

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")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(172) ¹	(1,244)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(258)	(845)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	7
1.5 Interest and other costs of finance paid	(71)	(71)
1.6 Income taxes paid	-	-

¹ Following is a summary of the expenditure incurred on project activities during the quarter:

	\$'000
Drilling programme	4
Dewatering	29
Project management	47
Mine planning & geological work	40
Metallurgical & process plant design	7
Environmental	17
Process engineering contractor	9
Other Feasibility Study work	19
TOTAL	172

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	(75)	3
1.9	Net cash from / (used in) operating activities	(574)	(2,150)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	3	(2,745)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	3	(2,745)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,869
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	(9)	(195)
3.5	Proceeds from borrowings	-	2,700
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)	-	-
3.10	Net cash from / (used in) financing activities	(9)	5,374

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,553	494
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(574)	(2,150)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3	(2,745)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9)	5,374
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	973	973

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
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	9	69
5.2	Call deposits	964	1,484
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	973	1,553

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	78
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 \$21,000 and Directors' consulting fees \$57,000

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,700	2,700
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.		

\$2,700,000 was borrowed from related party CJRE Maritime Pty Ltd, an entity associated with Director Christopher Ellis. Interest rate is 6%pa plus monthly ASX Bill Bank Swap Rates, and the loan is secured in the form of a first registered mortgage over the purchased land and other local residential land that the Company already owns.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	458
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	246
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	704²

² The Company's operating cash outflows are \$574,000 actual (March 2019 quarter) and \$704,000 forecast (June 2019 quarter). Cash on hand at 31 March 2019 totalled \$973,000. March 2019 cash on hand is expected to cover cash outflows during the June 2019 quarter, with \$269,000 cash on hand expected at 30 June 2019. The Company expects that funds will be available to finance future operations, and that realisation of assets and settlement of liabilities will occur in the normal course of business. \$704,000 forecast operating cash outflow for June 2019 quarter is mainly discretionary. The Company would raise additional funds before committing to further operating cash outflows of the same scale. Whilst it develops the Dolphin Project, the Company expects to continue to have negative operating cash flows. 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 (544 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:



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(Director/Company secretary)

Date: 30 April 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.