

## 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, 01/05/13, 01/09/16

### Name of entity

KING ISLAND SCHEELITE LIMITED

### ABN

40 004 681 734

### Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation <sup>1</sup>	(427)	(427)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(510)	(510)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(63)	(63)

<sup>1</sup> Following is a summary of the expenditure incurred on exploration & evaluation activities during the quarter:

Dewatering	(23)	(23)
Project management	(68)	(68)
Mine planning & geological work	(44)	(44)
Metallurgical & process plant design	(198)	(198)
Environmental	(31)	(31)
Water & tailings management	(26)	(26)
Hydrology/membrane wall	(14)	(14)
Process engineering contractor	(9)	(9)
Other Feasibility Study work	(14)	(14)
<b>TOTAL</b>	<b>(427)</b>	<b>(427)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(998)</b>	<b>(998)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	200	200
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(3)	(3)
3.5 Proceeds from borrowings	2,000	2,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,197</b>	<b>2,197</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	454	454
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(998)	(998)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,197	2,197
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,653</b>	<b>1,65</b>

<b>5. Reconciliation of cash and cash equivalents</b>		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	11	9
5.2	Call deposits	1,642	445
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,653</b>	<b>454</b>

<b>6. Payments to directors of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	203
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment made to Directors and their associate entities – Directors' fees \$23,000; Consulting fees \$117,000; Interest on loans \$63,000

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	4,700	4,700
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

An additional \$2,000,000 was borrowed from related party CJRE Maritime Pty Ltd, an entity associated with Director Christopher Ellis. Loan interest rate is the aggregate of the Bank Bill Swap Rate and 8%pa. On 30 September 2019, the loan was unsecured. On 8 October 2019, the Company's members approved the Company's wholly owned subsidiary, Australian Tungsten Pty Ltd (ATPL), granting CJRE Maritime Pty Ltd a guarantee and mortgage over property owned by ATPL as security for the loan.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	486
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	395 <sup>2</sup>
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>881<sup>3</sup></b>

<sup>2</sup> The Company's expected cash outflow for Administration and corporate costs for the next quarter comprises \$154,900 in payments for creditors accrued to 30 September 2019, plus \$240,100 in December quarter costs.

<sup>3</sup> Whilst it develops the Dolphin Project, the Company expects to continue to have negative operating cash flows. Also, in order to commercialise Dolphin and generate future revenues, additional funding will be required.

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10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Exploration Licence EL19/2001 at Grassy, King Island, TAS (91 sq kms)	Ownership of mining tenement	100%	100%
		Mining Lease 1ML/2006 at Grassy, King Island, TAS (532 hectares)	Ownership of mining tenement	100%	100%

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: 31 October 2019

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.