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A Model For Re-emerging Small Producers

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King Island Scheelite Limited



Listed company

Australian Stock Exchange (KIS)

\$10m market capitalisation

Shareholders include Hunan Non Ferrous Metals

7% interest

Strong board

Experienced board with substantial project development, exploration and mine management experience

Long history

Tungsten has been mined on King Island since 1917

6.46Mt of ore grading 0.53% WO_3 were produced before closure in 1990

Joint venture with Hunan Non Ferrous Metals Corporation was established in 2007



Our Projects



Dolphin – 50%

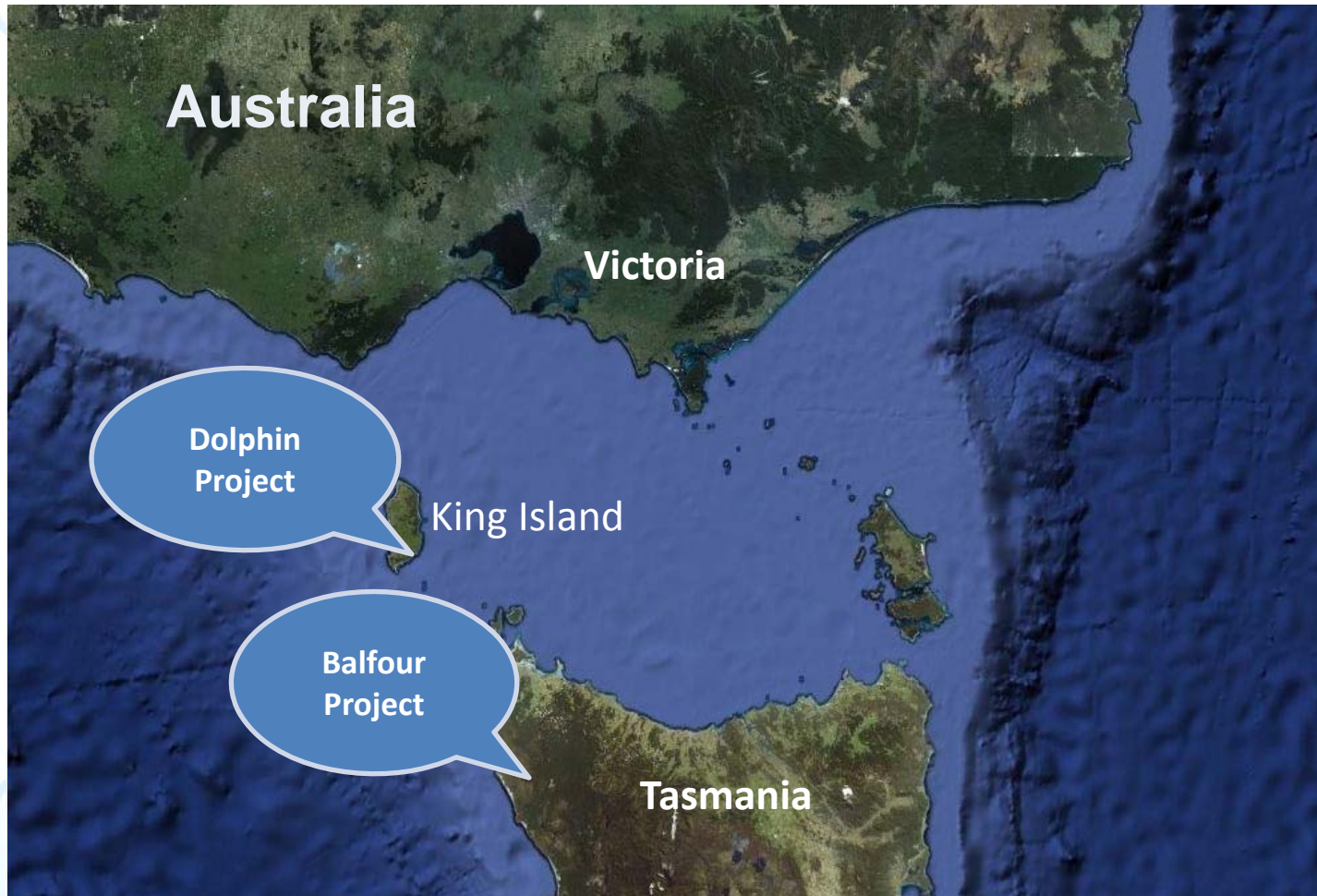
- Joint venture between King Island Scheelite Limited and Hunan Nonferrous Metals Corporation Limited to redevelop the King Island tungsten mine.
- Resource comprises Dolphin and Bold Head deposits of 11,413,000 tonnes containing 101,300 tonnes of WO_3 .
- Plan to reopen the former underground mine at Dolphin and construct a processing facility producing 3,300 tonnes of WO_3 per annum.

