



31 January 2020

Quarterly Report to 31st December 2019

Highlights

- **Continued laboratory testing on flotation circuit**
- **Tungsten identified as a critical mineral by the Australian Federal Government: the Company has initiated discussions regarding possible support**
- **Favourable variation secured to the Company's offtake contract with Wolfram**
- **Additional discussions are continuing with other potential offtake partners**
- **Global tungsten prices increased by 17% over the December quarter**

King Island Scheelite Limited (ASX: KIS) ("the Company") provides its activities report for the quarter ended 31st December 2019, detailing the Company's activities and those at its 100% owned Dolphin Tungsten Project ("Dolphin"), one of the world's richest tungsten deposits, located on King Island, Tasmania.

Operational Progress

During the quarter, the Company continued to execute its strategies to redevelop its 100% owned Dolphin Tungsten Project ("Dolphin"), one of the world's richest tungsten deposits, located on King Island, Tasmania.

The Company continued with laboratory testing at ALS, Burnie, to optimise the flotation circuit and water balance on site. This metallurgical test work included trialling a new Multi Gravity Separator to increase the grade of the flotation concentrate to optimal specifications. Preliminary results were very encouraging and the test work is on-going.

Detailed equipment selection for the gravity section of the plant is also now complete. It is envisaged that the flotation circuit will lag the gravity circuit by approximately six months following production scale testing to optimise this circuit.



Federal Government Critical Minerals Strategy

The Australian Federal Government recently announced its strategy to provide financial and operational assistance for the development of critical minerals in Australia, with tungsten specifically named as one such critical mineral. The Company is currently investigating opportunities whereby Government could assist in bringing into production the Dolphin Project.

The Company continues engaging with the King Island Council regarding the progress of the Project's redevelopment, including the Company's proposal on the potential of utilising the overburden for a new port, and to discuss local support for the Federal Government's initiative for the development of critical minerals. The discussions have been extremely positive and have resulted in further discussions with the Council and TasPorts in late January.

Offtake Agreement Contract Variations and Potential Partners

In January, the Company agreed variations to the milestones contained in the tungsten offtake contract agreed between KIS and Wolfram Bergbau und Hutten AG (Wolfram) in April 2019.

The offtake contract remains subject to certain financial and operational milestones being achieved prior to final steady state production. With the lead time between financial close and production of concentrate being fifteen months, the Company is targeting production to commence in the second half of 2021.

Further offtake agreements with additional tungsten producers and processors are being discussed and negotiated.

Tungsten Market

Global tungsten prices staged a recovery in the December quarter, improving by 17% from a low during the September quarter to close the December quarter at US\$235 – 245/metric tonne unit (by reference to price quotations for Europe ammonium paratungstate - APT). Prices have remained stable in January as trade tensions eased with the signing of a US/China trade deal.



Corporate

The Company's Annual General Meeting was held on Tuesday 8th October when all resolutions were duly passed.

The Company's cash balance was \$0.9 million as at 31 December 2019.

This ASX release has been authorised by the Board of Directors of King Island Scheelite Ltd.

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Forward Looking Statements

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