KING ISLAND SCHEELITE

Annual General Meeting
21st November 2012

Review of operations

Simon Bird
CEO

Disclaimer…

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This year

- Completed DFS for Dolphin Project
- EPA approvals for revised plan
- Market conditions deteriorated
- Capital raising completed
- Cost structure reduced
- Board changes

Our projects

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Dolphin Project (100%)

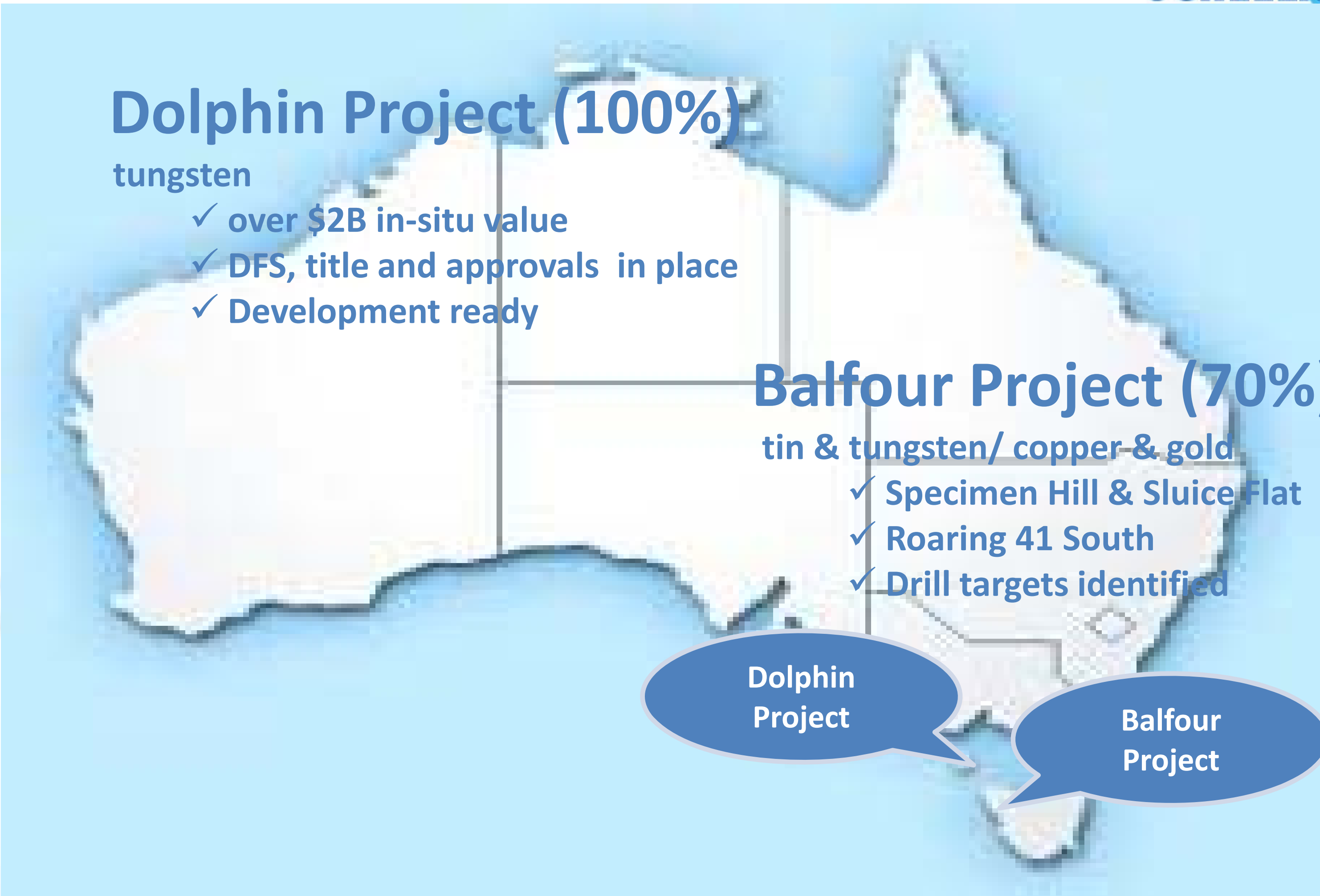
tungsten

- ✓ over $2B in-situ value
- ✓ DFS, title and approvals in place
- ✓ Development ready

