Investor update

May 2013

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Our company

ASX: (KIS)	Market Capitalisation $5 million	Shares on issue 96.5 million
Board	Johann Jacobs Chris Ellis Dr Robin Morritt Simon Bird Ian Morgan	Non Exec Chairman Non Exec Director Non Exec Director CEO/ Exec Director Company Secretary

Rank	Shareholder	Shares	% of issued capital
1.	Catherine Morritt	13,579,858	14.1%
2.	HFTT Pty Ltd <Haggarty Family A/C>	9,584,319	9.9%
3.	Mr Richard Willmot Chadwick + Mrs Gwenda Ann Chadwick	8,088,902	8.4%
4.	Chrysalis Investments PTY LTD	5,489,905	5.7%
5.	Ranamok Pty Ltd <Ranamok Family A/C>	5,170,590	5.4%
6.	Hunan Nonferrous Metals Corporation Limited	4,450,000	4.6%
7.	Pacific Road Provident Pty Ltd	2,617,687	2.7%
8.	Mr Giuseppe Coronica	2,519,772	2.6%
9.	Serlett Pty Ltd <Diligent Super Fund A/C>	2,304,542	2.4%
10.	Mr Scott Gilchrist	2,268,755	2.4%

Dolphin project

- 100% ownership
- World class tungsten deposit
- Freehold land acquired
- Current leases and tenements
  - ✓ Exploration
  - ✓ Mining
- Environmental approvals
- Development approvals
- Significant infrastructure in place
- Definitive Feasibility Study (DFS) completed in 2012
- Value Engineering complete May 2013

Key elements of 2012 DFS

- **Development plan to**
  - retreat tailings in year 1
  - dewater former workings and reopen underground operations
  - construct process plant based on ‘whole ore flotation’ flow sheet

- **Project funding**
  - high initial capital costs - $133 million
  - deteriorating marketing conditions
  - low margin on tailings retreatment
  - hindered off-take & funding negotiations

- **Value engineering study resulted in**
  - mining additional ore from open pit
  - reducing capex and opex
  - improving the project economics



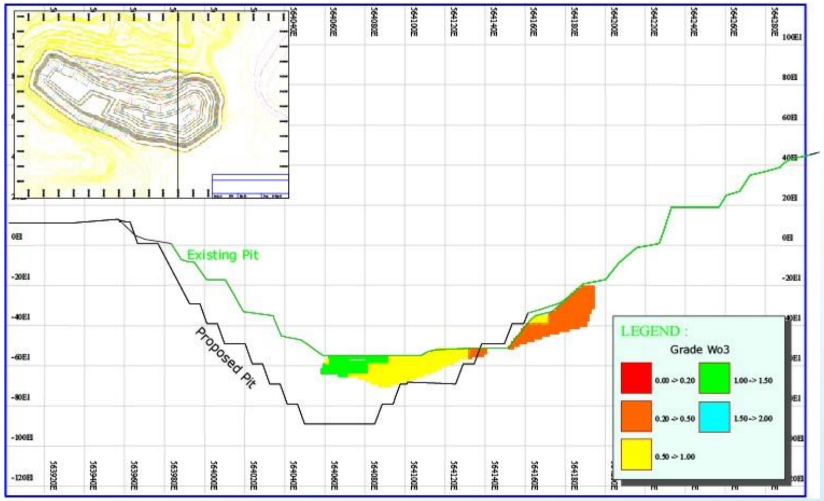


Value engineering

- **Study completed in May 2013 resulting in:**
  - **Resources**
    - resources containing 1.26Mt of ore at 0.67% WO3 in the existing pit floor and walls to be recovered over 2 to 3 years
    - ore extracted from this cut-back will be in addition to the current mineable reserve
    - low waste to ore ratio will ensure costs remain low during the initial years of operation
  - **Capex Savings / Deferrals**
    - eliminating marginal tailings retreatment and associated capex ($14M saving)
    - deferring Dolphin underground mine and associated capex ($33M deferral)
    - deferring Bold Head underground and associated costs ($9.5M deferral)
    - other significant reductions in capital identified in procurement of plant