Balfour – 70%

- Joint venture with Pleiades Resources Pty Ltd to explore an area of historic mineralisation in NW Tasmania.
- Sn & WO_3 intercepted at Specimen Hill.
- Cu & Au intercepted at Roaring 41S.



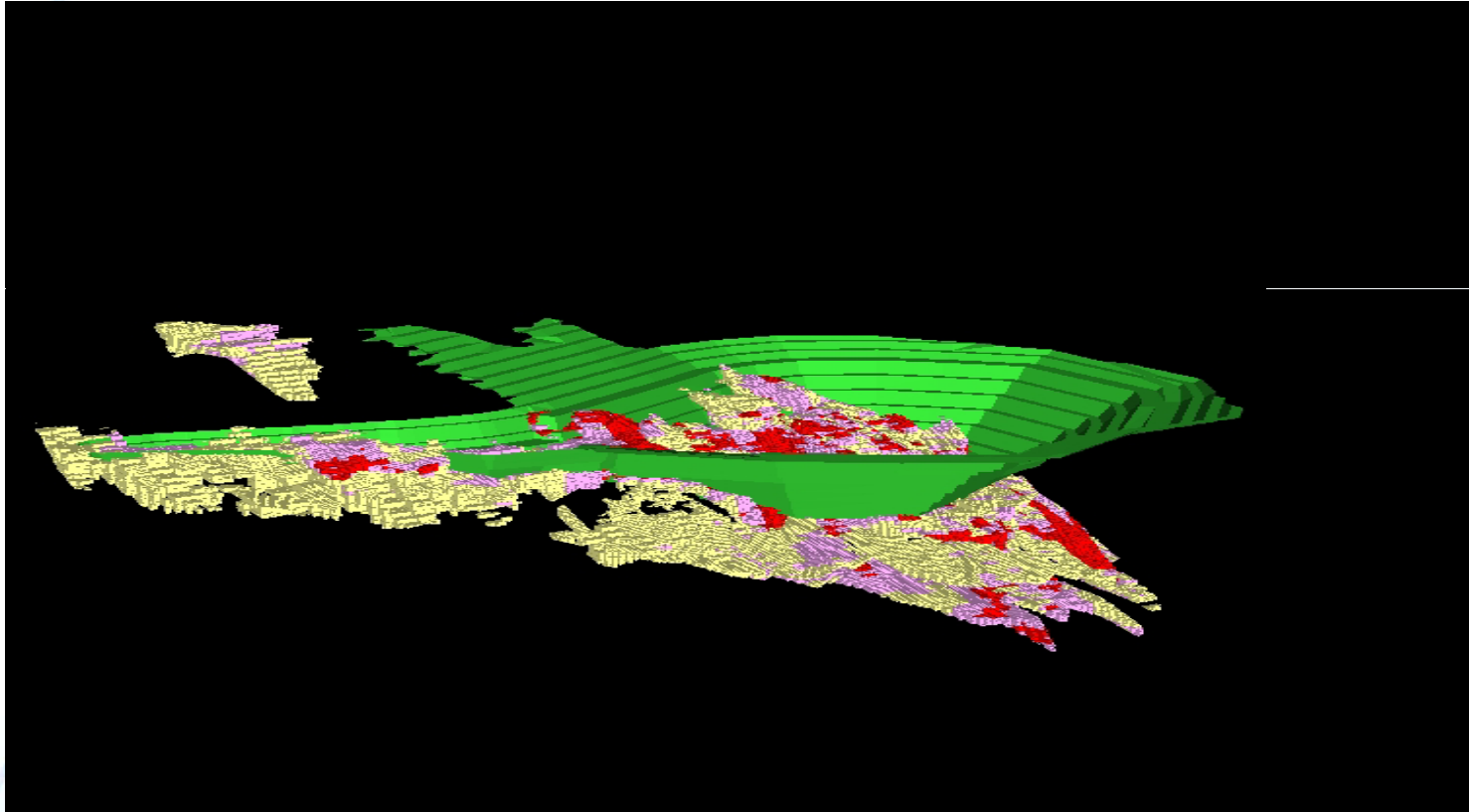
Project – Locations



Dolphin – Resource & Reserve



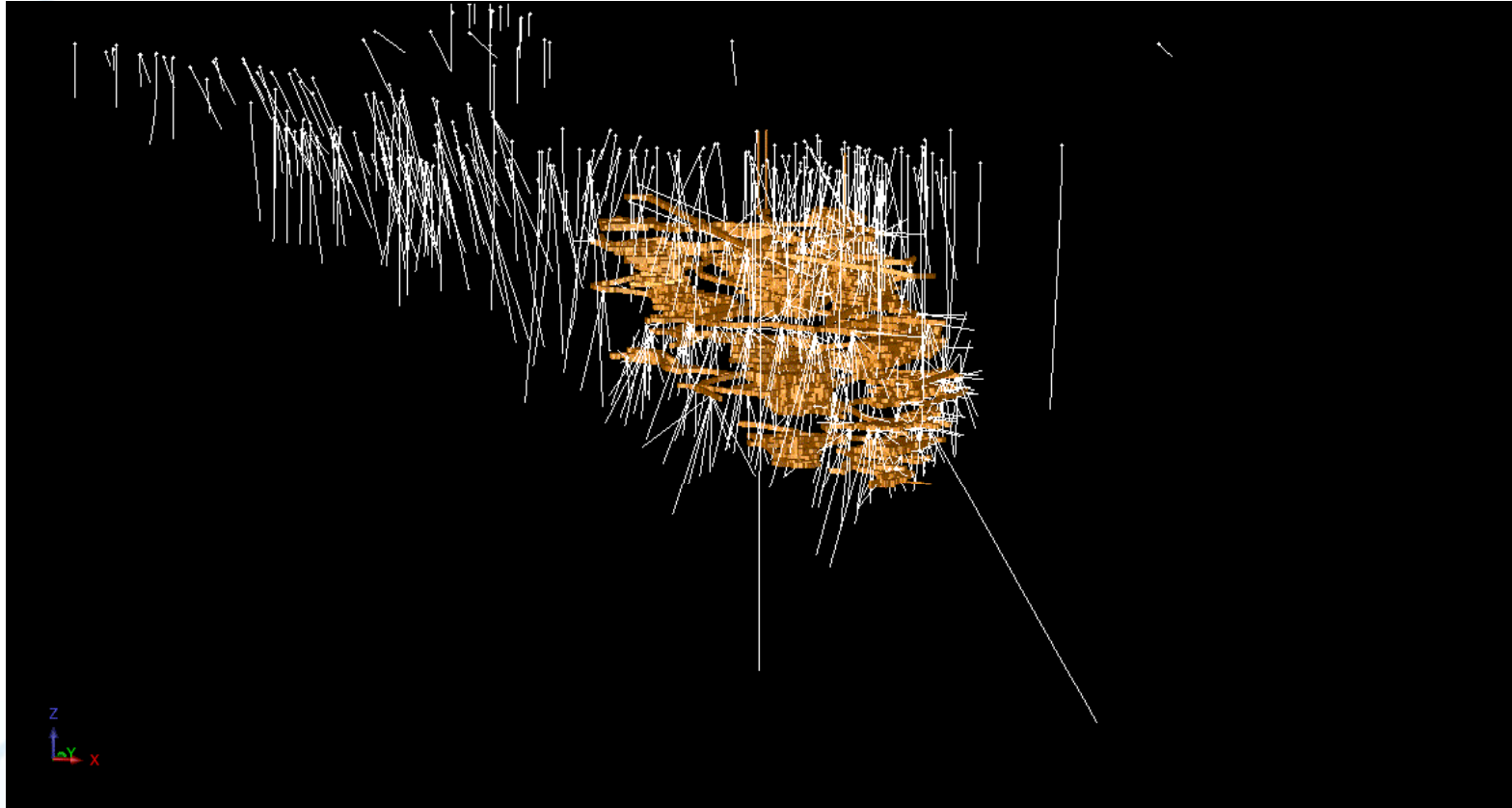
Former open pit to -80m RL and remaining ore body to -300m RL



