King Island Scheelite Limited

ABN 40 004 681 734

Annual Report

For the year ended 30 June 2019

CORPORATE DIRECTORY

ABN 40 004 681 734

DIRECTORS

JOHANN JACOBS	(EXECUTIVE CHAIRMAN)
CHRISTOPHER ELLIS	(EXECUTIVE DIRECTOR)
GREGORY HANCOCK	(NON-EXECUTIVE DIRECTOR)

PROJECT MANAGER

ALVIN JOHNS

GENERAL MANAGER OF PROJECT DEVELOPMENT AND OPERATIONS

CHARLES (Chas) MURCOTT

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

IAN MORGAN

FINANCIAL CONTROLLER

SUE JOLLIFFE

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

SUITE 26.01
LEVEL 26, 259 GEORGE STREET
GPO BOX 5154
SYDNEY NSW 2001
TELEPHONE: +61 2 8622 1402
WEB SITE: www.kingislandscheelite.com.au
EMAIL: kis@kisltd.com.au

AUDITOR

KPMG
TOWER THREE
INTERNATIONAL TOWERS
300 BARANGAROO AVENUE
SYDNEY NSW
TELEPHONE: +61 2 9335 7000
FACSIMILE: +61 2 9335 7001
WEB SITE: www.kpmg.com.au

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES PTY LTD
YARRA FALLS
452 JOHNSTON STREET
ABBOTSFORD VIC 3067
TELEPHONE:
+61 3 9415 5000 (main switchboard)
+61 3 9415 4000 (investors)
1300 850 505 (investors within Australia)
FACSIMILE: +61 3 9473 2500
WEB SITE: www-au.computershare.com

ASX

KING ISLAND SCHEELITE SHARES ARE LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX CODE: KIS)

TABLE OF CONTENTS

CHAIRMAN'S LETTER

12 August 2019

Dear Shareholders,

It is with pleasure I present to you the King Island Scheelite Limited Annual Report for the 2019 financial year. The year has been a productive one for our Company, as we continue towards the successful redevelopment of the Dolphin Tungsten Project on King Island, Tasmania.

Most noteworthy is the successful completion of the revised Mineral Reserve Estimate, feasibility study and development timeline, released in June, based on studies completed by contractors, including Xenith Mining and Gekko Systems.

The Study outlines that the Dolphin Open-Cut Project is planned to mine and process approximately 400,000 tonnes per annum of ore for eight years, to produce approximately 215,000 metric tonne units of WO_3 per year. The product, which will be a concentrate, will be sold into a market with strongly growing demand and constrained supply. According to independent research and consulting group Roskill, long-term prospects for the sector are strong: with tungsten supply from existing mines set to fall back over the next decade, Roskill forecasts that at least 10 new large-scale tungsten mines will be required over this period in order to meet demand.

The Dolphin processing plant has been substantially modified since prior studies. Processing will now be conducted, primarily through a gravity circuit, followed by a small flotation circuit to which some of the gravity tails will report.

The Company has carried out further site infrastructure engineering works, resulting in significant capital and operating cost savings from previous estimations.

Of huge significance is the signing of the Company's first offtake agreement with Wolfram Bergbau und Hütten AG, a wholly owned subsidiary of Sandvik AB, an international engineering group focused on mining and rock excavation, metal-cutting and materials technology. Under the terms of the offtake agreement, KIS will deliver Wolfram 140,000 metric tonne units (mtu) of WO_3 (2,200 tonnes of concentrate), over four years.

A key management appointment made during the year was that of Charles "Chas" Murcott as General Manager of Project Development and Operations. Chas is a Mining Engineer with over 25 years of experience working within Australia and abroad. A significant portion of Chas's career has been spent in Tasmania. His roles include Operations Manager for Venture Minerals Limited (ASX: VMS) and the Riley DSO Project, as well as Mining Manager/Alternate General Manager at BCD Resources Tasmania Mine at Beaconsfield. Prior to joining KIS, Chas was the Mining Manager at the Kingrose Mining Limited (ASX: KRM) Way Linggo Project in Indonesia.

During the year we also welcomed Greg Hancock as a Non-Executive Director. A corporate financier with over 25 years of experience in capital markets, Greg specialises in mining and natural resources with a background in the finance and management of listed companies. He brings to the Board significant experience, as he is the Chairman of AusQuest Ltd and BMG Resources Ltd, and a Non-Executive Director of Golden State Mining Ltd, Strata- X Energy Ltd, Zeta Petroleum Plc and Cobra Resources Plc.

Greg's skill set is ideally suited to assist KIS in securing funding for the re-developed Dolphin Mine, which the Company is progressing.

Greg was appointed to fill the vacancy created by the retirement of Allan Davies, who served on the Board for over five years. The Board thanks Allan for his significant contribution during that time and wishes him well in his future endeavours.

We look forward to a progressive year ahead for the Company as we continue to strive for the successful redevelopment of Dolphin with first production anticipated in 2021.

We believe we now have the right team in place to develop the right project, with the right commodity in the right place and time.

Kind regards

Johann Jacobs
Executive Chairman

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group'), consisting of King Island Scheelite Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Johann Jacobs (Executive Chairman)

B.Acc, MBL

Appointed 30 November 2012

Johann has over 35 years' experience in the resources industry in Australia, South Africa and Indonesia. He is also non-executive director of ASX listed Magnis Resources Ltd (ASX: MNS) (formerly Uranex Limited).

Christopher Ellis (Executive Director)

B.Sc Hons

Appointed 8 November 2012

Chris has over 35 years' experience in the exploration and mining industry in Australia and overseas. He was a founding member and Executive Director of coal mining company Excel Coal Limited, which became Australia's largest independent coal mining company before being acquired by Peabody Energy Inc. in October 2006. Chris commenced his career in the UK coal industry, followed by positions within Shell's exploration group in Southern Africa and CRAE in Western Australia. He has also held senior positions for BP Coal (London and USA), Agipcoal Australia and for the Stratford Joint Venture. Chris has core skills in geology, mining engineering and minerals processing, mainly in the coal industry with some experience in tungsten, gold, base metals and diamonds. He has had overall responsibility for the design and engineering of four new mines during his career with Excel. Chris is a Non-Executive Director of Ausquest Limited (ASX: AQD).

Allan Davies (Independent Non-Executive Director)

B.E (Mining) Hons, GAICD

Appointed 30 September 2013

Retired 26 February 2019

Allan is a mining engineer and has over 40 years' experience in the Australian and international coal and metalliferous mining industries. He is a registered mine manager in Australia and South Africa. Allan was a founding Director of Excel Coal Limited and as Executive Director – Operations for Excel Coal Limited, Allan had direct responsibility for operations and construction projects. From 2000 until early 2006, Allan worked for Patrick Corporation as Director, Operations. In addition, he was an Executive Director of Whitehaven Coal from February 2009 until November 2012 and a Non-Executive Director of QR Limited and QR National Limited (now called Aurizon Ltd) from October 2008 until December 2011. Previously a Non-Executive Director of Qube Holdings, he was appointed Chairman in June 2017 (ASX: QUB).

Gregory Hancock (Independent Non-Executive Director)

BA Econs, B.Ed Hons, F.Fin

Appointed 26 February 2019

Greg has over 25 years' experience in capital markets, practicing in the area of Corporate Finance. He has extensive experience in both Australia and the UK through his close links to the stockbroking and investment banking communities. His career specialised in mining and natural resources with a background in the finance and management of listed companies. He is chairman of Ausquest Limited (ASX:AQD), BMG Resources Limited (ASX:BMG), Non-Executive Director of Golden State Mining Limited (ASX:GSM), Strata-X Energy Limited (ASX:SXA) Zeta Petroleum Plc (ASX:ZTA) and Cobra Resources Plc (LON:COBR). Greg continues his close association with the capital markets in Australia and the UK through his private company, Hancock Corporate Investments Pty Ltd.

DIRECTORS' REPORT CONTINUED

COMPANY SECRETARY

Ian Morgan

B Bus (NSWIT), M Com Law (Macq), Grad Dip App Fin (SIA) CA, ACIS, MAICD, F Fin

Ian was appointed Company Secretary on 3 August 2005. He is a member of the Institute of Chartered Accountants Australia and New Zealand and the Institute of Chartered Secretaries and Administrators, with over 35 years' experience. Ian provides secretarial and advisory services to a range of companies, including holding the position of Company Secretary for other listed public companies.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITES

The principal activity of the Group during the year was the continued review and re-engineering of previous studies with the aim of optimising a redevelopment plan for the Dolphin Project, on King Island. There were no significant changes in the nature of the activities of the Group during the financial year.

DIVIDENDS

There were no dividends paid or declared by the Company to members during or since the end of the financial year (2018 $Nil).

REVIEW OF OPERATIONS

Substantial progress was made by KIS during the year on the Company's redevelopment plan at its 100% owned Dolphin Project, which has been fully approved for development by all statutory bodies.

Key milestones achieved included:

- 100% acquisition of Portside Links, the freehold property adjacent to the Dolphin Site.
- Design of the gravity circuit to be included in the processing plant completed with assistance from ALS metallurgical laboratory in Burnie.
- Completion of the process plant Engineering study by Gekko Systems Pty Ltd.
- Approvals for the relocation of the Processing plant from the Northern side of the pit to the Southern side of pit obtained.
- Additional geotechnical drilling undertaken to finalise the design of the final eastern highwall and define the membrane wall location.
- Conclusion of first offtake agreement with Wolfram Bergbau und Hutten AG.
- Issue of Feasibility Study and Revised Mineral Reserve Estimate.

During the year KIS acquired the 100% interest in the property and improvements adjoining the Dolphin Mine Site, known as Portside Links. The Company regards this acquisition to be strategically important, as it provides direct access to the Grassy Port and the Company now has all land necessary to redevelop the Dolphin Mine.

In addition, all the structures on the property will be utilised by KIS as offices, accommodation, stores or workshops when redevelopment commences. The contracted purchase price for Portside Links was A$2.6 million, financed through securing a loan from an entity associated with KIS' Director and substantial shareholder, Mr Chris Ellis.