Open cut

- Dewater open pit
- Cut back end-walls of existing open-cut
- Deepen pit from -60 RL to -80 RL
- To expose 1.26Mt of ore to be mined
- Over approximately 3 years

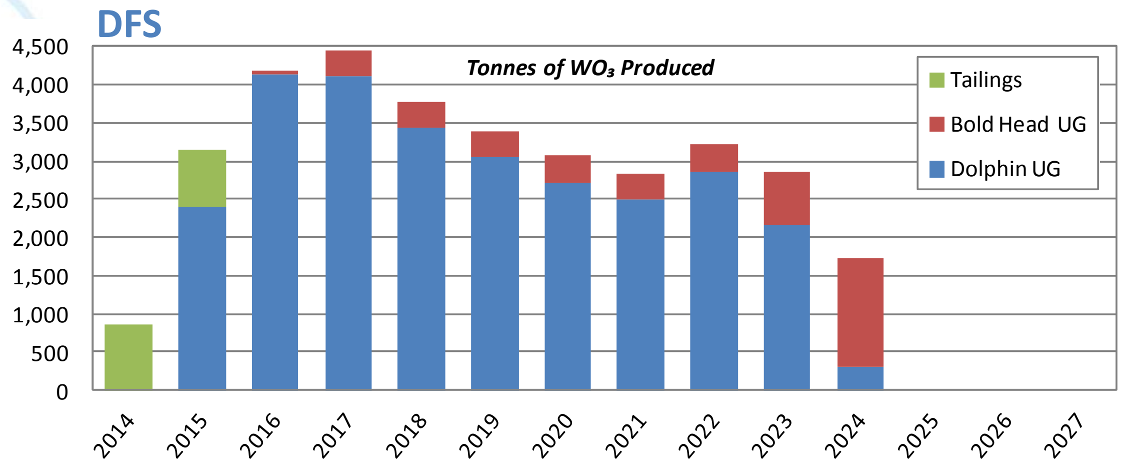


Value engineering - cont'd

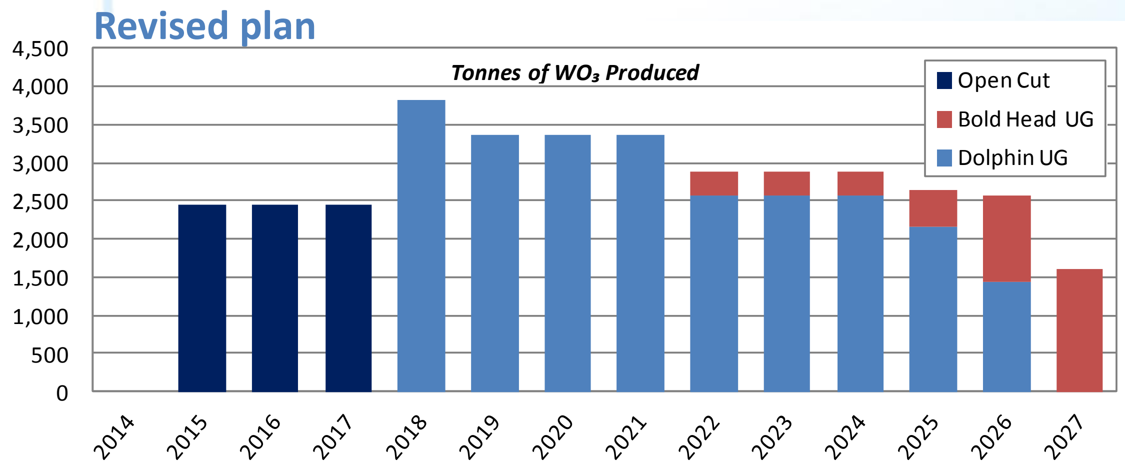
- **Operating Costs**
  - open cut ore substantially cheaper than underground ore
  - first 3 years operations will fund development of underground mine
  - proposed wind farm should significantly reduce power costs
  - proposed expansion of harbour will substantially reduce shipping costs
  - reduction in labour costs due to fewer people and changed roster