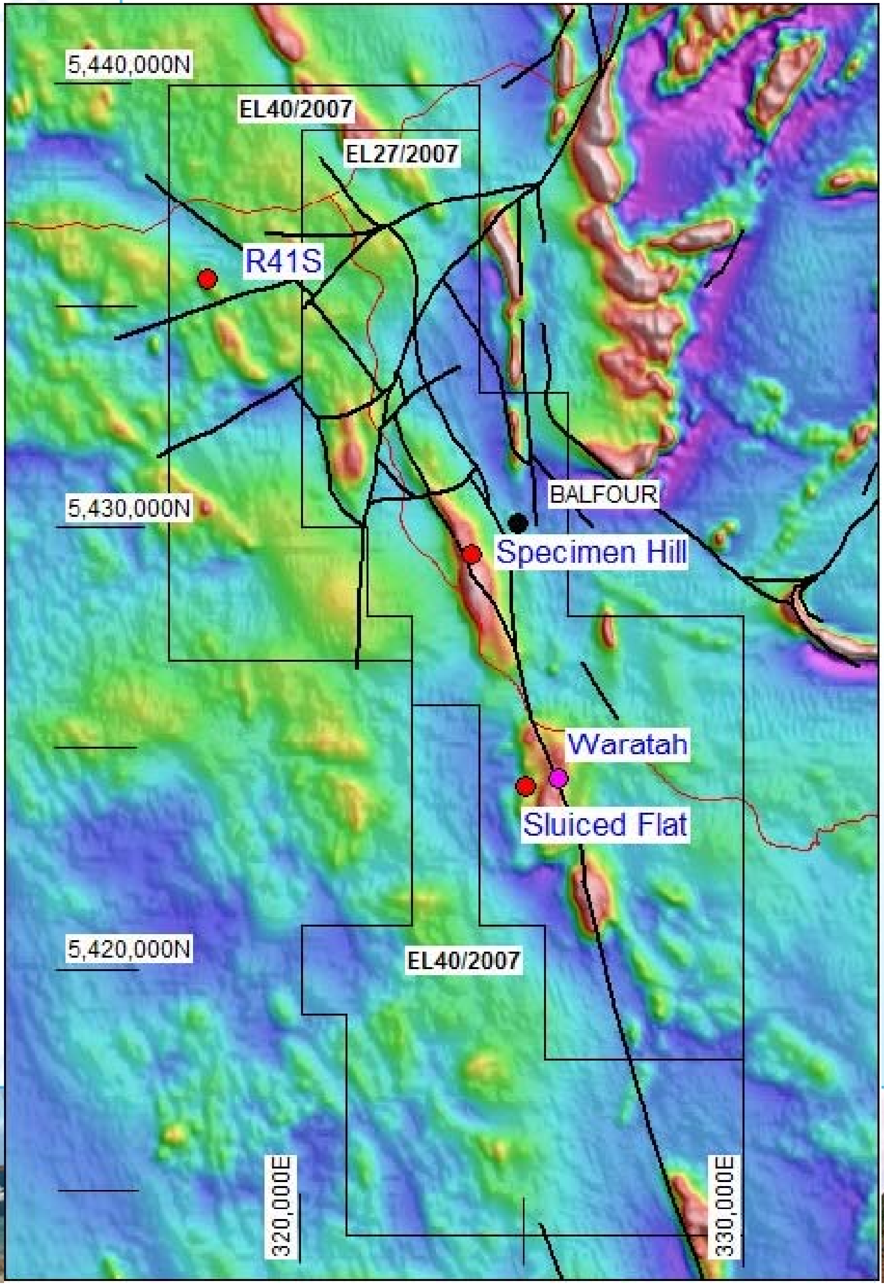
Balfour Project (70%)

tin & tungsten/ copper & gold

- ✓ Specimen Hill & Sluice Flat
- ✓ Roaring 41 South
- ✓ Drill targets identified