Dolphin – Resource & Reserve



Over 600 drill holes overlaid on former underground workings to -295m RL



Dolphin – Resource & Reserve



Dolphin	Tonnes	WO ₃ %	Tonnes	WO ₃ %
Resource #	At 0.25% WO₃ Cut Off		At 0.70% WO₃ Cut Off	
Indicated	8.42 Mt	0.95%	4.75Mt	1.29%
Inferred	0.52 Mt	0.50%	0.01Mt	0.73%
	8.94 Mt	0.92%	4.76Mt	1.29%
Reserve #			At 0.70% WO₃ Cut Off	
Probable			1.63Mt	1.30%

Reported according to The JORC Code 2004



Dolphin – Development Plan



Plan	
Dewater mine and rehabilitate decline	6 months
Construct plant and necessary infrastructure	18 months

Operation		
Extract	300,000tpa	1.30% WO ₃
Process	91% recovery	3,300tpa WO ₃

Project 'base case' economics	
Tungsten price (65% concentrate)	US\$190mtu (current price \$200)
Revenue	\$460m
NPV	\$40m
IRR	22%



Dolphin – Future Potential



Incorporate mine at Bold Head

- Former mine site 2km north of Dolphin.
- No issues expected regarding access and approvals.

Bold Head	Resource Indicated & Inferred		Reserve Probable	
	At 0.25% WO ₃ Cut Off		At 0.70% WO ₃ Cut Off	
<i># Reported according to The JORC Code 2004</i>	2.47 Mt	0.76% WO₃	0.61 Mt	0.76% WO₃

- Not in current feasibility model as access/ approvals pending.