- **Approvals**
  - existing regulatory approvals not expected to require significant amendments

Production profile



Original DFS had tailings retreatment followed by 9 years of underground & Bold Head - if required



Revised plan will see cut-back production for 3 years then underground for 9 years.
Production from Tailings not assumed

Project metrics

DFS outcomes (updated)		Revised plan	
Tonnes of WO_3 concentrate	48,366t	Add tonnes from cut-back expected to more than off-set removing tailings	56,488t
Mine life	10 years	Cut-back to increase the overall mine life	13 years
Up front capital	$133million	Savings or deferral of substantial up-front capital expected	$70million
Production cost	$16,900/t WO_3	Expect a reduction through lower mining costs associated with cut-back	To be confirmed
NPV after tax	$69 million	Potential Expect a substantial improvement	To be confirmed
IRR after tax	21%	Expect a corresponding improvement	To be confirmed

Next steps

- complete current capital raising
- update the DFS with revised development plan
  - confirm additional JORC Reserve for cut-back
  - update mine plan to incorporate cut-back
  - exclude tailings retreatment operation
  - revise plant and infrastructure costs
  - update operating costs and financial model
- update environment and development approvals
- undertake further exploration drilling
- secure off-take arrangements
- engage with potential project financiers/ partners

Capital raising

- **$2 million rights issue**
- **fully underwritten**
- **non renounceable**
- **issued at 20% discount to the 30 day VWAP**
- **timetable**
  - announce 29th May
  - record date 7th June
  - offer closes 4th July

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Appendices

1. **About Tungsten**
2. **Dolphin Project**
    - Resources
    - Reserves
3. **Mine plan - Underground**
4. **Flow Sheet**
5. **Plant**
6. **Exploration potential**

About Tungsten

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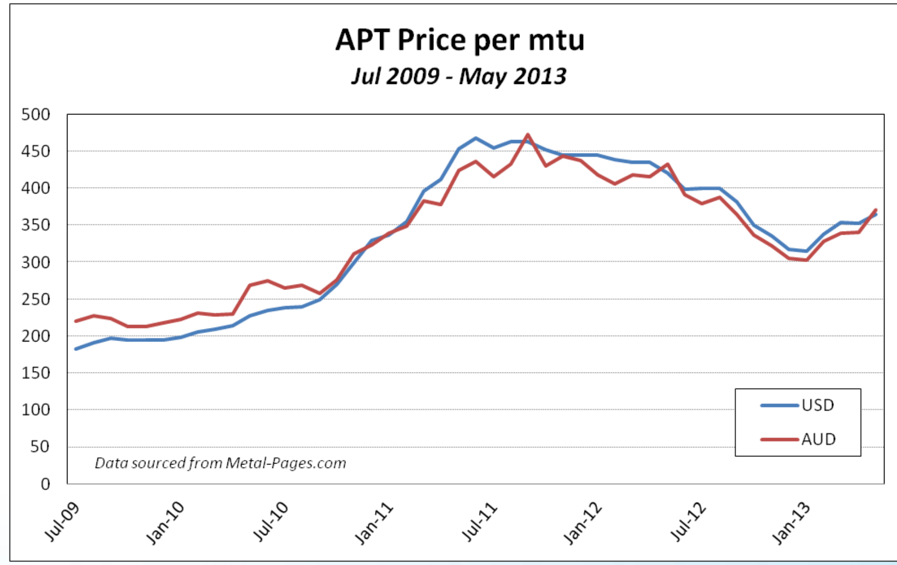
- Highest melting point - metals
- Hardest metal
- Very ductile
- No viable substitutes
- Essential for manufacturing