Balfour



Exploration targets

Tin & tungsten targets:

- Waratah / Sluiced Flat
- Specimen Hill (drill intercepts)

Copper & gold target:

- R41S (drill intercepts)

Current exploration programme:

- $160,000 (minimum spend)
- Waratah & Sluiced Flat
- R41S
- by October 2013

Dolphin

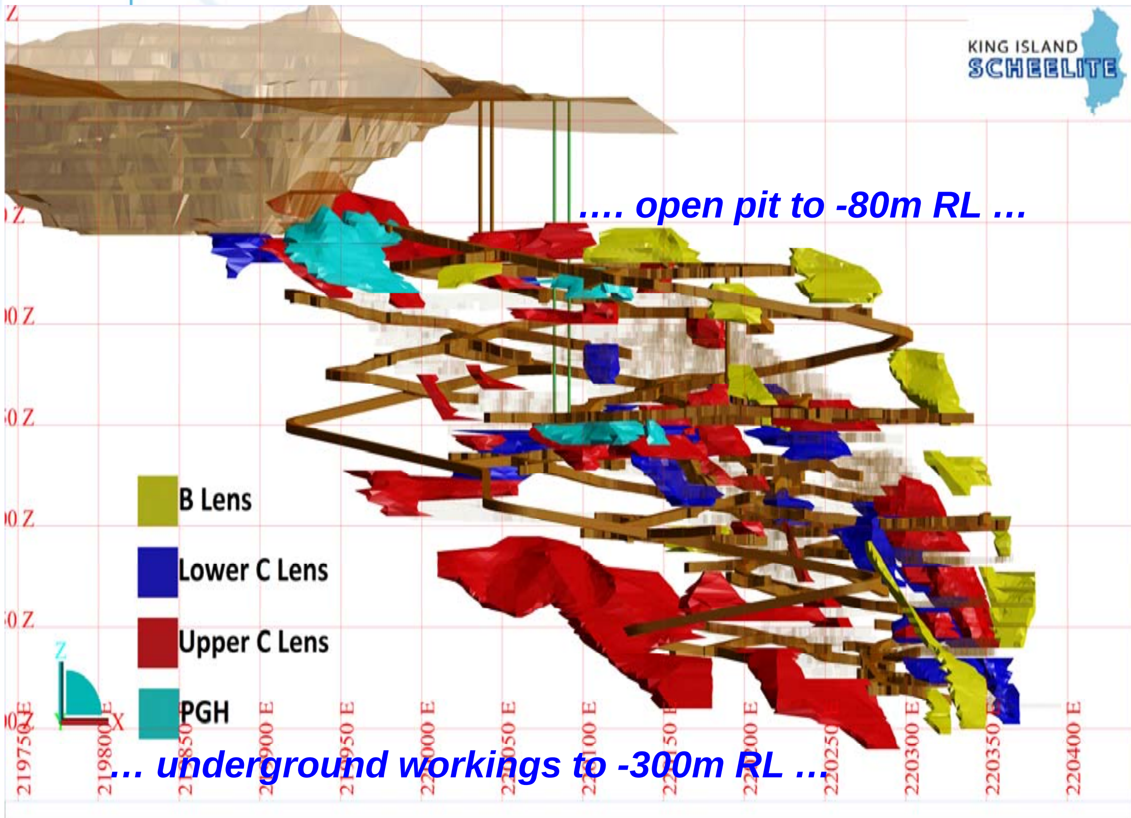
- ❑ 100% ownership
  - ✓Exploration tenements and mining leases
  - ✓Freehold land
- ❑ Environmental approvals
- ❑ Development approvals
- ❑ Significant infrastructure
  - ✓port
  - ✓ water
- ❑ Definitive Feasibility Study
- ❑ Development ready





