

# Report for the Quarter Ended 31 March 2016



## ASX: KIS

Market Capitalisation	\$12.4 million
Shares on Issue	165.3 million
52 Week High	16.5 cents
52 Week Low	6.3 cents
Share Price	7.5 cents

## Board of Directors

Johann Jacobs	Chairman
Allan Davies	Director
Chris Ellis	Director

**Tungsten APT USD 18,500 / tonne (7 April 2016)**

## King Island Scheelite Limited (KIS)

through its 100% Dolphin Project on King Island, Tasmania is one of the world's richest tungsten deposits and could meet a significant proportion of the world's tungsten requirements over a minimum 13 years.

## King Island Scheelite Limited

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## HIGHLIGHTS

- **Meetings held with Environmental Protection Agency and King Island Council to amend prior approvals**
- **Work continued on the Definitive Feasibility Study in preparation for fund raising**
- **Pumping of water out of the open cut void continues to maintain a consistent level in the sump**
- **Lease/Licence boundaries have been adjusted by MRT to close out any gaps following the relinquishment of EL 16/2002 and RL 2/1998 tenements**
- **Tungsten markets remain depressed with the last six months recording the lowest prices in more than nine years, driven largely by lack of demand**

**29 April 2016**

King Island Scheelite Limited (**Company**) is pleased to present its activity report for the quarter ended 31 March 2016.

### Environmental Approvals

Several meetings were held during and after the quarter with the Environmental Protection Agency and King Island Council to agree what amendments, if any, were required to the previously granted approvals.

Agreement on any changes is expected in the near term, thus allowing any additional studies to commence.

### Definitive Feasibility Study (“DFS”)

Work continued on the consolidation of recent studies into a Definitive Feasibility Study. This work can only be completed when the final environmental approvals have been obtained.

Ironstone Capital, the Company’s financial advisor, have compiled an Information Memorandum, which will be circulated to interested finance providers once the environmental approvals have been finalised.

### Pit Pumping

Consistent with our previous plans, the inflow of water from predominantly rain water runoff, is being managed with the installed smaller pump being utilized on a regular basis to maintain a consistent water level in the sump.

### Lease/License Boundaries

The Company received confirmation from Mineral Resource Tasmania (“MRT”) that the lease and licence boundaries have been adjusted to close any gaps after the relinquishment of EL 16/2002 and RL 2/1998. This followed a rationalization of different holdings.

### APT Market

APT (Ammonium ParaTungstate) is the product used as a benchmark price for the sale of WO<sub>3</sub> concentrate, as it is regularly quoted in industry journals. The price of APT has varied from a high of US\$46,900 per tonne (A\$43,600 per tonne) to a low of US\$16,500 per tonne (A\$23,000 per tonne) over the last nine years. APT is currently trading at US\$18,500 per tonne (A\$23,800 per tonne).

Although this price is above our anticipated production costs, financing the project – both debt and equity – would be extremely difficult and risky. The major impact on the market has been from the drop in specialty steel demand.

### Finance

#### *Cash Balance*

As at 31 March 2016 the Company’s cash balance was \$1.3 million.

KIS group activities have related to exploration, there have been no activities relating to production or development.

	Tenement reference	Nature of interest
Mining tenements held at the end of the quarter	Exploration Licence EL 19/2001 at Grassy, King Island, TAS (91 sq kms)	100% ownership
	Mining Lease Application MLA 1M/2006 at Grassy, King Island, TAS (544 hectares)	100% ownership
Mining tenements acquired during the quarter	Nil	Nil
Mining tenements relinquished during the quarter	Nil	Nil
Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter	Nil	Nil
Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed during the quarter	Nil	Nil

Following is a summary of the expenditure incurred on exploration activities during the quarter:

	\$'000
Dewatering	12
Project management	18
Mine planning & geological work	14
Environmental	12
Other Feasibility Study work	3
	<u>59</u>

### Markets

Ammonium paratungstate (**APT**) is currently trading at an average of US\$18,500 (A\$23,800) per tonne (previous quarter US\$16,750 (A\$23,900) per tonne).



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**Johann Jacobs**

Chairman

**29 April 2016**

**King Island Scheelite Limited**

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For further information go to the company's website [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

KING ISLAND SCHEELITE LIMITED

ABN

40 004 681 734

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(59)	(537)
(b) development	-	-
(c) production	-	-
(d) administration	(169)	(815)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	23	81
<b>Net Operating Cash Flows</b>	<b>(200)</b>	<b>(1,259)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(200)</b>	<b>(1,259)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(200)	(1,259)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	1,000
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	-	1,000
<b>Net increase (decrease) in cash held</b>	(200)	(259)
1.20 Cash at beginning of quarter/year to date	1,509	1,568
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at end of quarter</b>	1,309	1,309

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	45
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payment made to Directors and their associated entities - Directors' fees \$2,000; reimbursement of expenses \$1,000; and consulting fees \$42,000.

Details of amount at Item 1.7: Royalty income \$23,000

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-
3.3 Unsecured redeemable convertible notes with an interest rate of 8% pa, maturing 31 December 2016, and convertible at the Company's sole discretion for lower of 15% discount to 30 day VWAP and capital raise issue price (where capital raised within three months).	2,000	1,000

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	185
4.2 Development	-
4.3 Production	-
4.4 Administration	151
<b>Total</b>	<b>336</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7	20
5.2 Deposits at call	1,302	1,489
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,309</b>	<b>1,509</b>

**Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			
	Exploration Licence EL 19/2001 at Grassy, King Island, TAS (91 sq kms)	Ownership of mining tenement	100%	100%
	Lease 1M/2006 at Grassy, King Island, TAS (544 hectares)	Ownership of mining tenement	100%	100%

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+ See chapter 19 for defined terms.



### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>+Ordinary securities</b>	165,251,702	165,251,702		
7.4 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>+Convertible debt securities</b> <i>(description)<sup>1</sup></i>	4	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
Tranche 1	2,000,000	-	15 cents	31 Dec 2018
Tranche 2	3,000,000	-	22 cents	31 Dec 2019
Tranche 3	4,000,000	-	28 cents	31 Dec 2020
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

<sup>1</sup> Refer to item 3.3 for more details.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29 April 2016  
(~~Director~~/Company secretary)

Print name: Ian Morgan

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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