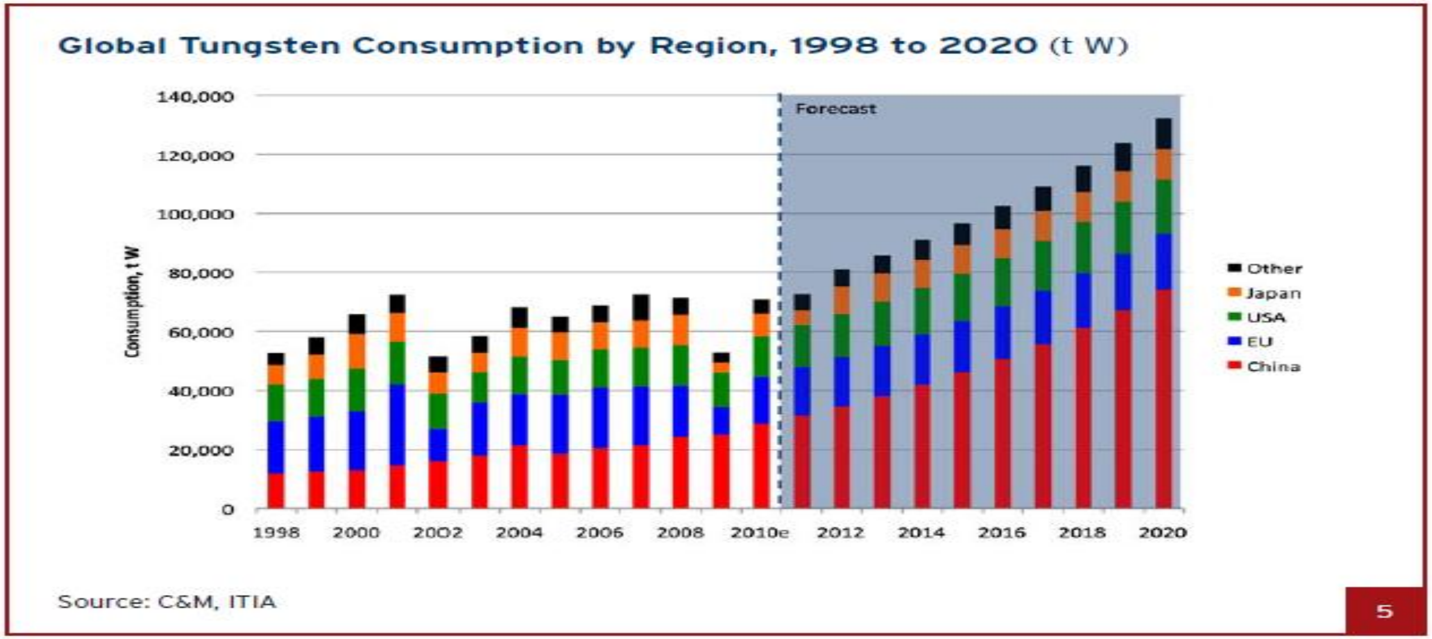
Cemented carbide coated drills improve productivity (Mitsubishi Materials Cooperation & Hitachi Tool Engineering Ltd).

- Prices currently $36,000-37,500/t) for ammonium paratungstate (APT)
- 65% concentrate typically trades at a 20% discount to APT
- 10kg = 1 mtu and 100 mtu = 1 tonne





About Tungsten – cont'd



- China produces approximately 80% of world supply
- China now accounts for approximately 50% of world demand
- Forecast APT prices to remain at or above $40,000/t