Dolphin - robust mine plan

Deposit and former workings



- Dewater and reopen underground using proven mining methods
- Produce 350,000tpa at grades above 1% WO_3
- Bold Head mine; potential for additional 100,000 tpa
- Additional 350,000t potential feed from reclaimed Tailings

Mine life of at least 10 years





Dolphin – proven processing and recoveries

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- ❑ Recover 91% WO_3 into a industry standard 65% WO_3 concentrate
- ❑ Substantial test work undertaken in Australia and China
- ❑ Confirmatory test work completed with local conditions and water
- ❑ Flow sheet and plant design costed by independent engineers

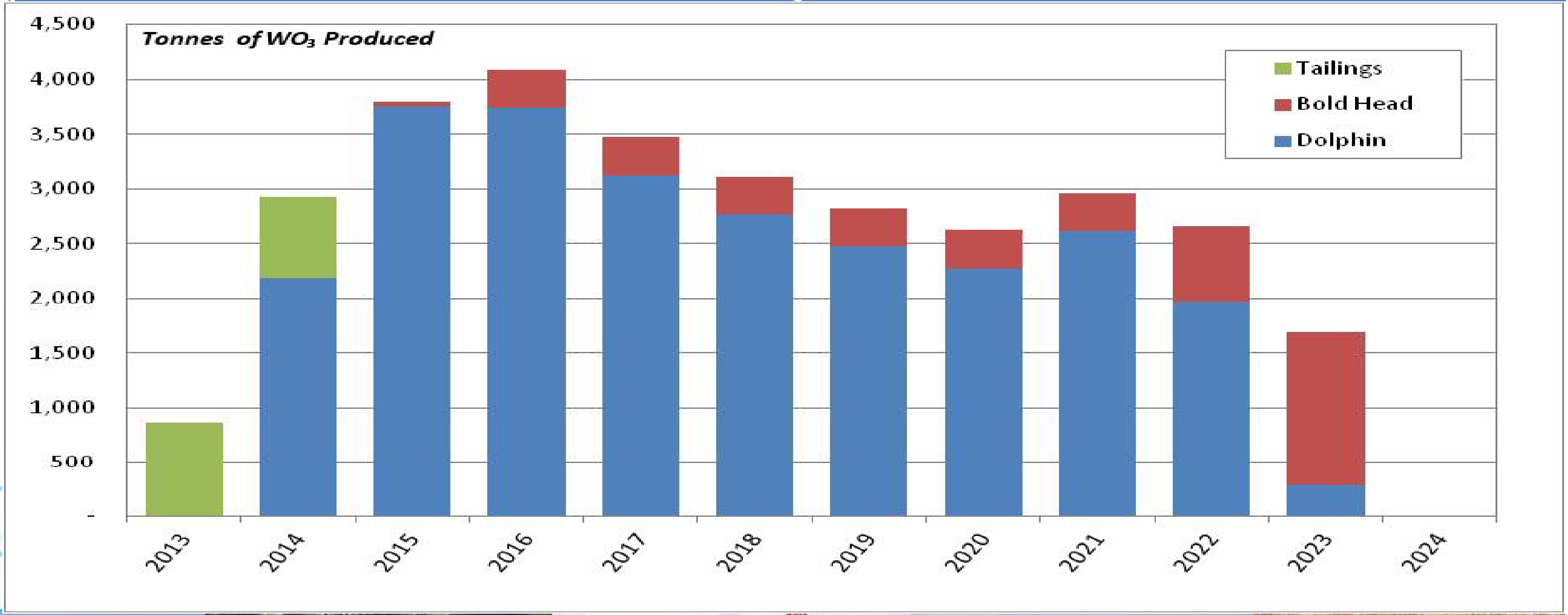




Dolphin - set to be a significant tungsten producer

- ❑ Produce up to 25% of global production - excluding China
- ❑ Supply 5,400 t of 65% WO_3 concentrate pa
- ❑ 10 year mine life - exploration upside not included

