

Update on the Dolphin Tungsten Project September 2018



ASX: KIS

Market Capitalisation \$20.5 million

Shares on Issue 244.5 million

52 Week High 13.5 cents

52 Week Low 3.5 cents

Share Price

24 September 2018 8.4 cents

Board of Directors

Johann Jacobs Chairman

Allan Davies Director

Chris Ellis Director

Tungsten APT Price

18 Sept 2018 USD 277.50/mtu

King Island Scheelite Limited (KIS)
wholly owns the Dolphin Project on
King Island, Tasmania, one of the
world's richest tungsten deposits.

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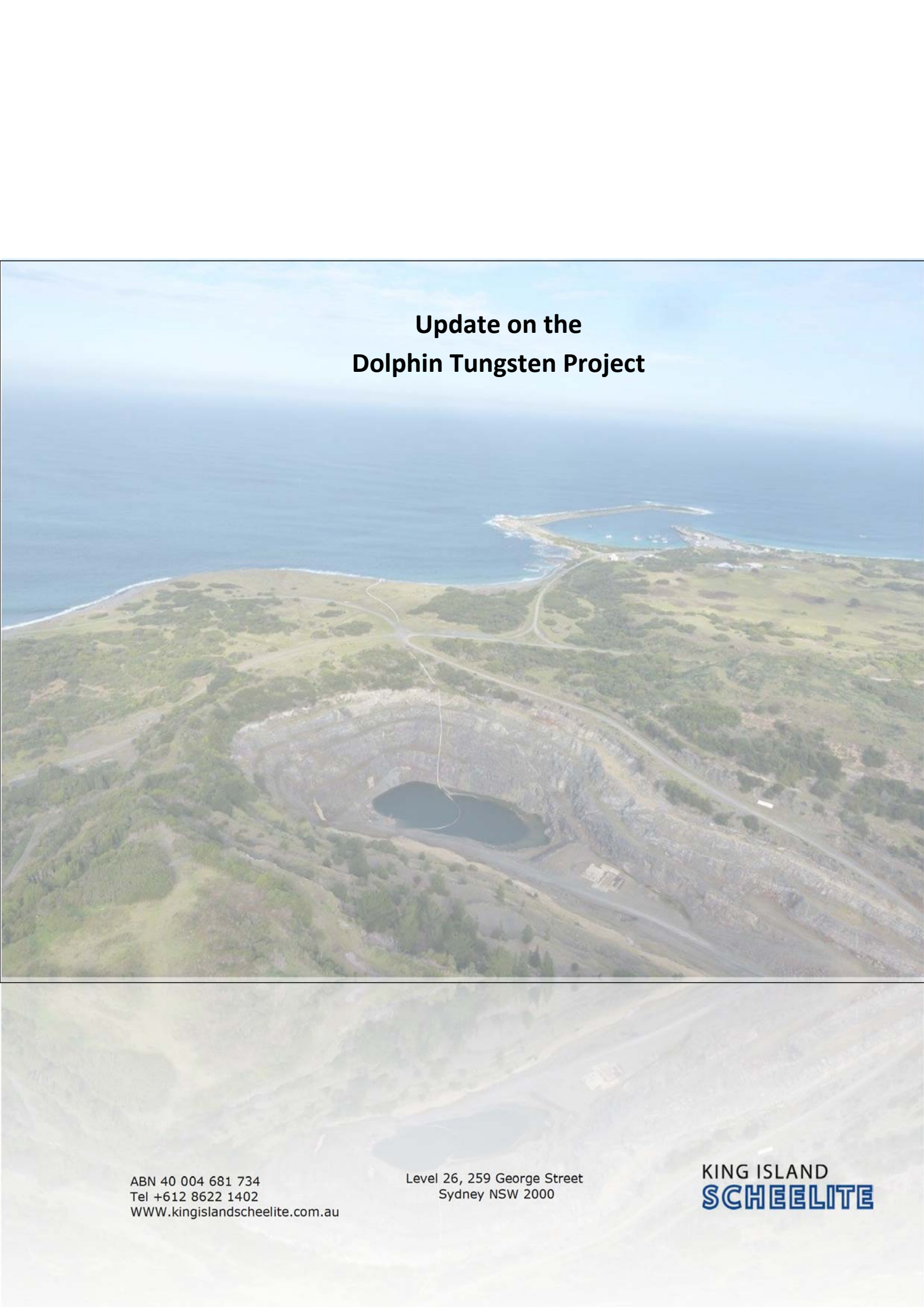
www.kingislandscheelite.com.au

The International Tungsten Industry Association will be holding its Annual General Meeting in Chengdhu, China from 25 September to 27 September 2015.

Johann Jacobs will be attending on behalf of King Island Scheelite Limited and will take the opportunity of briefing delegates on the Dolphin Redevelopment Plan.

The attached brochure, containing the most up to date information on the Dolphin Project, will be presented to interested parties.