Following significant test work by ALS laboratories in Burnie, it became apparent that the most advantageous method of processing the Dolphin ore was utilising a gravity circuit followed by a smaller and simpler flotation circuit, through which some of the tails from the gravity circuit could be treated. As such, the processing plant has been designed incorporating this flowsheet.

During the year, the Company engaged Gekko Systems Pty Ltd (Gekko) to design and cost a Processing Plant, capable of treating 60 tonnes of ore per hour from the proposed Dolphin Mine. A modular design has been selected as a preferred option, as this will minimise construction and commissioning times on site and reduce costs.

Gekko completed its study in December 2018, after certain revisions requested by KIS. The study was conducted to a Level 3 standard, meaning that the costings are within an accuracy limit of +/-10%. The Company was pleased to report that costs determined by Gekko are within the range anticipated, as determined by internal estimates. Capital and operating costs are significantly lower than those included in previous feasibility studies, largely due to the re-design of the flow sheet.

Based on the modular design, Gekko concluded that detailed design, procurement, construction and commissioning could be achieved within a fifteen-month period after financial commitment

In December 2018, the Company made application to King Island Council to re-locate the site of the Processing Plant from the northern side of the pit to the southern side. Approval for this change was granted by King Island Council through Planning Permit DA 2018/41, after consulting with the Tasmanian Environmental Protection Agency.

The new Processing Plant site will have significant operational advantages over the previous site, particularly in terms of reduced environmental impact (noise and visual), vehicle accessibility, proximity to the Grassy Port, stockpile space reduced civil engineering costs and a much safer environment for light vehicles.

After completion of geotechnical drilling during the September Quarter, consultants PSM completed a geotechnical review of the eastern wall of the Dolphin Open Cut. Their review provided the Company with guidelines for the pit design, which has now been adjusted to comply with PSM's assessment and the physical constraints of the Dolphin Mine location. Geotechnical assessment work is on-going and will be used to finalise the eastern highwall design and the location of the membrane cut-off wall.

Of huge significance this year was the Company entering into its first Offtake Agreement for tungsten concentrate with Wolfram Bergbau und Hutten AG, a wholly owned subsidiary of Sandvik AB (Wolfram Agreement). The Sandvik Group is an international engineering group in mining and rock excavation, metal-cutting and materials technology.

Under the terms of the Wolfram Agreement, KIS will deliver 140,000 metric tonne units (mtu), or 1,400 tonnes of WO_3, over a four-year period. This equates to approximately 2,200 tonnes of concentrate produced by the redeveloped Dolphin Mine over that period.

The Wolfram Agreement embodies contractual take or pay principles and is subject to KIS achieving certain financial and operational milestones leading up to 31 March 2021.

The price for the concentrate will reference the APT price as quoted by Fastmarkets MB, previously known as London Metal Bulletin. APT (Ammonium Paratungstate) is an intermediate product, containing 88.5% WO_3, and is the internationally accepted benchmark price for tungsten products. Traditionally, concentrate producers receive between 75% and 80% of the quoted APT price per mtu of WO_3delivered. The current APT price is in the range US$200 to US$210 per mtu.

At full production, the redeveloped Dolphin Mine is expected to produce approximately 2,000 tonnes of WO_3per annum, contained in 3,100 tonnes of concentrate. The Wolfram Agreement therefore represents approximately 20% of the anticipated annual production at Dolphin.

In early June 2019 the Company published its updated Feasibility Study and Revised Mineral Reserve Estimate. The study indicates the following potential economic benefits flowing to the Company on the successful redevelopment of its Dolphin Tungsten Project in King Island, Tasmania. Full details of this study can be found in the ASX release dated 3 June 2019.

CORPORATE

Financial

The Group incurred an operating loss after tax for the year to 30 June 2019 of $2,874,363 (2018: $1,345,445).

The Group retained a cash balance of $454,045 at 30 June 2019 (2018: $494,360).

Capital Raisings

During the year ending 30 June 2019, two capital raisings were undertaken and successfully completed by the Company.

A renounceable pro-rata entitlement issue raised $1,493,878 cash (before issue costs) upon which the Company issued, on 1 August 2018, 27,161,418 new shares at $0.055 each and 13,580,737 new free attaching options, each with an exercise price of 10 cents per share expiring 1 August 2021.

DIRECTORS' REPORT CONTINUED

A share placement to professional and sophisticated investors raised $1,375,000 cash (before issue costs) upon which the Company issued, on 21 November 2018, 17,187,500 new shares at $0.08 each.

2,000,000 new options, each with an exercise price of 10 cents per share expiring 1 August 2021, were granted on 21 November 2018 for the Company in payment of capital raising costs.

Further details of the capital raisings are set out in Note A7.

TUNGSTEN MARKET

APT (Ammonium Paratungstate), as regularly quoted in industry journals, is the product used as a benchmark price for the sale of WO_3concentrate. Concentrate acquired by the APT processors is conventionally a 65% WO_3concentrate, therefore the price net back to producers is somewhat lower, generally around 80% of the reported APT price for the same quantity of contained WO_3.

Over the last decade, the APT price has achieved a high of US$469 (A$473) per mtu in mid-2011 and again in mid-2013. However, the price declined to a low of US$165 (A$212) per mtu at the end of calendar 2015. In recent years prices have continued to firm with US$348 (A$465) per mtu being reached in June 2018, the highest since June 2015. Subsequently prices declined to around US$280/mtu in September 2018 and remained in the range of US$260/mtu to US$280/mtu to June 2019, when the price declined further to US$226/mtu in July 2019.

Industry forecasts that prices should remain at current levels for at least the next six months, as China continues to implement environmental controls. Longer term however, the tungsten price is predicted to rebound, with global markets returning to growth following several years of oversupply and low prices.

Independent minerals research and consulting group Roskill's tungsten market outlook recently stated *"Global tungsten markets are returning to growth following several years of oversupply and low prices. Tungsten market fundamentals have changed as demand from defence, industrial, and oil and gas applications has picked up, just as environmental policies in China have curbed supply and added cost pressures for producers...with several major mines set to reach their end of life during the outlook period, new mine supply will be required to ensure stable supply of primary material."*.

OUTLOOK

Test work on optimising the flotation circuit continues. The finalisation of this work is not of paramount importance as the redevelopment can continue based on the gravity circuit only, which is anticipated to produce a 68% WO_3 concentrate at a recovery of 61.5%. In the interim, selected tailings will be stored until such time as the flotation circuit has been finalised, following which this material will then be processed.

KIS continues to work on its financing plan. The Company has commenced discussions regarding numerous funding initiatives with a number of parties, including investors, suppliers, and financial institutions, in relation to providing debt financing, and/or various forms of equity finance. In addition, the Company is also exploring the formation of potential joint venture partnerships. KIS will update shareholders as these discussions continue.

GOING CONCERN

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

During the year the Company incurred an operating loss of $2.753 million, of this $1.557 million was directly related to exploration and evaluation expenditure pertaining to the Dolphin Project. The latter expenditure has been expensed in line with the Company's policy of only capitalising expenditure after the Board has committed to a project. After having raised $2.869 million in equity, see below, and incurring the aforementioned costs, the Company ended the year with a cash balance of $454,045.

In June 2018 a capital raising was announced that closed on 25 July 2018 and provided additional funds of $1,493,878 (before capital raising costs) and in November 2018 a share placement to professional and sophisticated investors raised $1,375,000 cash (before issue costs). For further details see Note A7.

Following the 30 June 2019 year end, loan funding of $2,000,000 was provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder. For further details see Note A19.

DIRECTORS' REPORT CONTINUED

On 29 July 2019, the Company made a $200,000 share placement. For further details see Note A19.

Based on the above evidence of successful fund raisings and taking into account budgeted expenditure commitments, the Board has prepared these Financial Statements on a going concern basis.

Despite the ability of the Company to historically raise additional funds, further funding will be required to develop the Dolphin Project. In the event that future funds cannot be raised, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made.

BUSINESS RISKS

The Group's successful development of the tungsten Dolphin Project on King Island is subject to various business risks, including.

1. Approval for an extension to the Group's existing tenements
   Tenement exploration and retention licences held by the Group require periodic renewal or extension. All existing licences are current, with the latest renewals and extensions approved. There is no guarantee that the Group's licences would continue to be granted on terms that are acceptable, or at all, for future applications.[1]
2. The Group will need to raise additional funds
   The Company will be required to raise additional equity or debt capital to fund the redevelopment of the Project. For this purpose, the Company has embarked on numerous funding initiatives resulting in ongoing discussions with a number of parties, including investors, suppliers, and financial institutions, in relation to providing debt financing, and various forms of equity finance. In addition, the Company is also exploring the formation of joint venture partnerships.
   There are, however, no guarantees that these funding negotiations will result in securing appropriate funding, or funding on terms acceptable to the Company. If the Company is not able to obtain what the Company deems an appropriate level of financing, it may be required to reduce the scope of its operations and scale back its programs. This may adversely impact revenues and profitability.
3. Commodity prices and exchange rate risk
   If the Group's activities lead to production, future revenue will be derived through the sale of minerals which exposes the Group to commodity price risk. Commodity prices are dependent upon a number of factors which are outside of the Group's control. Commodity prices are usually denominated in US dollars whereas the income and expenditure of the Group is denominated in Australian dollars, which exposes the Group to fluctuations and volatility of the rate of exchange between the US dollar and the Australian dollar.
   Fluctuations in commodity prices and the Australian dollar exchange rate could have a material effect on the financial and operating performance of the Group.
4. Land access and title risk
   The Group has obligations in relation to expenditure levels, environmental matters for its tenements as well as responsibilities to various government entities and any landowners affected by its activities. A contravention of these obligations could affect the right to hold mining tenements in a given area. The Group's mining tenements may be affected by land access issues for any land the Group does not own.
5. Environmental risk
   As part of the mining industry, the Group is subject to State and Federal legislation regarding environmental obligations and liabilities. The legislative and regulatory requirements impose significant environmental obligations

[1] Exploration Licence EL19/2001 at Grassy, King Island (91 sq kms) expires 14 December 2020. Mining Lease 1M/2006 at Grassy, King Island (543 hectares) expires 5 June 2029.

on the Group in relation to its operations. Compliance with these obligations and any future obligations (such as any carbon tax or carbon pollution reduction scheme imposed by the government) could have a material adverse effect on the financial and operating performance of the Group.