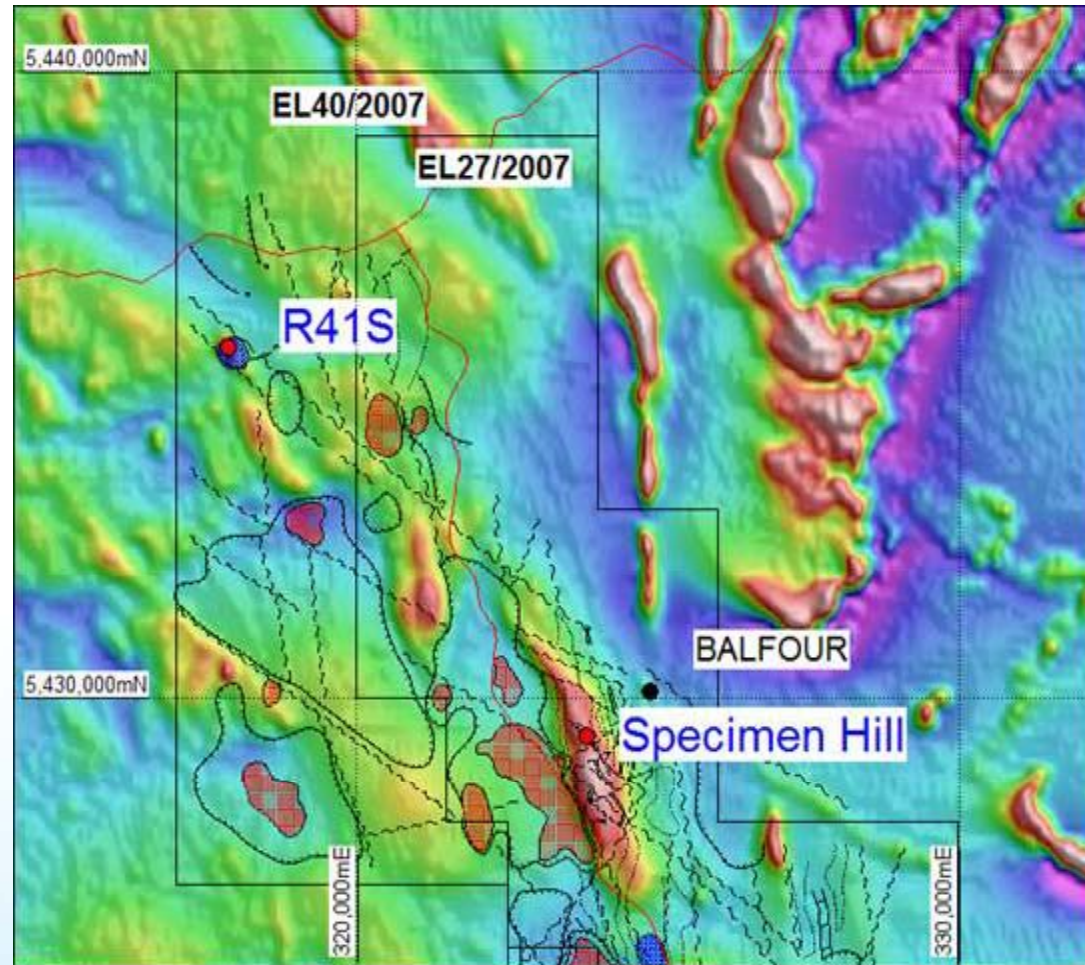
Double the resource at Dolphin

- Demonstrate down-plunge extension with development drilling costing \$0.5m.
- Geological mapping indicates potential for **2.00 Mt** additional high grade tonnes.
- Not in current feasibility model as little/ no drilling beyond old workings.



Balfour

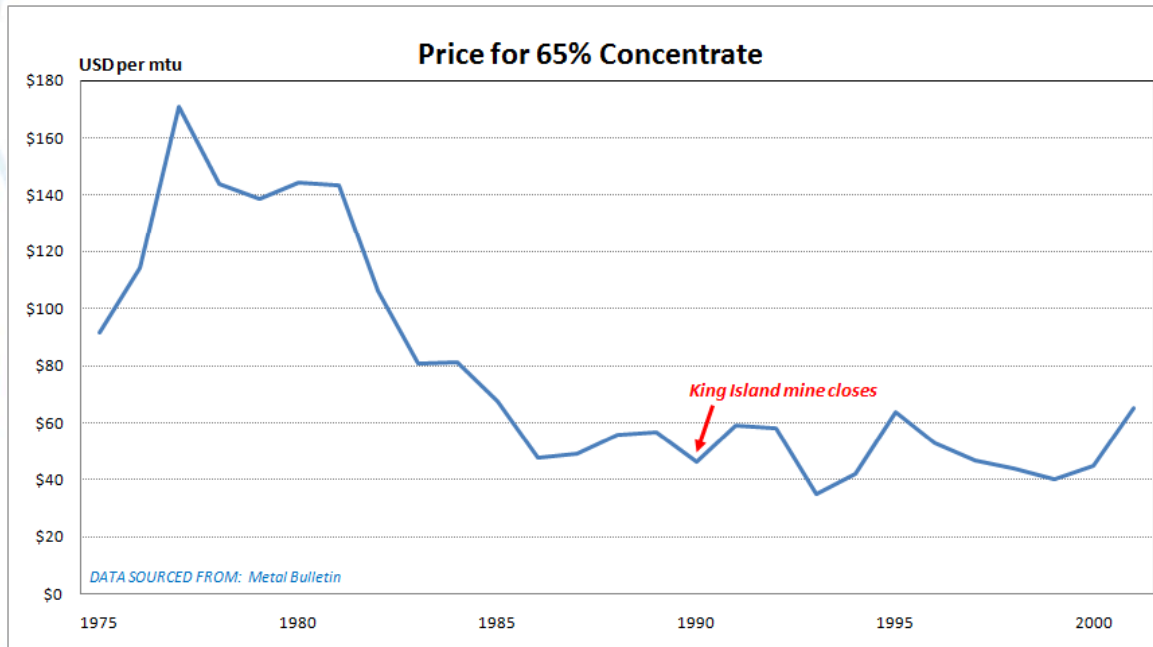
- Area of historic mineralisation
- Tin, Tungsten at Specimen Hill
- Copper, Gold at Roaring 41S
- Further drilling to be undertaken
- Target is a Tennant Creek style Magnetite Copper Gold deposit



