

Corporate and Dolphin Project Update June 2018



ASX: KIS

Market Capitalisation \$14.6 million

Shares on Issue 217.3 million

52 Week High 7.0 cents

52 Week Low 2.5 cents

Share Price

18 June 2018 6.7 cents

Board of Directors

Johann Jacobs Chairman

Allan Davies Director

Chris Ellis Director

Tungsten APT Price

18 June 2018 USD 355.00/mtu

King Island Scheelite Limited (KIS) wholly owns the Dolphin Project on King Island, Tasmania, one of the world's richest tungsten deposits.

King Island Scheelite Limited

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Renounceable Rights Offer

- Company is undertaking a renounceable rights offer, based on 1 new share at 5.5 cents per share for every 8 existing shares currently held, to raise approximately \$1.5 million –underwritten for the balance not committed by major shareholders
- One free attaching option will be issued for every two new shares subscribed for, each exercisable at 10 cents in the next 3 years
- Refer to detailed market announcement also released today

Project Update

- Mine plan review utilising articulated dump trucks and smoothing production is currently being undertaken
- First of the three core samples is undergoing comprehensive metallurgical test work at a Burnie laboratory
- Analysis to date validates the test results previously achieved
- Innovative processing methodology has been incorporated into the flowsheet, which will lower capital and operating costs for the Dolphin Project
- Budget costing of a complete modular type processing plant is underway

Tungsten Market

- Discussions are continuing with reputable off-takers to secure the sale of all Dolphin's output
- Current APT price is US\$355 per mtu – an increase of 16% since beginning January 2018
- Analysts from leading international research company forecast global tungsten market to grow at a CAGR of 5.51% during the period 2018-2022

Web Site

- A revised web site has been launched at www.kingislandscheelite.com.au

19 June 2018

King Island Scheelite Limited (ASX: KIS) is pleased to provide a Corporate and Dolphin Project update as we finalize the Project Feasibility Study.

[Renounceable Rights Offer](#)

Concurrently with this announcement, the Company has announced that it is to undertake a capital raising to raise approximately \$1.5 million, to finance the final stages of the redevelopment plan for the Dolphin Project.

Full details of the capital raising can be found in the announced Capital Raising – attached.

[Mining Review](#)

As advised in the March quarter Activity Report, the Company has appointed Xenith Consulting to undertake a further iteration of its mine plan with the objective of better matching production schedules to the revised processing capacity and examining the benefits of using ADTs (Articulated Dump Trucks) for the haulage of waste and ore in the early and late years of the mining operation. It is anticipated that this review will be completed by 30 June 2018.

[Metallurgical Test work](#)

Following the market release on 23 April 2018 of the Dolphin Project Drilling Results, the Company can report that all three samples, of 100kg each, have undergone VSI comminution at the Gekko facility in Ballarat.

These samples have now been forwarded to the ALS laboratory at Burnie where the first is undergoing comprehensive metallurgical test work.

The results from this sample validates the results achieved in previous test work.

Progressive liberation and recovery of scheelite is being used to optimise the proposed plant flowsheet.

This methodology retains scheelite in a coarser size range for longer, allowing recovery using more cost-effective gravity methods rather than flotation. Flotation is only used later in the process to increase recovery and then only on the most susceptible size fractions.

This approach allows a smaller flotation plant footprint and saves significant reagent usage.

Another of the benefits of the methodology is that a minimum amount of grinding is done on the ore, saving more in operating costs.

A design and budget costing is currently being prepared by an experienced mineral processing equipment supplier, for a complete modular type processing plant for the project. This style of plant

will allow rapid site development, with a minimum of personnel once the project is approved by the KIS board.

Tungsten Market

The Company is continuing discussions with international buyers of concentrate to acquire Dolphin's annual production over a minimum three year period at market related prices.

The price of APT (Ammonium Para Tungstate), regularly quoted in industry journals, is used as a benchmark price for the sale of WO₃ concentrate. Concentrate prices are normally traded at a discount of between 15% and 25% to the APT price, allowing for the conversion costs of the product.

Current European prices are between US\$345 and US\$355 per mtu (metric tonne unit). This is an increase of approximately 16% since the beginning of January 2018.

Furthermore, a leading international market research company estimates that the Compound Annual Growth Rate (CAGR) of tungsten will be around 5.51% for the period 2018 to 2022, which bodes very well for the development of the Dolphin project.

Web Site

The Company has recently completed a rewrite of its web site, this can be reviewed at

www.kingislandscheelite.com.au



Johann Jacobs

Chairman

19 June 2018

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