Resources

Resource			
	Tonnes	WO_3 %	Tonnes WO_3
Dolphin Open Pit Remnant 0.10% WO_3 cut off			
Indicated	910,000	0.74	6,730
Inferred	350,000	0.49	1,730
Total	1,260,000	0.67	8,460
Dolphin Underground 0.70% WO_3 cut off			
Indicated	4,510,000	1.28	57,730
Inferred	5,000	0.71	40
Total	4,515,000	1.28	57,770
Bold Head 0.50% WO_3 cut off			
Indicated	1,500,000	0.93	13,950
Inferred	150,000	1.22	1,830
Total	1,650,000	0.96	15,780
Tailings 0.08% WO_3 cut off			
Measured	2,700,000	0.17	4,590
TOTAL	**10,125,000**	**0.86**	**86,600**

Resource and Reserve estimates in accordance with JORC code 2004





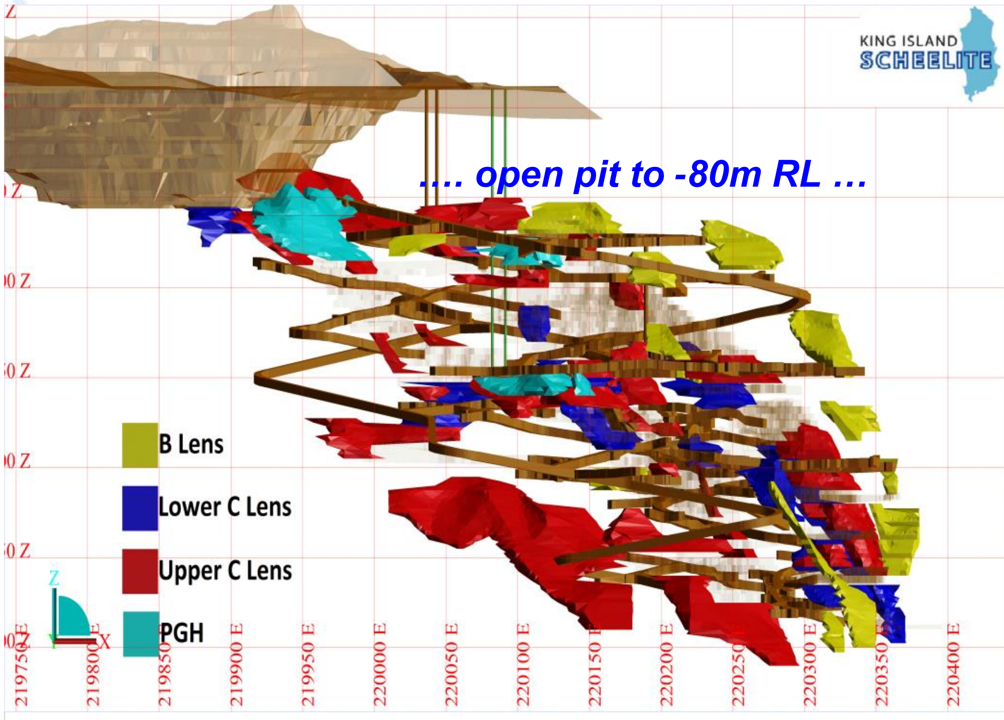
Reserves

Reserve			
	Tonnes	WO_3 %	Mtu's
Dolphin Probable	2,687,000	1.04	2,806,000
Bold Head Probable	609,000	0.76	464,000
Tailings Proven	1,910,000	0.19	362,900
TOTAL	**5,206,000**	**0.70**	**3,632,900**

Resource and Reserve estimates in accordance with JORC code 2004

Dolphin reserve relates to DFS underground mine plan only.
Dolphin cut back reserve yet to be confirmed.

