guide 7 – “Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations” for further information about the use of defined terms and the presentation of information included in this report.