24 September 2018



Update on the Dolphin Tungsten Project

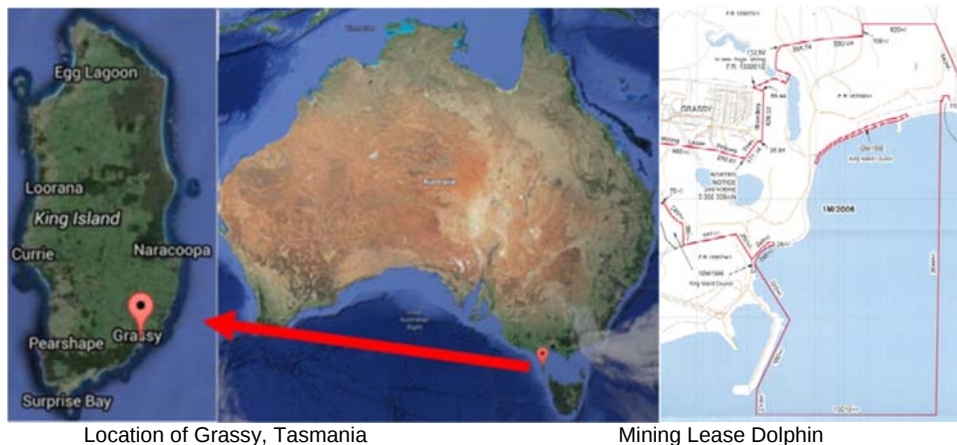
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KING ISLAND
SHEELITE

Dolphin Project Overview

- Located on King Island, Tasmania, Australia – 100% owned
- High Grade Tungsten Deposit – 0.90% - which was previously mined, producing 9.7 Mt @ 0.64% WO₃ – between 1917 and 1992
- Mining Lease and Exploration Licence granted
- Current Development Plan fully permitted
- Significant infrastructure around mine
- Committed Management Team
- Flexible approach to funding Development



Geological Reserves and Resources – JORC 2012 compliant

- Pit dewatered in 2014 to allow additional drilling to validate historical information and allow compliance with JORC 2012
- Open-cut Ore Reserve (Probable) – 3.14 M tonnes @ 0.73% WO₃ (at 0.20% cut-off)
- Ore Resources (incl Reserves) – 9.6 M tonnes @ 0.90% WO₃ (at 0.20% cut-off)

Current Development Plan

- Comprehensive 8 year open-cut mining plan developed by Xenith Consulting
- Average annual production of 400,000 tonnes of ore, yielding 200,000 mtu of WO₃ as a 60% concentrate
- Mining Lease valid to 2029
- Ore to be crushed and processed through primarily a gravity circuit supplemented with a flotation circuit
- Mine development is planned to commence first quarter of 2019 with initial concentrate production first half of 2020

Infrastructure

- Mine is located approximately 1 kilometre from the Port of Grassy, the principal port for the island
- Port accommodates 5,000 tonne vessels and is serviced weekly from Geelong (Victoria) and Tasmania
- The island is serviced by daily flights from Melbourne and Tasmania
- Current plans and operating costs are based on power being provided by diesel generators – significant cost savings can be achieved by introducing renewables into the project- these are under investigation
- Raw water will be supplied from the adjacent Lower Grassy Dam

Tungsten Concentrate Quality - Refer Appendix A for indicative qualities

Project Economics

- Total expected project funding required, owner operated, A\$65m
- Estimated operating costs delivered A\$160 – A\$165 per mtu

Upside Potential

Significant upside potential exists, for not only increasing mine life, but also further reducing costs:

- Alternative power supply
- Underground operations – a desktop study completed in 2015, indicates an additional 8 year underground mine life, after the open-cut reserve has been depleted
- Development of Bold Head and surrounding areas as well as historic tailings

Corporate Structure of KIS

- Number of shares on issue 244.5 million
- Number of Shareholders +550
- Top 20 shareholders own 81% (Previous Excel Coal Directors own approximately 60%)
- Market capitalisation at (17/9/18) - 9.5 cps is \$23.5 million

For further information contact:

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Dolphin Pit around 2013 pre dewatering



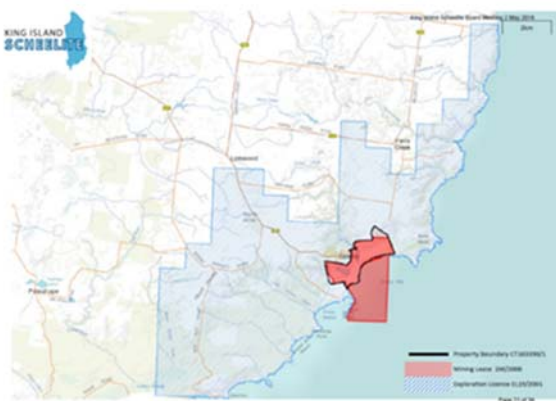
Dolphin Pit 2015 – post dewatering



Water discharge during dewatering



Underground portal when mine ceased production



Mining Lease and Exploration Licence



Current Development Plan

Appendix A

Dolphin Tungsten Concentrate – Indicative Quality (dry basis)									
Major Elements					Trace Elements				
WO ₃	%	60.0			As	ppm	15		
CaO	%	31.0			Cu	ppm	5		
SiO ₂	%	4.5			Pb	ppm	50		
CaF ₂	%	0.2			Mn	ppm	222		
Fe	%	1.0			Bi	ppm	52		
Mo	%	2.0			Sn	ppm	9		
S	%	0.25			U	ppm	2.6		
P	%	0.15			Th	ppm	0.8		



Dolphin Mine in operation circa 1990

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The Information in this announcement relating to Mineral Resources and

Exploration Results are extracted from the following reports lodged as market announcements and available to view on the Company's web-site www.kingislandscheelite.com.au:

- "Updated Resources Statement April 2015" released 24 April 2015
- "Updated Reserve Statement" released 21 September 2015
- "Updated Reserve Statement released 21 September 2015" released 20 October 2015
- "Dolphin Project Drilling Results April 2018" released 23 April 2018
- "Exploration Drilling Results May 2018" released 17 May 2018

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.