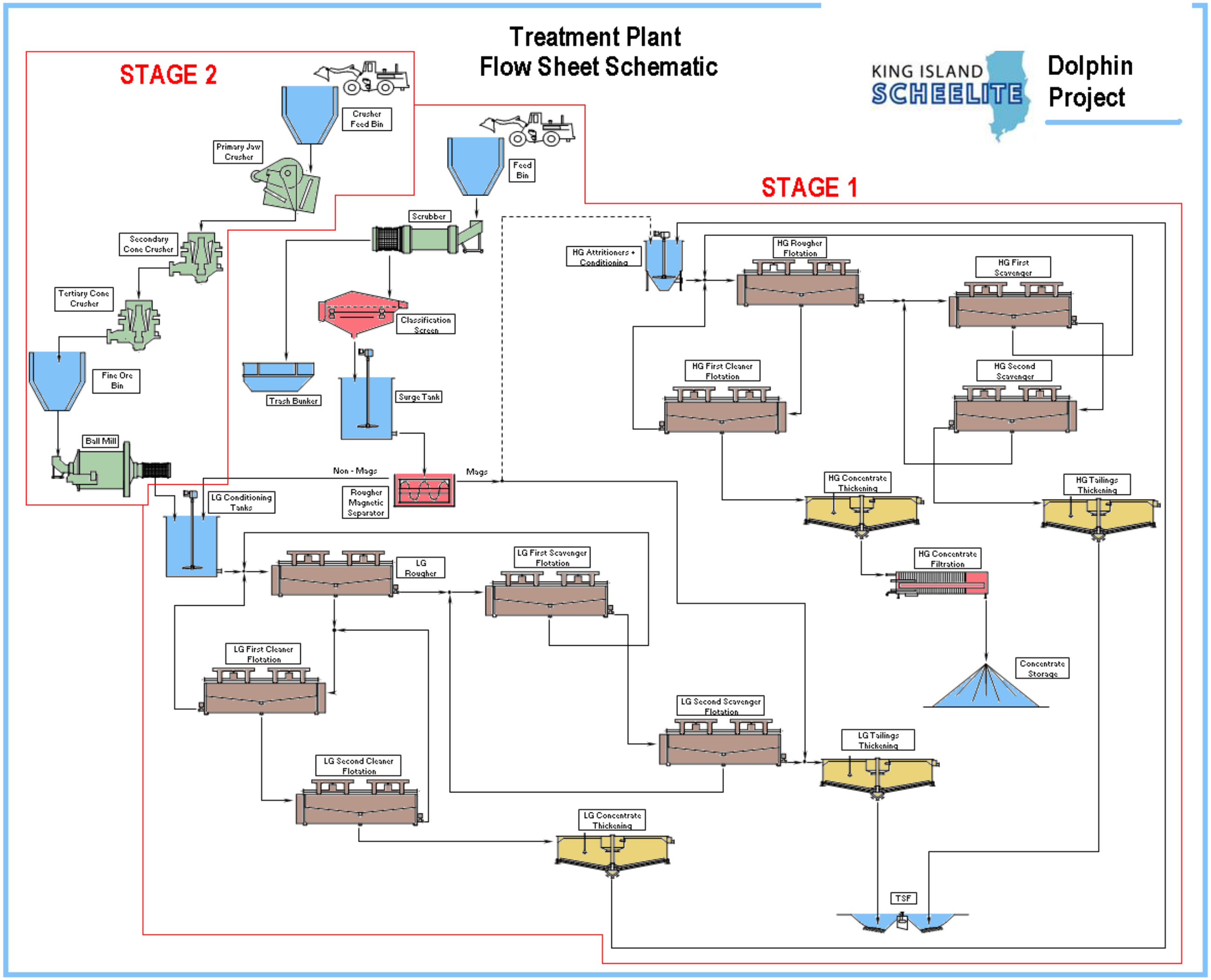
Underground



… underground workings to -300m RL …

- **Once the 3 year open cut is completed**
- **Underground operations will resume using proven mining methods**
- **To produce up to 350,000tpa at grades above 1% WO_3 over 9 years**
- **Bold Head mine remains an option**