6. Retention of key employees

   The Group is highly dependent upon qualified, scientific, technical and managerial personnel. There is significant competition for qualified personnel in the Group's business. The Group may not be able to attract and retain the qualified personnel necessary for the development of its business. The failure to recruit additional key scientific, technical, managerial and other personnel in a timely manner could harm the Group's business.

7. Risks associated with Operations and Feasibility Study

   The Company released an Updated Feasibility Study during the year. Included therein were the following risks perceived to be associated with the redevelopment of the project and mitigating factors:

   - APT price risk – There is a risk of negative movement in the APT price compared to the study assumptions. To mitigate this risk the APT price used for cash flow modelling is at or below the average Ask price reported by ARGUS for the first quarter of 2019.
   - Geological risk – There is a risk that the modelled ore tonnes and grade will not be realised during mining. Mitigating this risk, the geology and WO_3distribution of the Dolphin deposits is well understood from closed spaced drilling and historic underground mapping and sampling. 100% of WO_3at Dolphin is in the Probable Reserve category. Scheelite ores fluoresce under UV light assisting in pit and stockpile grade control. Predicted WO_3grades are consistent with historic production.
   - Geotechnical risk – There is a risk that the membrane wall and open cut design will require additional engineering and ground support beyond the expected outcomes of this study. Mitigating these risks, the pit has been modified to a more conservative design from the 2015 Reserve Estimation with no material change to the reserve.
   - Metallurgical risk – There is a risk that modelled WO_3recovery will be lower than anticipated. Extensive metallurgical test work and modelling together with historical performance has informed the assumptions used to generate costs and estimate throughput rates. Processing performance and WO_3recoveries are well understood with the most recent test work results comparative to historical results.
   - Operating Cost risk – There is a risk that operating costs will be higher than anticipated reducing free cash flow for debt servicing. The FS estimates were developed from reputable contractor tender rates, supplier and minor contractor quotes and cross referenced with similar projects by experienced independent consultants.
   - Capital Cost risk – There is a risk that the capital cost to redevelop the Project will be exceeded. The construction of the process plant accounts for 64% of the capital cost (excluding contingency). The scope of work and price estimate are considered thorough and comparable to similar sized projects. Sensitivity analysis with 10% variance on capital has only a minor negative impact of less than $5m on the project NPV.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of these operations or the Group's state of affairs in future financial years, excepting:

1. Loan by CJRE Maritime Pty Ltd

On 23 July 2019, loan funding of $2,000,000 was provided to the Group by CJRE Maritime Pty Ltd (**CJRE**), an entity associated with Mr Christopher Ellis - the Company's director and substantial shareholder.

Subject to approval by the Company's shareholders, the loan will be secured by the Group's freehold property at Grassy Harbour Road, measuring 241 hectares on King Island, Tasmania. Although not anticipated at this stage, the loan facility also includes a mechanism whereby CJRE after giving three months' notice to the Company, can convert the loan to Company's shares at a price being a 5% discount to the price obtained by the Company from a major fund-raising event resulting in proceeds totalling at least $4,000,000. The Company however has the option under this circumstance to repay the loan.

Interest is payable monthly by the Group at the rate of the aggregate of the BBSW (Bank Bill Swap Rate) plus 8% per annum.

The loan commences when the funds are drawn down and terminates on the later of:

DIRECTORS' REPORT CONTINUED

(a) The date which is one year after financial close (when certain reasonable conditions precedent for the provision of information are satisfied); and

(b) The date which is two years after financial close if the shareholder approvals are obtained.

The purpose of the loan is to provide the Group with the necessary working capital to continue with its ongoing activities, whilst allowing the Group to further progress negotiations with potential financiers and joint venture partners, to secure the funding required for the recommencement of production at the Group's 100% owned Dolphin Tungsten Project.

2. Share Placement

On 29 July 2019, the Company made a share placement for $200,000 (2,439,024 ordinary fully paid shares for $0.082 each) to Gekko Systems Pty Ltd, an unrelated entity.

ENVIRONMENTAL REGULATION

The Board believes that the Group has adequate systems in place for the management of its environmental requirements.

Based on results of enquiries made, the Directors are not aware of any significant breaches during the period covered by this report.

DIRECTORS' MEETINGS

The numbers of Directors' meetings (including meetings of committees of Directors) where Directors were eligible to attend and attended in person or by alternate during the financial year by each of the Directors of the Company were:

	Board Meetings		**Audit Committee Meetings**	
	Eligible	Attended	Eligible	Attended
Johann Jacobs	4	4	2	2
Allan Davies	3	3	2	2
Christopher Ellis	4	4	2	2
Gregory Hancock	1	1	-	-

DIRECTORS' INTERESTS

The relevant beneficial interest of each Director in the securities issued by the companies within the Group and other related bodies corporate, and notified by the Directors to the ASX in accordance with section 250G(1) of the *Corporations Act 2001* (Cth) at the date of this report are:

Ordinary Fully Paid Shares

Director	Number of ordinary fully paid shares at the date of this report / retirement date (as applicable)	
	2019	2018
J Jacobs	**3,989,764**	3,889,764
A Davies (retired 26 Feb 2019)	**3,986,536**	3,986,536
C Ellis	**58,813,278**	58,613,278
G Hancock (appointed 26 Feb 2019)	**-**	-

DIRECTORS' REPORT CONTINUED

Quoted Options

Terms: Grant Date 1 August 2018. Exercise Price $0.10 per option. Expiry Date 1 August 2021.

Director	Number of options granted and vested at the date of this report / retirement date (as applicable)	
	2019	2018
J Jacobs	**700,948**	700,948
A Davies (retired 26 Feb 2019)	**221,475**	221,475
C Ellis	**3,245,721**	3,245,721
G Hancock (appointed 26 Feb 2019)	**-**	-

Unquoted Options

Director	Grant Date	Fair value per option	Exercise price per option	Expiry date	Number of options granted and vested at the date of this report / retirement date (as applicable)	
		$	$		**2019**	2018
J Jacobs	6 Dec 2013	$0.0684	$0.15	31 Dec 2018	**-**	1,000,000
	6 Dec 2013	$0.0663	$0.22	31 Dec 2019	**1,500,000**	1,500,000
	6 Dec 2013	$0.0674	$0.28	31 Dec 2020	**2,000,000**	2,000,000
	21 Dec 2017	$0.0294	$0.06	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0276	$0.08	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0266	$0.10	31 Dec 2022	**1,000,000**	1,000,000
					6,500,000	7,500,000
A Davies (retired 26 Feb 2019)	6 Dec 2013	$0.0684	$0.15	31 Dec 2018	**-**	1,000,000
	6 Dec 2013	$0.0663	$0.22	31 Dec 2019	**1,500,000**	1,500,000
	6 Dec 2013	$0.0674	$0.28	31 Dec 2020	**2,000,000**	2,000,000
	21 Dec 2017	$0.0294	$0.06	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0276	$0.08	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0266	$0.10	31 Dec 2022	**1,000,000**	1,000,000
					6,500,000	7,500,000
C Ellis	21 Dec 2017	$0.0294	$0.06	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0276	$0.08	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0266	$0.10	31 Dec 2022	**1,000,000**	1,000,000
					3,000,000	3,000,000
G Hancock (appointed 26 Feb 2019)					**-**	-
					16,000,000	**18,000,000**

Each Option provides the right for the option holder to be issued one fully paid Share upon payment of each Exercise Price for each Share.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of the Group. Remuneration is referred to as compensation throughout this report.

Directors and key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

DIRECTORS' REPORT CONTINUED

Compensation levels for key management personnel of the Group will be competitively set to attract and retain appropriately qualified and experienced Directors, executives and future executives. Current remuneration levels are driven largely by the requirement to conserve cash within the Company. There were no remuneration consultants used to set the remuneration of key management personnel.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control the Group's performance
- the Group's performance including:
  - the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth; and
  - the amount of incentives within each key management person's compensation.

Compensation packages will include a mix of fixed and variable compensation, and short-term and long-term performance-based incentives.

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel, and where applicable, contributes to the individual's elected post-employment superannuation plan on their behalf.

Contract Terms and Conditions

The determination of Directors' remuneration is made by the Board having regard to the current position of the Company, in that it is as yet not in production and continues to preserve cash as much as possible.

The Board may award additional remuneration to Directors called upon to perform extra services or make special exertions on behalf of the Company.

The Board reviews remuneration, so as to reflect current industry norms, and determines remuneration policies and practices generally, reviews and makes specific decisions on the remuneration packages and other terms of employment of its Directors and senior executives.

16,000,000 (2018: 18,000,000) unquoted options were previously granted and are outstanding for related party remuneration. For more details, refer to A6 in the attached financial statements.

No bonuses were paid in respect of the current or previous financial years.

No Director remuneration package includes terms for redundancy, retirement or termination benefits. No such amounts were accrued or paid for any Director during the current financial year.

Terms of Employment

Each Key Management Personnel's terms of employment are set out as follows.

Johann Jacobs (Executive Chairman)

During the financial year ended 30 June 2019, an entity controlled by Mr Jacobs was paid at the rate of $30,987 p.a. plus 9.5% statutory superannuation (2018: $30,987 p.a. plus 9.5% statutory superannuation) for Mr Jacobs to be an Executive Director and Chairman. Consultancy fees incurred totalled $250,234 during the financial year ended 30 June 2019 (2018: $90,600), of which $137,600 was accrued at 30 June 2019. No annual or long service leave accrues to Mr Jacobs or his related entity.

Christopher Ellis (Executive Director)

During the financial year ended 30 June 2019, Mr Ellis was paid at the rate of $26,400 p.a. plus 9.5% statutory superannuation (2018: $26,400 p.a. plus 9.5% statutory superannuation) to be an Executive Director. No annual or long service leave accrues to Mr Ellis or his controlled entity. During the financial year ended 30 June 2019, notwithstanding Mr Ellis did perform consulting services, he did not charge for consulting services (2018: $Nil).