Tonnes of WO_3 produced pa



Dolphin – Definitive Feasibility Study
(completed February 2012)

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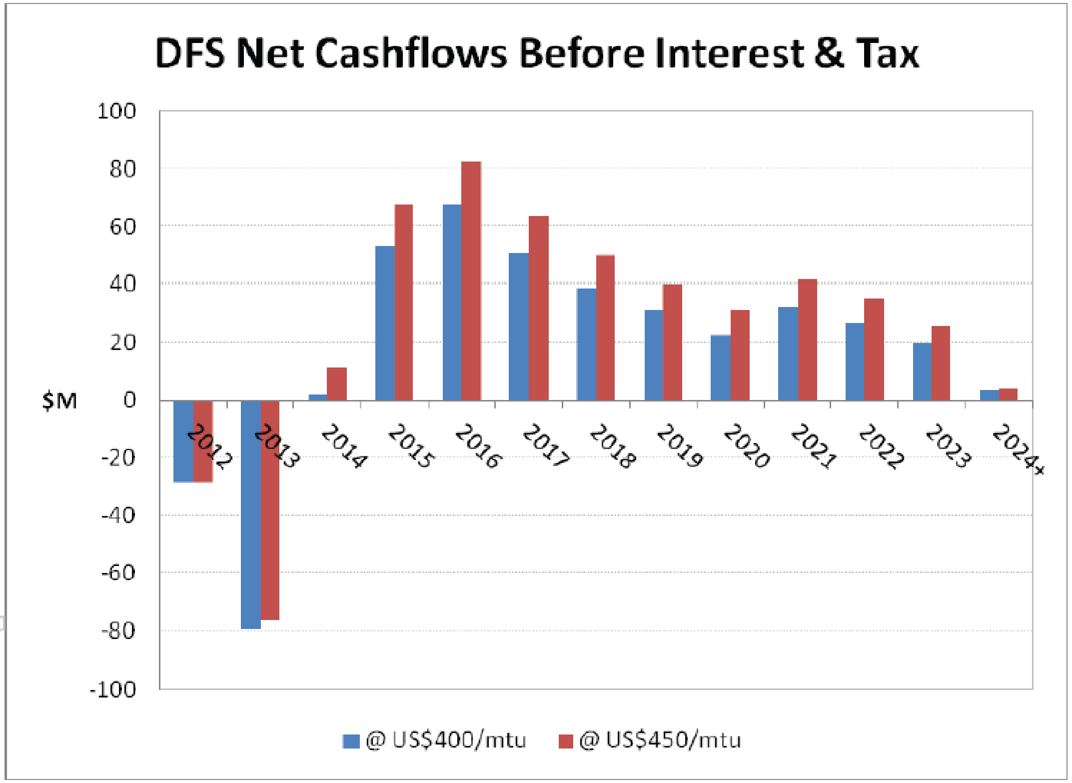
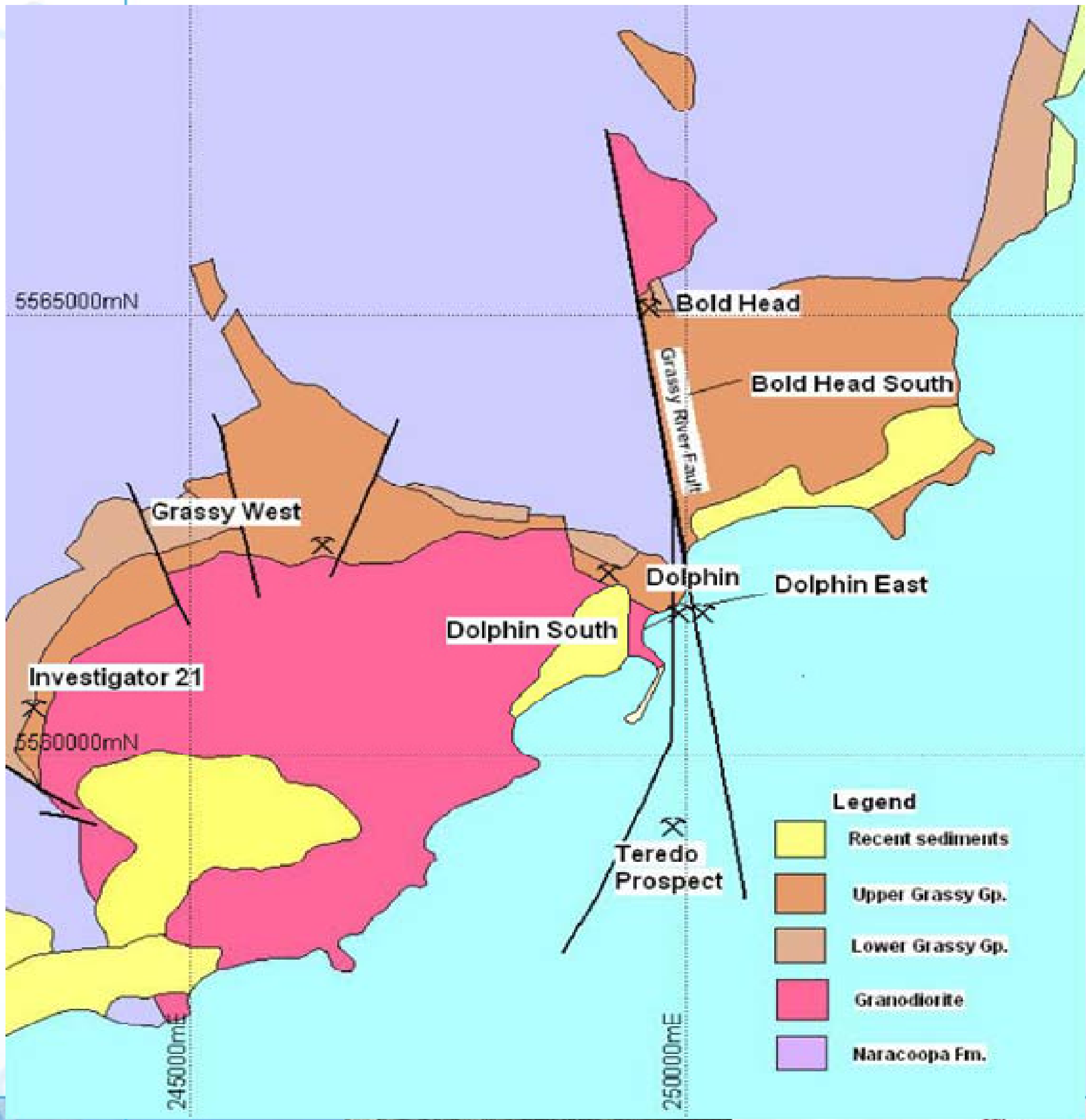
APT price range	**\$40,000 - \$45,000/t WO_3** (\$400-450/mtu)
Revenue	**\$990 - 1,110 million**
Project capital	**\$133 million**
Production cost	**\$16,900/t WO_3** (\$169/mtu)
NPV after tax	**\$69 - 116 million**
IRR after tax	**21% - 29%**
Healthy margin	**47% - 53%**



- ✓ Ore down-plunge of -300m RL could generate at least \$40 million cash pa
- ✓ 65% WO_3 concentrate typically trades at a 20% discount to APT (equates to \$320-360/mtu using DFS assumptions)