Flow sheet



Treatment Plant
Flow Sheet Schematic
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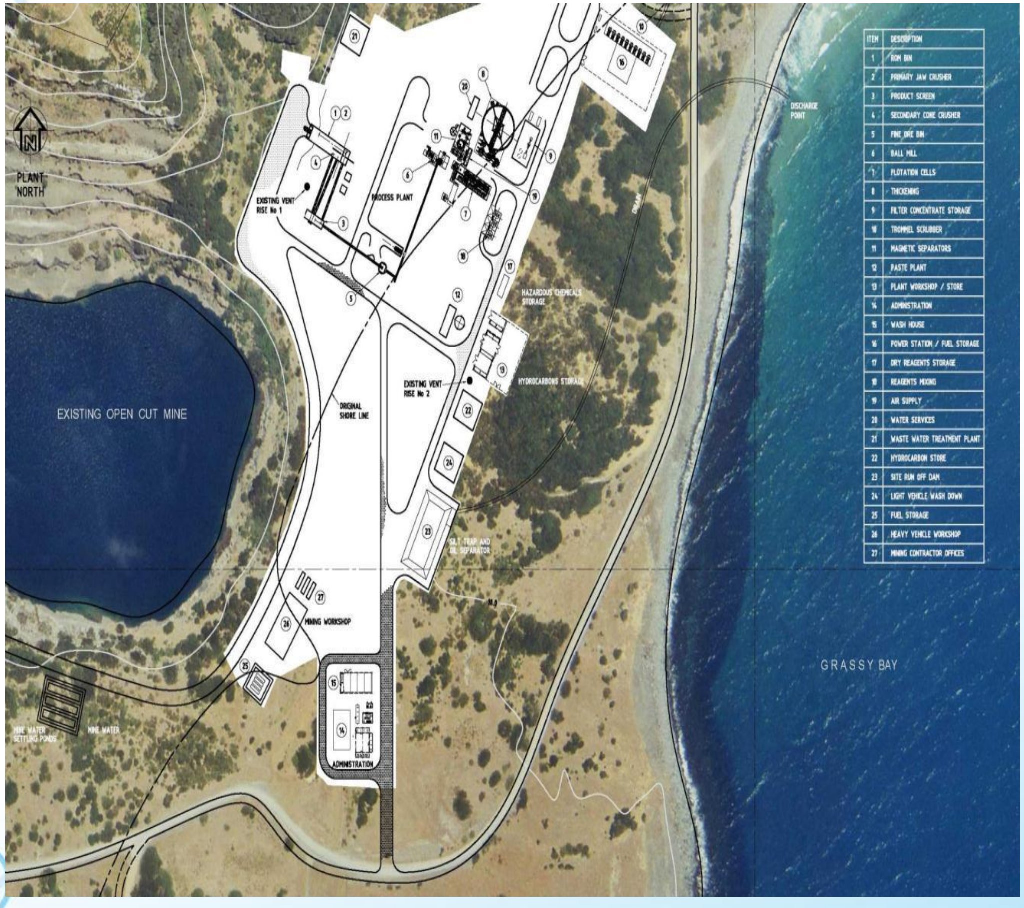
Dolphin Project
STAGE 2
STAGE 1
Crusher Feed Bin
Primary Jaw Crusher
Secondary Cone Crusher
Tertiary Cone Crusher
Fine Ore Bin
Ball Mill
Feed Bin
Scrubber
Classification Screen
Trash Bunker
Surge Tank
Non - Mags
Mags
Rougher Magnetic Separator
LG Conditioning Tanks
HG Attritioners + Conditioning
HG Rougher Flotation
HG First Scavenger
HG First Cleaner Flotation
HG Second Scavenger
HG Concentrate Thickening
HG Tailings Thickening
HG Concentrate Filtration
Concentrate Storage
LG Rougher
LG First Scavenger Flotation
LG First Cleaner Flotation
LG Second Scavenger Flotation
LG Second Cleaner Flotation
LG Tailings Thickening
LG Concentrate Thickening
TSF