Allan Davies (Non-Executive Director)

During the financial year ended 30 June 2019, an entity controlled by Mr Davies was paid at the rate of $26,400 p.a. plus 9.5% statutory superannuation (2018: $26,400 p.a. plus 9.5% statutory superannuation) for Mr Davies to be a Non-Executive Director. Consultancy fees totalled $Nil during the financial year ending 30 June 2019 (2018: $2,000). No annual or long service leave accrues to Mr Davies or his controlled entity. Mr Davies retired from the Board, effective 26 February 2019.

Gregory Hancock (Non-Executive Director)

During the financial year ended 30 June 2019, an entity controlled by Mr Hancock was paid at the rate of $26,400 p.a. plus 9.5% statutory superannuation for Mr Hancock to be a Non-Executive Director (2018: $Nil). Consultancy services totalled $Nil in the financial year ended 30 June 2019 (2018: $Nil). No annual or long service leave accrues to Mr Hancock or his controlled entity. Mr Hancock was appointed to the Board, effective 26 February 2019.

Consulting Services

The entities controlled by each Director are appointed to provide consulting work to the Company on the following terms and conditions.

Performance	Any consulting services are to be performed in a competent and professional manner with the standard of diligence and care normally employed by a properly qualified person in the performance of comparable duties and in accordance with generally accepted practices appropriate to the activities undertaken.
Exclusivity	Nothing prevents the entity each Director controls from providing or agreeing to provide to any other person, firm or company services the same as or similar to the consulting services, provided that the provision of such services does not in any way impair or hinder the performance of duties to the Company.
Consultancy Fee Rates	Consultancy services to the Company are also agreed to be payable by the Company to a Director for services provided as required, subject to approval by an independent Director. These fees are agreed to be charged at the rate of $1,600 per diem plus GST.
Consultancy Fee Review	The Consultancy Fee shall be reviewed no later than one month after the end of each financial year or after such other period (being less than one year) agreed between the parties. In determining the amount of any increase in the Consultancy Fee, the Board (or any committee appointed by the Board to undertake the review) shall take into account performance in the period under review, the level of remuneration of executives in an equivalent position and any other factors which it considers relevant.
Independent Contractor	The entity each Director controls is an independent contractor and is not and shall not hold itself out as an employee or partner of the Company.
Employment Status	Each Director shall at all times be an employee of the entity which the Director controls and shall not hold himself out as an employee of the Company.
Employment Costs and Entitlements	The entity controlled by each Director agrees that it shall be solely responsible for the payment of salaries and wages, holiday pay, sick pay, long service leave, any worker's compensation premiums or entitlements and all other employee benefits and entitlements (including, without limitation, superannuation contributions) to or on each Director's behalf, and for the making of all tax instalment deductions in respect of his remuneration, together with the payment of any other tax or levy which may arise out of the performance of consulting services.

Options Issued to Directors or Executives

Options were previously granted to Directors, or their nominees, in lieu of market related cash remuneration. Details relating to these options are on page 12. The options were granted at no cost to the recipient.

There are no entitlements for the Company's option holders to participate in new issues of capital, which may be offered to the Company's existing ordinary shareholders.

No options were exercised during the financial year.

DIRECTORS' REPORT CONTINUED

The Group prohibits those that are granted unvested or restricted share-based payments, as part of their remuneration, from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangement has been prohibited by law since 1 July 2011.

If at any time prior to the expiry date of any Options, a Director ceases to be a Director of the Company for any reason other than retirement, permanent disability, redundancy or death, all Options held by such Director or his permitted nominee (as the case may be), will, to the extent that they have not been exercised beforehand, automatically lapse on the first to occur of:

(a) The expiry of the period of three (3) calendar months from the date of such occurrence, and
(b) The Expiry Date.

Details of vesting profiles of the options granted as remuneration to each key management person of the Group and each of the named key management persons are detailed below:

Director	Grant Date	Expiry Date	Number	Vested at the end of the reporting period / retirement date (as applicable)		Lapsed[2] during the reporting period / from appointment date / to retirement date (as applicable)	
				2019	2018	**2019**	2018
				%	%	**%**	%
J Jacobs	6 Dec 2013	31 Dec 2018	-	**-**	100.0	**100.0**	-
	6 Dec 2013	31 Dec 2019	1,500,000	**100.0**	100.0	**-**	-
	6 Dec 2013	31 Dec 2020	2,000,000	**100.0**	100.0	**-**	-
	21 Dec 2017	31 Dec 2022	3,000,000	**100.0**	100.0	**-**	-
			6,500,000	**100.0**	100.0	**13.3**	-
A Davies (retired 26 Feb 2019)							
	6 Dec 2013	31 Dec 2018	-	**-**	100.0	**100.0**	-
	6 Dec 2013	31 Dec 2019	1,500,000	**100.0**	100.0	**-**	-
	6 Dec 2013	31 Dec 2020	2,000,000	**100.0**	100.0	**-**	-
	21 Dec 2017	31 Dec 2022	3,000,000	**100.0**	100.0	**-**	-
			6,500,000	**100.0**	100.0	**13.3**	-
C Ellis	21 Dec 2017	31 Dec 2017	3,000,000	**100.0**	100.0	**-**	-
G Hancock (appointed 26 Feb 2019)			-	**-**	-	**-**	-
			16,000,000	**100.0**		**11.1**	

[2] The % lapsed in the year represents the reduction from the maximum number of options available to vest due to the options not being exercised and lapsing.

DIRECTORS' REPORT CONTINUED

Consequences of Performance on Shareholders' Wealth

	2019	2018	2017	2016	2015
Loss for the financial year attributable to owners of the Company	**$2,874,363**	$1,345,445	$854,338	$1,268,215	$3,289,362
Working capital at 30 June	**$252,741**	$347,258	$1,235,396	$176,603	$1,366,425
Net assets at 30 June	**$1,336,476**	$1,491,342	$2,389,816	$1,342,860	$2,545,531
Number of Shares on issue at 30 June	**261,942,279**	217,289,975	209,608,702	165,251,702	165,251,702
Share price at 30 June (per Share)	**7.5**	6.4	3.8	5.3	11.0
Market capitalisation at 30 June	**$19,645,671**	$13,906,558	$7,965,131	$8,758,340	$18,177,687
Loss on capital employed for the financial year	**215%**	90%	36%	94%	129%
Options benefits of key management persons	**-**	$250,800	-	$65,886	$223,860
Other compensation of key management persons	**$341,981**	$184,347	$151,747	$218,847	$361,497
Total compensation of key management persons (Group and Company) for the financial year	**$341,981**	$435,147	$151,747	$284,733	$585,357

During the last several years, the Company focused on the redevelopment of the tungsten Dolphin Project on King Island.

The Company has implemented corporate cost cutting measures, conducted various test work with the goal to reduce required capital and operating costs of the Dolphin Project, updated a feasibility study, dewatered the pit, undertaken further drilling work, and continued optimising its development plan. Further details are included in the Review of Operations on page 6.

Cash funds were raised during the year ended 30 June 2019:

1. Renounceable rights issue for $1,493,878 (before costs); and
2. Share placement for $1,375,000 (before costs).

For further details see Note A7.

Over the past three years, the Group's loss from ordinary activity after income tax has varied mainly depending upon the level of exploration and evaluation work being done during the financial year.

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 30 JUNE 2019

Details of the nature and amount of each major element of remuneration of each Director of the Company and other key management personnel of the Group and Company are:

		Short-term					Post-employment	Other long term	Termination benefits	Share-based payments	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees	Consulting fees	Cash bonus	Non-monetary benefits	Total	Superannuation benefits			Options			
		$	$	$	$	$	$	$	$	$	$		%
Directors													
J Jacobs	**2019**	**30,987**	**250,234**[3]	**-**	**-**	**281,221**	**2,944**	**-**	**-**	**-**	**284,165**	**-**	**-**
	2018	30,987	90,600	-	-	121,587	2,944	-	-	83,600	208,131	-	40.2
C Ellis	**2019**	**26,400**	**-**	**-**	**-**	**26,400**	**2,508**	**-**	**-**	**-**	**28,908**	**-**	**-**
	2018	26,400	-	-	-	26,400	2,508	-	-	83,600	112,508	-	74.3
A Davies	**2019**	**17,600**	**-**	**-**	**-**	**17,600**	**1,672**	**-**	**-**	**-**	**19,272**	**-**	**-**
	2018	26,400	2,000	-	-	28,400	2,508	-	-	83,600	114,508	-	73.0
G Hancock	**2019**	**8,800**	-	**-**	**-**	**8,800**	**836**	**-**	**-**	**-**	**9,636**	**-**	**-**
	2018	-	-	-	-	-	-	-	-	-	-	-	-
Total compensation	**2019**	**83,787**	**250,234**	**-**	**-**	**334,021**	**7,960**	**-**	**-**	**-**	**341,981**	**-**	**-**
	2018	83,787	92,600	-	-	176,387	7,960	-	-	250,800	435,147	-	57.6

END OF REMUNERATION REPORT (AUDITED)

[3] Of which $137,600 remains accrued and unpaid as at 30 June 2019.

SHARES UNDER OPTION

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

During the financial year there were no shares (2018: Nil) issued on the exercise of options.

15,580,737 quoted options (2018: Nil) were granted and vested during the year ended 30 June 2019:

1. 13,580,737 free attaching options for the renounceable rights issue on 1 August 2018 (one free attaching option for every two new shares, rounded); and
2. 2,000,000 options granted on 21 November 2018 in respect of capital raising fees. The total market value of the options on their grant date was $46,000. Total capital raising fee was:
    a. 1% plus GST of total funds raised;
    b. 5% plus GST of the total funds raised by the joint lead manager; and
    c. 2,000,000 listed share options granted on 21 November 2018 (market value $46,000)

    The Company measured the services received, and the corresponding increase in equity, directly at the fair value of the services received. By granting the share options as part of the total capital raising fee, the Company paid part of the total fee as a non-cash fee to obtain the same total benefit. The fair value of the services received can be estimated reliably and is the equivalent of the market value of the listed share options granted on 21 November 2018. Fair value is measured at 21 November 2018, the date the joint lead manager rendered its service.