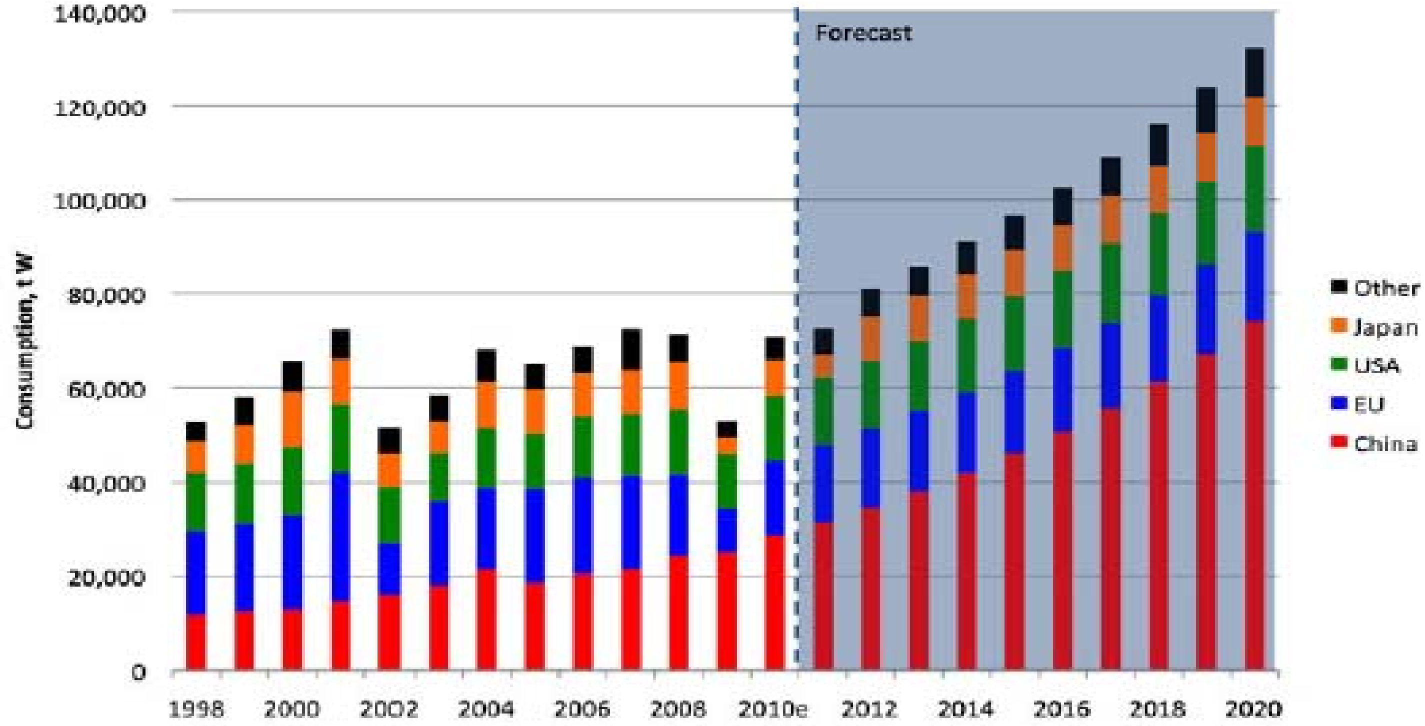
Dolphin - exploration potential



- ❑ Exploration targets on flank of granite
- ❑ High-grade mineralisation down-plunge at Dolphin South
- ❑ Drilling at Dolphin South by KIS recorded a 2m intercept of 6.4% WO_3
- ❑ Down-plunge drilling suspended until underground access is established.