Plant

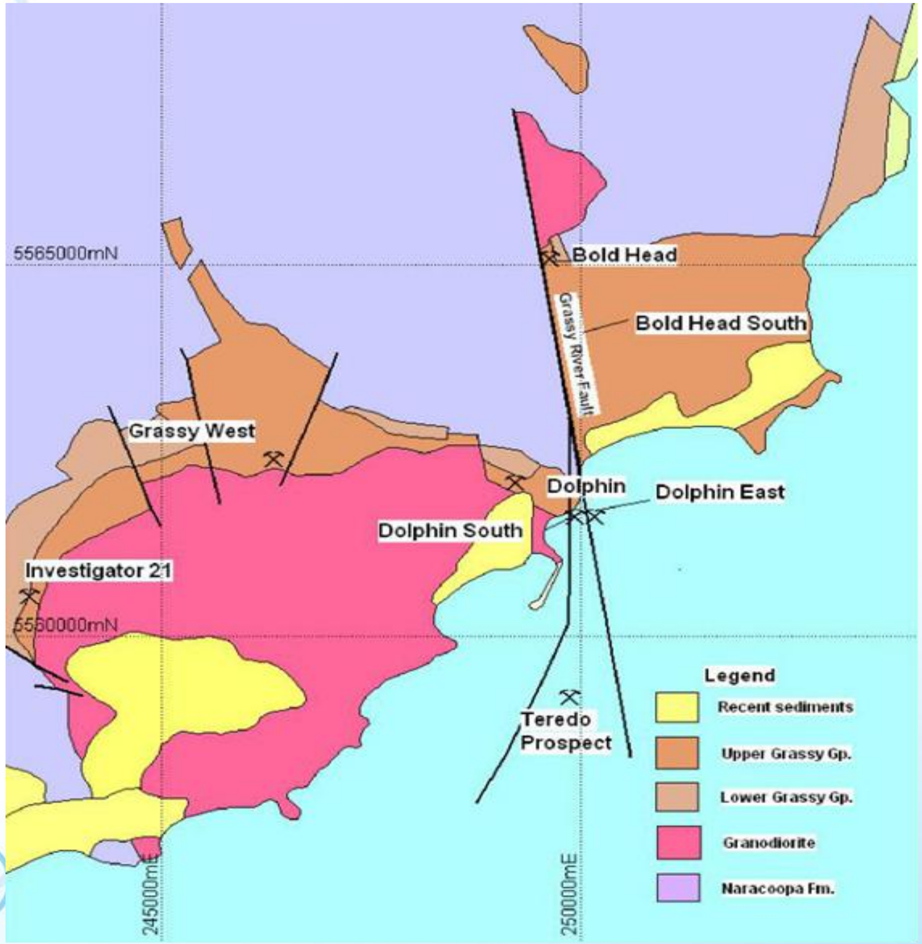


- Recover 91% WO_3 into a industry standard 65% WO_3 concentrate
- Substantial test work undertaken in Australia and China
- Confirmatory test work completed with local conditions and water
- Flow sheet and plant design costed by independent engineers





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.

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Compliance statements

Explanatory Notes for Resource Statement: Competent Person and JORC Code

The resource report was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Consultant Geologist Mr Tim Callaghan of Resource and Exploration Geology, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"); has a minimum of twenty years of experience as a geologist, five of which are in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the resource report in the form and context in which it appears.

Explanatory Notes for Reserves Statement: Competent Person and JORC Code

The reserves report (for Dolphin and Bold Head) was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Consultant Mining Engineer Mr Alan Fudge of Polberro Consulting, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM") and has a minimum of five years of experience in the estimation, assessment and evaluation of Mineral Reserves of this style and is a Competent Person as defined in the JORC Code (2004). This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the reserve report in the form and context in which it appears.

Explanatory Notes for Reserves Statement: Competent Person and JORC Code

The reserves report (Tailings) was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Consultant Geologist Mr Tim Callaghan of Resource and Exploration Geology, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"); has a minimum of twenty years of experience as a geologist, five of which are in the estimation,, assessment and evaluation of Mineral Reserves of this style and is a Competent Person as defined in the JORC Code (2004). This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the reserve report in the form and context in which it appears.