Unquoted options have been granted and vested for related party remuneration:

1. No options (2018: 9,000,000 options with a non-cash value of $250,800) were granted during the year ended 30 June 2019; and
2. 16,000,000 options (2018: 18,000,000 options) were outstanding at 30 June 2019.

Details of options over ordinary shares in the Company that were granted, vested and expired during the financial year are as follows:

Year ended 30 June 2019

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2018 Number	Granted and Vested Number	Expired Number	**Balance 30 June 2019 Number**
Quoted						
$0.10	1 Aug 2018	1 Aug 2021	-	13,580,737	-	13,580,737
$0.10	21 Nov 2018	1 Aug 2021	-	2,000,000	-	2,000,000
			-	15,580,737	-	**15,580,737**
Unquoted						
$0.15	1 Jan 2014	31 Dec 2018	2,000,000	-	(2,000,000)	**-**
$0.22	1 Jan 2015	31 Dec 2019	3,000,000	-	-	**3,000,000**
$0.28	1 Jan 2016	31 Dec 2020	4,000,000	-	-	**4,000,000**
$0.06	31 Dec 2017	31 Dec 2022	3,000,000	-	-	**3,000,000**
$0.08	31 Dec 2017	31 Dec 2022	3,000,000	-	-	**3,000,000**
$0.10	31 Dec 2017	31 Dec 2022	3,000,000	-	-	**3,000,000**
			18,000,000	-	(2,000,000)	**16,000,000**
			18,000,000	**15,580,737**	**(2,000,000)**	**31,580,737**

DIRECTORS' REPORT CONTINUED

Year ended 30 June 2018

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2017 Number	Granted and Vested Number	Expired Number	Balance 30 June 2018 Number
Quoted						
$0.10	1 Aug 2018	1 Aug 2021	-	-	-	-
$0.10	21 Nov 2018	1 Aug 2021	-	-	-	-
			-	-	-	-
Unquoted						
$0.15	1 Jan 2014	31 Dec 2018	2,000,000	-	-	2,000,000
$0.22	1 Jan 2015	31 Dec 2019	3,000,000	-	-	3,000,000
$0.28	1 Jan 2016	31 Dec 2020	4,000,000	-	-	4,000,000
$0.06	31 Dec 2017	31 Dec 2022	-	3,000,000	-	3,000,000
$0.08	31 Dec 2017	31 Dec 2022	-	3,000,000	-	3,000,000
$0.10	31 Dec 2017	31 Dec 2022	-	3,000,000	-	3,000,000
			9,000,000	9,000,000	-	18,000,000
			9,000,000	9,000,000	-	18,000,000

Options expensed for the year ended 30 June 2019 totalled $46,000 for costs related to capital raising (2018: $250,800 for employee expenses).

MOVEMENTS IN SECURITIES HELD BY DIRECTORS

The movement during the financial year in the number of securities of King Island Scheelite Limited held, directly, indirectly or beneficially, by each specified Director and executive, including their personally related entities, is as follows:

Key Management Person	Balance of shares at 1 July or date of appointment, as applicable	Conversion of Redeemable Convertible Notes	Issued under renounceable rights issue	On market purchases	**Balance of shares at 30 June or date of ceasing, as applicable**
Fully paid ordinary shares	Number	Number	Number	Number	**Number**
Year ended 30 June 2019					
Johann Jacobs	2,487,871	-	1,401,893	100,000	**3,989,764**
Allan Davies (retired 26 Feb 2019)	3,543,587	-	442,949	-	**3,986,536**
Christopher Ellis	52,125,191	-	6,488,087	200,000	**58,813,278**
Greg Hancock (appointed 26 Feb 2019)	-	-	-	-	**-**
Year ended 30 June 2018					
Johann Jacobs	2,487,871	-	-	-	2,487,871
Allan Davies	3,543,587	-	-	-	3,543,587
Christopher Ellis	48,209,220	3,915,971	-	-	52,125,191
Greg Hancock (appointed 26 Feb 2019)	-	-	-	-	-

DIRECTORS' REPORT CONTINUED

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Issued under renounceable rights issue	**Balance of options at 30 June or date of ceasing, as applicable**
	Number	Number	**Number**
Quoted Options			
Year ended 30 June 2019			
Johann Jacobs	-	700,948	**700,948**
Allan Davies (retired 26 Feb 2019)	-	221,475	**221,475**
Chris Ellis	-	3,245,721	**3,245,721**
Greg Hancock (appointed 26 Feb 2019)	-	-	**-**
Year ended 30 June 2018			
Johann Jacobs	-	-	-
Allan Davies (retired 26 Feb 2019)	-	-	-
Chris Ellis	-	-	-
Greg Hancock (appointed 26 Feb 2019)	-	-	-

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Granted and vested as remuneration	Expired	**Balance of options at 30 June or date of ceasing, as applicable**
	Number	Number	Number	**Number**
Unquoted Options				
Year ended 30 June 2019				
Johann Jacobs	7,500,000	-	1,000,000	**6,500,000**
Allan Davies (retired 26 Feb 2019)	7,500,000	-	1,000,000	**6,500,000**
Chris Ellis	3,000,000	-	-	**3,000,000**
Greg Hancock (appointed 26 Feb 2019)	-	-	-	**-**
	18,000,000	**-**	**2,000,000**	**16,000,000**
Year ended 30 June 2018				
Johann Jacobs	4,500,000	3,000,000	-	7,500,000
Allan Davies (retired 26 Feb 2019)	4,500,000	3,000,000	-	7,500,000
Chris Ellis	-	3,000,000	-	3,000,000
Greg Hancock (appointed 26 Feb 2019)	-	-	-	-
	9,000,000	9,000,000	-	18,000,000

The terms and conditions of the options granted are outlined in Note A6 to the accounts.

DIRECTORS' REPORT CONTINUED

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITOR

Indemnification and Insurance

The Company indemnifies current and former Directors and Officers for any loss arising from any claim by reason of any specified act committed by them in their capacity as a Director or Officer (subject to certain exclusions as required by law).

The Company has paid insurance premiums in respect of directors' and officers' liability. Insurance cover relates to liabilities that may arise from their position (subject to certain exclusions as required by law).

Details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability insurance are not disclosed. Such disclosure is prohibited under the terms of the policy.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor.

AUDIT SERVICES

During the year ending 30 June 2019, the Group expensed an amount of $45,000 (2018: $45,000) to its auditor, KPMG and its related practices, for audit services provided.

NON-AUDIT SERVICES

The Group's auditor, KPMG, did not provide any other services in addition to their statutory audit duties during the year ending 30 June 2019.

ROUNDING OFF

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and as such, amounts in the Condensed Consolidated Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration made under Section 307C of the *Corporations Act 2001* (Cth) is set out on page 48 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

Johann Jacobs
Chairman
Sydney
12 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Other income	A15	**1,000**	56,996
Key management personal expenses	C1	**(346,242)**	(188,297)
Non-cash key management personal expense from granting of options to Directors	C1	**-**	(250,800)
Administrative expenses		**(738,162)**	(409,957)
Depreciation expense	A14	**(112,534)**	(10,336)
Exploration & evaluation expenses	A3	**(1,557,052)**	(543,633)
Results from operating activities		**(2,752,990)**	(1,346,027)
Financial income – interest		**8,585**	10,304
Financial expense – interest		**(129,958)**	(9,722)
Net finance expense		**(121,373)**	582
Net loss attributable to members of the parent		**(2,874,363)**	(1,345,445)
Other comprehensive income for the financial year, net of income tax		**-**	-
Total comprehensive loss for the financial year		**(2,874,363)**	(1,345,445)
Losses per share			
Basic losses per share attributable to ordinary equity holders	D2	**(1.1)**	(0.6)
Diluted losses per share attributable to ordinary equity holders	D2	**(1.1)**	(0.6)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	**2019**	2018
		$	$
Assets			
Cash and cash equivalents	A13	**454,045**	494,360
Prepayments and other receivables	A9	**139,609**	148,016
Total current assets		**593,654**	642,376
Prepayments and other receivables	A9	**24,600**	19,600
Property, plant and equipment	A14	**3,759,135**	1,124,484
Total non-current assets		**3,783,735**	1,144,084
Total assets		**4,377,389**	1,786,460
Liabilities			
Trade and other payables	A10	**333,456**	295,118
Loan interest payable	A11	**7,457**	-
Total current liabilities		**340,913**	295,118
Loan from CJRE Maritime	A11	**2,700,000**	-
Total non-current liabilities		**2,700,000**	-
Total liabilities		**3,040,913**	295,118
Net assets		**1,336,476**	1,491,342
Equity			
Issued capital	A6	**60,004,663**	57,331,166
Reserves	A6	**1,252,101**	1,206,101
Accumulated losses		**(59,920,288)**	(57,045,925)
Total equity		**1,336,476**	1,491,342

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2019

	Note	Issued Capital	Accumulated Losses	Share Option Reserve	**Total Equity**
		$	$	$	**$**
Balance at 1 July 2017		**57,134,995**	**(55,700,480)**	**955,301**	**2,389,816**
Loss for the year		-	(1,345,445)	-	**(1,345,445)**
Other comprehensive income for the year		-	-	-	**-**
Total comprehensive loss for the year		-	(1,345,445)	-	**(1,345,445)**
Transactions with owners in their capacity as owners:					
Costs relating to Convertible Notes conversions	A6	(3,880)	-	-	**(3,880)**
Equity settled share-based payments	A6	-	-	250,800	**250,800**
Convertible Notes converted to shares		248,758	-	-	**248,758**
Capital raising costs	A6	(48,707)	-	-	**(48,707)**
		196,171	-	250,800	**446,971**
Balance at 30 June 2018		**57,331,166**	**(57,045,925)**	**1,206,101**	**1,491,342**
Balance at 1 July 2018		**57,331,166**	**(57,045,925)**	**1,206,101**	**1,491,342**
Loss for the year		-	(2,874,363)	-	**(2,874,363)**
Other comprehensive income for the year		-	-	-	**-**
Total comprehensive loss for the year		-	(2,874,363)	-	**(2,874,363)**
Transactions with owners in their capacity as owners:					
Equity settled share-based payments	A6	2,890,115	-	46,000	**2,936,115**
Capital raising costs	A6	(216,618)	-	-	**(216,618)**
		2,673,497	-	46,000	**2,719,497**
Balance at 30 June 2019		**60,004,663**	**(59,920,288)**	**1,252,101**	**1,336,476**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2019