Re-emerging producers - background



- Demand grew steadily in line with industrial output
- Supply however, was volatile (Rapid growth from China from 25 to 80%)
- Prices slumped due to oversupply



- Many producers were forced to shut down
 - A large number of mines shut down during this time
 - King Island being one of the last to close



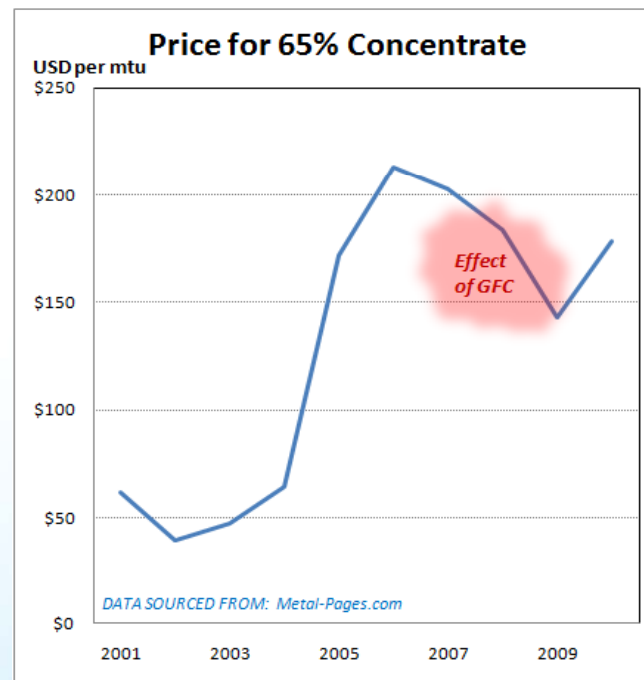
Re-emerging producers - situation



Environment now more conducive to investment

- Demand remains steady (growing industrial output since GFC)
- Supply is more stable (China is exerting more control)
- Prices recovered in the first half of 2010

This recovery however, still lags other metals



- Producers are re-emerging



Re-emerging producers - situation cont'd



Challenges for re-emerging producers

- 20 year loss of tungsten expertise (particularly outside China)
- tungsten markets remain opaque
- financiers remain cautious
- investment market interest still limited

Current & potential producers	Project information		
Current producers (ex-China)	Cantung	2,900tpa	(closed 2009)
	Mittersill	1,200tpa	
	Panasqueira	1,000tpa	(off-line 2004-07)
	Los Santos	900tpa	(off-line 2009/10)
	Pasta Bueno	900tpa	
Potential producers (ex-China)			Estimate (rounded)
➤ Australia	King Island	11Mt @ 1.0% WO₃	Resource
	O'Callaghans	78Mt @ 0.3% WO₃	"
	Big Hill	9Mt @ 0.2% WO₃	"
➤ Canada	Mactung	33Mt @ 0.9% WO₃	"
➤ Korea	Sangdong	103Mt @ 0.4% WO₃	"
➤ United Kingdom	Hemerdon Ball	71Mt @ 0.2% WO₃	"
➤ Vietnam	Nui Phao	56Mt @ 0.2% WO₃	Reserve



Re-emerging producers - opportunity



Combine existing and re-emerging small producers with;

- a. each other & or major producers
- b. processors & or consumers
- c. external investors & or financiers

to create

a stable
pipeline

exploring

developing

producing

WO_3

resulting in

a tungsten supply that is;

- a. more reliable
- b. sustainable
- c. efficient



Re-emerging producers - opportunity



This model will improve access to capital and benefit the tungsten industry in general through;

- stronger market
- efficiencies from better access to skills & technologies
- increased scale and better risk spread

PRODUCTION	King Island & other projects	Combined	Potential	
			World %	ex-China %
King Island	3,300	3,300	6%	30%
+1 st project	1,000	4,300	7%	36%
+2 nd project	1,500	5,800	10%	43%
+3 rd project	2,000	7,800	12%	50%
(assuming no other new production)				

King Island are early adopters partnering with Hunan Non-Ferrous Metals.

There is potential for other combinations to support re-emerging producers.

“Let’s further stabilise and improve global tungsten production”





KING ISLAND SCHEELITE LIMITED

thank you

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