Sustainable Tungsten demand

Global Tungsten Consumption by Region, 1998 to 2020 (t W)

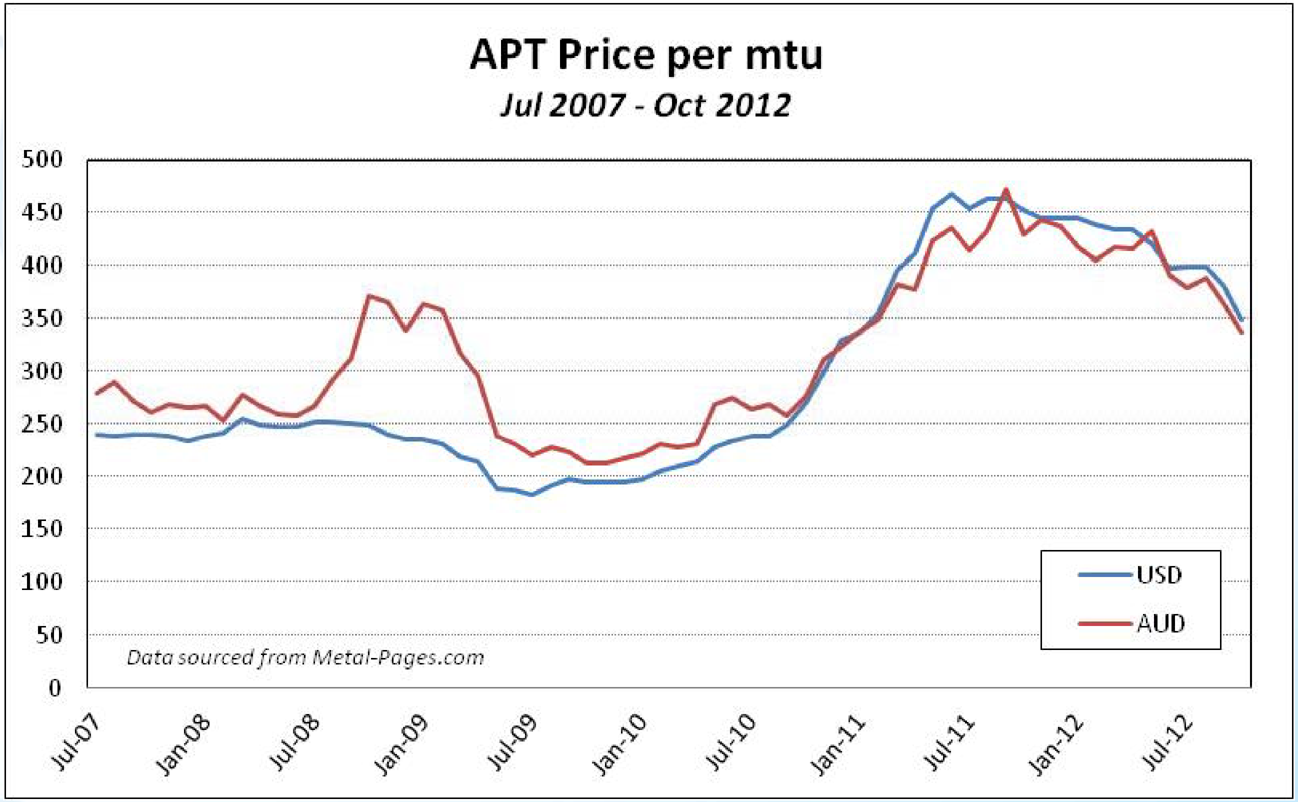


Source: C&M, ITIA





Tungsten prices and exchange rates



Market outlook for 2013

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- Period of stability and economic growth with US and China leadership now settled
- General **market conditions** are expected to improve in 2013
- Tungsten prices expected to recover with industrial growth

King Island Scheelite response for 2013

- Focus on **cash management** until market conditions improve
- Maintain property and tenements in good standing
- Retain access to key project development skills

- Optimise current plan to enhance project economics
- Work with off-takers, debt providers and potential equity partners to secure **project funding** when conditions improve
- Assess other strategic opportunities

Simon Bird

Chief Executive Officer

Phone +61 2 8622 1400

simon.bird@kisltd.com.au

THANK YOU