	Note	**2019**	2018
		$	$
Cash flows used in operating activities			
Royalties received		**-**	55,796
Other income received		**1,000**	1,200
Cash paid to suppliers and directors		**(2,548,635)**	(1,063,303)
Cash used in operations		**(2,547,635)**	(1,006,307)
Interest received		**8,585**	10,304
Net cash used in operating activities	A8	**(2,539,050)**	(996,003)
Cash flows used in investing activities			
Payment made for property, plant & equipment	A14	**(2,747,185)**	-
Security deposit paid		**(5,000)**	-
Net cash used in investing activities		**(2,752,185)**	-
Cash flows from financing activities			
Proceeds from issuing share capital	A6	**2,868,878**	-
Cost of issuing share capital		**(195,457)**	(12,031)
Proceeds from borrowings	A11	**2,700,000**	-
Interest paid on borrowings		**(122,501)**	-
Net cash generated from financing activities		**5,250,920**	(12,031)
Net (decrease) / increase in cash and cash equivalents		**(40,315)**	(1,008,034)
Cash and cash equivalents at 1 July		**494,360**	1,502,394
Cash and cash equivalents at 30 June	A13	**454,045**	494,360

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

The financial statements cover King Island Scheelite Limited as a consolidated entity consisting of King Island Scheelite Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is King Island Scheelite Limited's functional and presentation currency.

King Island Scheelite Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 August 2019.

The Notes to the consolidated financial statement are set out in the following main sections:

SECTION A – KEY FINANCIAL INFORMATION AND PREPARATION BASIS

SECTION B – RISK AND JUDGEMENT

SECTION C – KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

SECTION D – OTHER DISCLOSURES

SECTION A – KEY FINANCIAL INFORMATION AND PREPARATION BASIS

This section sets out the basis upon which the Group's financial statements have been prepared as a whole and explains the results and performance of the Group that the Directors consider most relevant in the context of the operations of the entity.

A1 STATEMENT OF COMPLIANCE

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001* (Cth). The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) adopted by the International Accounting Standards Board (**IASB**).

A2 BASIS OF PREPARATION

The financial report is prepared on the historical cost basis other than share-based transactions that are assessed at fair value.

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and as such, amounts in the Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A3 EXPLORATION & EVALUATION EXPENDITURE

Exploration and evaluation expenditure is expensed directly to profit and loss when incurred until such time that the Board approves the development of a project.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are carried in the Parent Entity's financial statements at the lower of cost and recoverable amount.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity, with adjustments made to the "Investment in associates" and "Share of associates' net profit" accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the relevant assets are consumed or sold by the associate or jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the Group's interest in such entities is disposed of.

A5 GOING CONCERN

During the year the Company incurred an operating loss of $2.753 million, of this $1.557 million was directly related to exploration and evaluation expenditure pertaining to the Dolphin Project. The latter expenditure has been expensed in line with the Company's policy of only capitalising expenditure after the Board has committed to a project. After having raised $2.869 million in equity, see below, and incurring the aforementioned costs, the Company ended the year with a cash balance of $454,045.

In June 2018 a capital raising was announced that closed on 25 July 2018 and provided additional funds of $1,493,878 (before capital raising costs) and in November 2018 a share placement to professional and sophisticated investors raised $1,375,000 cash (before issue costs). For further details see Note A7.

Following the 30 June 2019 year end, loan funding of $2,000,000 was provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder. For further details see Note A19.

On 29 July 2019, the Company made a $200,000 share placement. For further details see Note A19.

Based on the above evidence of successful fund raisings and taking into account budgeted expenditure commitments, the Board has prepared these Financial Statements on a going concern basis.

Despite the ability of the Company to historically raise additional funds, further funding will be required to develop the Dolphin Project. In the event that future funds cannot be raised, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A6 CAPITAL AND RESERVES

Share capital

Ordinary shares issued and fully paid	Date	Number of shares	Issue Price per share	$
Balance	1 July 2017	209,608,702		57,134,995
Convertible Notes conversion	29 December 2017	7,681,273	3.24	248,758
Less costs relating to Convertible Notes conversion		-		(3,880)
Less costs relating to the capital raisings		-		(48,707)
Balance	**30 June 2018**	**217,289,975**		**57,331,166**
Renounceable Rights Issue	1 August 2018	27,161,418	5.5	1,493,878
Share Placement	21 November 2018	17,187,500	8.0	1,375,000
		44,348,918		2,868,878
Shares issued for corporate advisory fee	5 April 2019	303,386	7.0	21,237
Less costs relating to the capital raisings		-		(216,618)
		44,652,304		2,673,497
Balance	**30 June 2019**	**261,942,279**		**60,004,663**

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Ordinary shares have no par value.

No dividends have been declared or paid by the company during or since the end of the financial year.

Subject to ASX listing rules, the Company's Board may resolve that the whole or any portion of profits, reserve or other account which is available for distribution, be distributed to shareholder in the same proportions in which they would be entitled to receive it if distributed by way of dividend, or in accordance with relevant terms of issue of any shares or securities.

If the Company is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories, as the liquidator thinks fit, in specie or in kind, any part of the assets of the Company, and may vest any part of the assets of the Company in trustees for the benefit of all or any of the contributories as the liquidator thinks fit.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

Options

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

During the financial year there were no shares (2018: Nil) issued on the exercise of options.

15,580,737 quoted options (2018: Nil) were granted and vested during the year ended 30 June 2019:

1. 13,580,737 free attaching options for the renounceable rights issue on 1 August 2018 (one free attaching option for every two new shares, rounded); and
2. 2,000,000 options granted on 21 November 2018 in respect of capital raising fees. The total market value of the options on their grant date was $46,000. Total capital raising fee was:
    a. 1% plus GST of total funds raised;
    b. 5% plus GST of the total funds raised by the joint lead manager; and
    c. 2,000,000 listed share options granted on 21 November 2018 (market value $46,000).

The Company measured the services received, and the corresponding increase in equity, directly at the fair value of the services received. By granting the share options as part of the total capital raising fee, the

Company paid part of the total fee as a non-cash fee to obtain the same total benefit. The fair value of the services received can be estimated reliably and is the equivalent of the market value of the listed share options granted on 21 November 2018. Fair value is measured at 21 November 2018, the date the joint lead manager rendered its service.

Unquoted options have been granted and vested for related party remuneration:

1. No options (2018: 9,000,000 options with a non-cash value of $250,800) were granted during the year ended 30 June 2019; and
2. 16,000,000 options (2018: 18,000,000 options) were outstanding at 30 June 2019.

Details of options over ordinary shares in the Company that were granted, vested and expired during the financial year are as follows:

Year ended 30 June 2019

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2018 Number	Granted and Vested Number	Expired Number	**Balance 30 June 2019 Number**
Quoted						
$0.10	1 Aug 2018	1 Aug 2021	-	13,580,737	-	13,580,737
$0.10	21 Nov 2018	1 Aug 2021	-	2,000,000	-	2,000,000
			-	15,580,737	-	**15,580,737**
Unquoted						
$0.15	1 Jan 2014	31 Dec 2018	2,000,000	-	(2,000,000)	**-**
$0.22	1 Jan 2015	31 Dec 2019	3,000,000	-	-	**3,000,000**
$0.28	1 Jan 2016	31 Dec 2020	4,000,000	-	-	**4,000,000**
$0.06	31 Dec 2017	31 Dec 2022	3,000,000	-	-	**3,000,000**
$0.08	31 Dec 2017	31 Dec 2022	3,000,000	-	-	**3,000,000**
$0.10	31 Dec 2017	31 Dec 2022	3,000,000	-	-	**3,000,000**
			18,000,000	-	(2,000,000)	**16,000,000**
			18,000,000	**15,580,737**	**(2,000,000)**	**31,580,737**

Year ended 30 June 2018

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2017 Number	Granted and Vested Number	Expired Number	Balance 30 June 2018 Number
Quoted						
$0.10	1 Aug 2018	1 Aug 2021	-	-	-	-
$0.10	21 Nov 2018	1 Aug 2021	-	-	-	-
			-	-	-	-
Unquoted						
$0.15	1 Jan 2014	31 Dec 2018	2,000,000	-	-	2,000,000
$0.22	1 Jan 2015	31 Dec 2019	3,000,000	-	-	3,000,000
$0.28	1 Jan 2016	31 Dec 2020	4,000,000	-	-	4,000,000
$0.06	31 Dec 2017	31 Dec 2022	-	3,000,000	-	3,000,000
$0.08	31 Dec 2017	31 Dec 2022	-	3,000,000	-	3,000,000
$0.10	31 Dec 2017	31 Dec 2022	-	3,000,000	-	3,000,000
			9,000,000	9,000,000	-	18,000,000
			9,000,000	9,000,000	-	18,000,000

Share Based Payment Reserve

	2019 **$**	2018 $
Balance at 1 July	**1,206,101**	955,301
Employee expense	**-**	250,800
Capital raising fee	**46,000**	-
Balance at 30 June	**1,252,101**	1,206,101

A7 CAPITAL RAISINGS

Renounceable Rights Issue

On 19 June 2018, the Company announced that it was proceeding with a capital raising of a renounceable pro-rata rights offer of one new share for every eight existing shares, with one free attaching new option for every two new shares, to provide funding for pre-development activities.

The offer price represented a discount of 18% on the closing price of the Company's shares on 18 June 2018 and was open to eligible shareholders holding shares at the record date of 26 June 2018.

The original closing date of the entitlement offer was 13 July 2018. Due to the Company receiving strong support for the offer and wishing to allow eligible shareholders more time to consider their participation, the closing date was extended to 25 July 2018.

The rights offer closed on 25 July 2018.

At an offer price of $0.055 per new share, $1,493,878 (before costs) was raised through the issue on 1 August 2018 of 27,161,418 new quoted shares (before the exercise of any new options) and 13,580,737 new quoted options.

Each free attaching quoted option is exercisable by 1 August 2021 for one new quoted share at an issue price of $0.10 each share.

If all available new quoted options are issued and exercised, the Company would raise an additional $1,358,074.

Share Placement

A share placement to professional and sophisticated investors raised $1,375,000 cash (before issue costs) upon the Company issuing, on 21 November 2018, 17,187,500 new shares at $0.08 each.

2,000,000 new quoted options, each with an exercise price of $0.10 per share expiring 1 August 2021, were granted on 21 November 2018 in respect of capital raising costs.

A8 CASH FLOW RECONCILIATION

Cash flows from operating activities	**2019** **$**	2018 $
Net loss attributable to members of the parent	**(2,874,363)**	(1,345,445)
Adjustments for:		
Depreciation and impairment (non-cash)	**112,534**	10,336
Options expense (non-cash)	**-**	250,800
Interest expense (financing cash outflow)	**129,958**	9,722
Corporate advisory fee (non-cash)	**21,237**	-
Operating loss before changes in working capital and provisions	**(2,610,634)**	(1,074,587)
Decrease in receivables	**8,407**	7,263
Increase in payables	**63,177**	71,321
Net cash used in operating activities	**(2,539,050)**	(996,003)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A9 PREPAYMENTS AND OTHER RECEIVABLES

Other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are stated at amortised cost less impairment losses (see Note B3).

Prepayments are recognised at cost.

	2019 $	2018 $
Current		
Prepayments	**124,023**	127,838
Other receivables	**15,586**	20,178
	139,609	148,016
Non-current		
Deposit	**24,600**	19,600
Total	**164,209**	167,616

A10 CURRENT LIABILITIES TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these transactions are measured at amortised cost.

	2019 $	2018 $
Trade payables	**46,525**	104,851
Accruals and other payables	**286,931**	190,267
	333,456	295,118

A11 LOAN LIABILITIES

During the year ending 30 June 2019, secured loan funding of $2,700,000 cash was provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - the Company's director and substantial shareholder. The purpose of the loan was to allow the Group to purchase the Portside Links property adjoining the Dolphin mine at Grassy on King Island.

Key terms of the loan agreement are:

Facility	Interest only, cash advance facility of $2,700,000.
Term	Five years.
Termination Date	29 November 2023.
Repayment	On Termination Date. Early repayment of the facility is permitted at any time.
Interest rate	Interest is calculated monthly in arrears: • For the period from financial close of the loan transaction until the date two years after commencement of production at the Group's Dolphin Project, Bank Bill Swap Rate (BBSW) plus 6% per annum; and • BBSW plus 11% per annum thereafter.
Security	First registered mortgage over two King Island properties owned by Australian Tungsten Pty Limited (the Company's wholly owned subsidiary), being: • Portside Links; and • 20 Waratah Street, Grassy.
Purpose	The proceeds of the loan are to be used to fund the Group's acquisition of Portside Links.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

At the Company's general meeting held 29 November 2018, the Company's shareholders approved Australian Tungsten Pty Limited granting the Security to CJRE Maritime Pty Ltd, the company related to Mr Christopher Ellis.

The balance of the loan together with interest payable as at 30 June 2019 is detailed below.

	30 June 2019	30 June 2018
	$	$
Current Liability – Interest payable	**7,457**	-
Non-Current Liability – Loan principal	**2,700,000**	-
	2,707,457	-

Further details regarding the loan from CJRE Maritime Pty Ltd can be found at Note C3.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income and expenses.

Borrowings are classified as non-current liabilities whilst the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

A12 PROVISIONS

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

No provisions exist for the Group as at 30 June 2019.

Site Restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land is recognised when such land is disturbed. At this time, a best estimate of the total area of disturbance and present value restoration cost over the estimated mine is made. From this, an annual charge is derived which is reflected as an expense over the life of the mine and as an increase in the provision.

The balance of the provision is the accumulation of the annual charges, less any remedial work done, which is charged directly against the provision. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

As the Company is not yet in the mining or construction phase and there has been no disruption to the land, it has no current requirement for site restoration and accordingly no provision currently exists.

A13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

	2019	2018
	$	$
Bank balances	**9,160**	(113)
Call deposits	**444,885**	494,473
Cash and cash equivalents in the statements of cash flows	**454,045**	494,360

A14 PROPERTY, PLANT AND EQUIPMENT

During the year ending 30 June 2019, the Group settled on a property purchase on King Island adjacent to the mine site and known as Portside Links. The purchase price of the property and associated structures was $2,600,000, fully funded by a secured loan from an entity related to the Company's director and largest shareholder, Mr Christopher Ellis. The loan was for $2,700,000, with the remaining $100,000 applied to necessary stamp duty and purchase costs of the property. These costs total $144,563, including stamp duty of $115,335.

The carrying values of Group's properties (Portside Links and 20 Waratah Street, Grassy) are secured at 30 June 2019 to the extent of the total amount payable to CJRE Maritime Pty Ltd (**CJRE**) (30 June 2019: $2,707,456).

CJRE is an entity associated with Mr Christopher Ellis, the Company's director and a substantial shareholder. Should the value of the proceeds from a sale of Portside Links and 20 Waratah Street be greater than the amount owing to CJRE, CJRE's entitlement to the sales proceeds would be limited to the value of the amount owing.

Refer to Note A11 for further details of the Group's secured borrowing from CJRE.

The Group regards the property purchase as a strategic acquisition, providing it with direct access to the Grassy Port as well as enabling it to secure all land requirements necessary for the redevelopment of the mine. In addition, Portside Links structures will be utilised as offices, accommodation, stores or workshops when redevelopment commences.

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note B3).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment and buildings. Land is not depreciated. The estimated useful lives in the current financial year are as follows:

		2019	2018
▪	Plant and equipment	**5 to 40 years**	5 to 40 years
▪	Buildings	**8 years**	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Land $	Buildings $	Plant and equipment $	**Total** **$**
Cost				
Balance at 1 July 2017	943,410	-	291,234	**1,234,644**
Additions	-	-	-	**-**
Balance at 30 June 2018	943,410	-	291,234	**1,234,644**
Balance at 1 July 2018	943,410	-	291,234	**1,234,644**
Additions	1,444,563	1,300,000	2,622	**2,747,185**
Balance at 30 June 2019	2,387,973	1,300,000	293,856	**3,981,829**
Depreciation				
Balance at 1 July 2017	-	-	(99,824)	**(99,824)**
Depreciation change for the year	-	-	(10,336)	**(10,336)**
Balance at 30 June 2018	-	-	(110,160)	**(110,160)**
Balance at 1 July 2018	-	-	(110,160)	**(110,160)**
Depreciation change for the year	-	(99,725)	(12,809)	**(112,534)**
Balance at 30 June 2019	-	(99,725)	(122,969)	**(222,694)**
Carrying amounts				
At 30 June 2018	943,410	-	181,074	**1,124,484**
At 30 June 2019	2,387,973	1,200,275	170,887	**3,759,135**

A15 OTHER INCOME

	2019 **$**	2018 $
Royalty income	**-**	55,796
Rent received	**-**	1,200
Compensation for pipeline access	**1,000**	-
	1,000	56,996

A16 COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Tasmanian Government. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable as follows.

Exploration expenditure commitments

	2019 **$**	2018 $
Within one year	**-**	**-**
One year or later and not later than five years	**200,000**	**-**
Later than five years	**-**	**-**
	200,000	**-**

A17 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities whose operating results are reviewed regularly by the Group's Board and for which discrete financial information is available.

The Group is involved solely in development of the Dolphin scheelite deposit and thus has a single operating segment.

Business and geographical segments

The results and financial position of the Company's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Group's product and services and geographical areas are detailed below.

Products and services

The Group is in the process of developing the Dolphin scheelite deposit and, as such, currently provides no products for sale.

Geographical areas

The Company's exploration activities are located solely in Australia.

A18 CONTINGENCIES

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

Purchase price and royalty

The Group's Dolphin Project has a liability to a third party in respect of the acquisition of the tenements. If the decision to mine is taken and there is receipt of sufficient finance (at least $1,000,000), the amount payable to the third party is $250,000 plus an additional royalty of 1.5% on tungsten sale amounts received, after selling costs, transport costs for delivery to the buyer, and any taxes (other than income tax).

Adjoining Land

On 12 July 2005 the Company entered into an agreement with a third-party vendor to acquire a 5-hectare block of land immediately on the northern boundary of the mine lease to ensure that an appropriate buffer zone is in place between the planned mine and Grassy township. The terms of this purchase were an initial payment of $700,000 plus an additional $100,000 payable upon the Company obtaining a permit for planning and development approval to carry on an extractive industry, both of which have been paid in full. There is a further $100,000 payable to the third-party vendor contingent upon the commencement of operations.

Hunan Nonferrous Metals Corporation Ltd

Under the agreed terms relating to termination of the Dolphin Joint Venture effective 17 December 2010, the Company's wholly owned subsidiary Australian Tungsten Pty Ltd has a liability to Hunan Nonferrous Metals Corporation Ltd which is contingent on the successful extraction of tungsten ore or concentrate from the Dolphin Project on King Island. The amount payable is a 2% royalty on gross revenue and the maximum royalty amount payable is $3,900,000.

King Island Council

On 1 July 2011, the Company entered into two agreements with King Island Council that have since been registered under Part 5 of the Land Use Planning Approvals Act 1993 (TAS). These agreements provide that the Company pay, in each financial year, the amounts of $50,000 inclusive of GST to the King Island Council for upgrading and improvement of Grassy infrastructure; and $50,000 inclusive of GST to a Trust Fund, mainly for the purpose of upgrading and developing the community facilities in Grassy and surrounding areas.

The Company paid the first instalments of these in advance, a total of $100,000 inclusive of GST, on 1 July 2011. These advances are to be deducted from future payments over five years at the rate of $20,000 per annum inclusive of GST. Future payments will be made over the operational life of the mine.

A19 SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of these operations or the Group's state of affairs in future financial years, excepting:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. Loan by CJRE Maritime Pty Ltd

On 23 July 2019, loan funding of $2,000,000 was provided to the Group by CJRE Maritime Pty Ltd (**CJRE**), an entity associated with Mr Christopher Ellis - the Company's director and substantial shareholder.

Subject to approval by the Company's shareholders, the loan will be secured by the Group's freehold property at Grassy Harbour Road, measuring 241 hectares on King Island, Tasmania. Although not anticipated at this stage, the loan facility also includes a mechanism whereby CJRE after giving three months' notice to the Company, can convert to Company's shares at a price being a 5% discount to the price obtained by the Company from a major fund-raising event resulting in proceeds totalling at least $4,000,000. The Company however has the option under this circumstance to repay the loan.

Interest is payable monthly by the Group at the rate of the aggregate of the BBSW (Bank Bill Swap Rate) plus 8% per annum.

The loan commences when the funds are drawn down and terminates on the later of:

(a) The date which is one year after financial close (when certain reasonable conditions precedent for the provision of information are satisfied); and
(b) The date which is two years after financial close if the shareholder approvals are obtained.

The purpose of the loan is to provide the Group with the necessary working capital to continue with its ongoing activities, whilst allowing the Group to further progress negotiations with potential financiers and joint venture partners, to secure the funding required for the recommencement of production at the Group's 100% owned Dolphin Tungsten Project.

2. Share Placement

On 29 July 2019, the Company made a share placement for $200,000 (2,439,024 ordinary fully paid shares for $0.082 each) to Gekko Systems Pty Ltd, an unrelated entity.

SECTION B – RISK AND JUDGEMENT

This section outlines the key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. This section also outlines the significant financial risk the Group is exposed, to which the Directors would like to draw the attention of the readers.

B1 FINANCIAL RISK MANAGEMENT

Overview

This Note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Presently, the Group is in a preproduction phase, therefore does not earn revenue from sales and therefore has no accounts receivables. At the reporting date, there were no significant credit risks in relation to trade receivables.

For the Company, credit risk arises from receivables due from subsidiaries.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount	
		2019	2018
		$	$
Current			
Cash and cash equivalents	A13	**454,045**	494,360
Prepayments	A9	**124,023**	127,838
Other receivables	A9	**15,586**	20,178
		139,609	148,016
		593,654	642,376
Non-current			
Deposit	A9	**24,600**	19,600

Impairment losses

None of the Group's other receivables are past due (2018: $Nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

The decision on how the Company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Note	**Carrying amount**	**Contractual cash flows**	**6 months or less**
		$	$	$
30 June 2019				
Trade and other payables	A10	340,913	340,913	340,913
30 June 2018				
Trade and other payables	A10	295,118	295,118	295,118

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is not exposed to currency risk and at the reporting date the Group holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 30 day rolling periods.

Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	Carrying amount	
	2019	2018
	$	$
Fixed rate instruments		
Financial assets	**-**	-
Financial liabilities	**-**	-
	-	-
Variable rate instruments		
Financial assets	**454,045**	494,360
Financial liabilities	**(2,707,457)**	-
	(2,253,412)	494,360

Fair value sensitivity analysis for fixed rate instruments

The Group does not have, and therefore does not account for any financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the financial year would have increased or decreased profit and loss by $10,296 (2018: $9,984). This analysis assumes that all other variables remain constant.

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital and Reserves Management

The Group's objectives when managing capital and reserves are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital and reserve structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and debt to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Financial Instruments

AASB 9 Financial Instruments includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. AASB 9 has been adopted with no impact and no material changes in comparative information required.

B2 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including any service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of the share options is measured using the binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Financial Instruments

AASB 9, including the new expected credit loss model for calculating impairment on financial assets, has been adopted with no impact and no material changes in comparative information required.

B3 IMPAIRMENT

The carrying amounts of the Group's assets other than deferred tax assets (see Note D1), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For intangible assets that are not yet available for use, the recoverable amount is estimated annually, or when facts and circumstances suggest the carrying amount may exceed its recoverable amount.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income unless the asset has been re-valued previously in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

B4 FINANCIAL INSTRUMENTS

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice.

	Effective interest rate %	**Total $**	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
2019							
Cash and cash equivalents	0.63	**454,045**	454,045	-	-	-	-
Loan	7.63	**2,700,000**	-	-	-	2,700,000	-
2018							
Cash and cash equivalents	0.90	**494,360**	494,360	-	-	-	-
Loan	-	**-**	-	-	-	-	-

Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Note	**Carrying amount 2019 $**	**Fair value 2019 $**	Carrying amount 2018 $	Fair value 2018 $
Cash and cash equivalents	A13	**454,045**	**454,045**	494,360	494,360
Prepayments and other receivables	A9	**164,209**	**164,209**	167,616	167,616
Trade and other payables	A10	**(340,913)**	**(340,913)**	(295,118)	(295,118)
Loan		**(2,700,000)**	**(2,700,000)**	-	-
		(2,422,659)	**(2,422,659)**	366,858	366,858

SECTION C – KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

This section includes information about key management personnel's remunerations, related parties information and any transactions key management personnel or related parties may have had with the Group during the year.

C1 KEY MANAGEMENT PERSONNEL EXPENSES

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Wages, salaries, and annual leave

Liabilities for benefits such as wages and salaries represent present obligations resulting from services provided to the reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date.

	2019	2018
	$	$
Salaries and fees	**83,787**	83,787
Consulting charges	**250,234**	92,600
Superannuation	**7,960**	7,960
On-costs	**4,261**	3,950
	346,242	188,297
Non-cash key management personal expense from granting of options to Directors	**-**	250,800
Key management personnel expenses	**346,242**	439,097

C2 KEY MANAGEMENT PERSONNEL DISCLOSURES

Individual Directors and executive compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures are required by Corporation Regulation 2M.3.03 and provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Directors' transactions with the Company or its controlled entities

Aggregate amounts payable to Directors and their Director related entities for unpaid Directors' fees, statutory superannuation owed to each Director's superannuation fund, and consulting fees at the reporting date were as follows:

	2019	2018
Accounts Payable - current	**$**	$
Johann Jacobs	**146,083**	114,083
Christopher Ellis	**-**	-
Gregory Hancock	**2,409**	-

The terms and conditions of the transactions with Directors or their Director related entities, outlined above, were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director-related entities on an arm's length basis.

C3 RELATED PARTY DISCLOSURES

Identity of related parties

The Group has a related party relationship with its subsidiaries (see Note C4) and with its Directors and executive officers (see Note C2).

Other related party transactions

The classes of non-Director related parties are:

- wholly owned subsidiaries;
- partly owned subsidiaries;
- commonly controlled subsidiaries;
- joint ventures;
- associates; and
- Directors of related parties and their personally related entities.

Underwriting

As disclosed in the Company's renounceable pro rata entitlement offer prospectus dated 19 June 2018, Mr Ellis's related entity Chrysalis Investments Pty Ltd was entitled to an underwriting fee of $16,576 (4.5% of the amount underwritten of $368,358). As at 30 June 2019, underwriting fees of $10,674 (2018: $Nil) are owed to Chrysalis Investments Pty Ltd.

Also disclosed in the Company's renounceable pro rata entitlement offer prospectus dated 19 June 2018, Mr Jacobs' related entity was entitled to a sub-underwriting fee of $4,800 (4% of the amount underwritten of $120,000). The sub-underwriting fee is payable by the Underwriters (each of Chrysalis Investments Pty Ltd and Mr Richard Chadwick and Mrs Gwenda Chadwick jointly) to Mr Jacobs' related entity.

$60,000 of the sub-underwriting was subsequently transferred by Mr Jacobs to a third-party sub-underwriter and Mr Jacobs' related entity received $2,400 (4% of the revised amount sub-underwritten of $60,000).

Provision of loan funding

On 29 November 2018, the Company's members approved the transaction for CJRE Maritime Pty Ltd, an entity related to a director of the Company, Christopher Ellis, providing financial accommodation to the Group under a facility of up to $2,700,000 in order for the Group to acquire the Portside Links property adjoining the Company's Dolphin mine site.

The transaction was determined on an arm's length basis, with an independent expert's opinion, that the transaction is fair and reasonable.

During the year ending 30 June 2019, the Group borrowed $2,700,000 cash from CJRE Maritime Pty Ltd, a company related to Mr Ellis, to acquire the Portside Links property.

Terms of the agreement are detailed in Note A11.

Further loan funding of $2,000,000 from CJRE Maritime Pty Ltd was secured in July 2019 and drawn down on 6 August 2019. Details in relation to this loan are detailed in Note A19.

Related party transactions

The following related party transaction charges for Directors' fees, consulting fees, underwriting fee and loan advanced to the Group were made with the Group on normal terms and conditions and in the ordinary course of business:

	Transaction Value for 12 months ended		Balance Outstanding		Terms
	30 Jun 2019 $	30 Jun 2018 $	**30 Jun 2019 $**	30 Jun 2018 $	
Directors' Fees	**91,747**	91,747	**10,892**	8,483	Payable at call
Consulting Fees	**250,234**	92,600	**137,600**	105,600	Payable at call
Underwriting Fees	**16,576**	-	**10,674**	-	Payable at call
	358,557	184,347	**159,166**	114,083	
Non-cash Remuneration					
Options remuneration	**-**	250,800	**-**	-	
	-	250,800	**-**	-	
Loan funding					
Loan principal received / borrowed	**2,700,000**	-	**2,700,000**	-	Refer Note A11
Interest paid/payable	**129,958**	-	**7,457**	-	Refer Note A11
	2,829,958	-	**2,707,457**	-	

C4 CONSOLIDATED ENTITIES

	Country of incorporation	Ownership interest 2019 %	2018 %
Parent entity			
King Island Scheelite Limited	Australia		
Subsidiaries			
Scheelite Management Pty Ltd	Australia	**100**	100
GTN Tanzania Pty Ltd	Tanzania	**100**	100
GTN Operations Pty Ltd	Tanzania	**65**	65
Australian Tungsten Pty Ltd	Australia	**100**	100

In the financial statements of the Company, investments in controlled entities and associates are measured at cost and included with other financial assets.

There are no amounts attributable to non-controlling interests in GTN Operations Pty Ltd.

SECTION D – OTHER DISCLOSURES

This section includes information that the Directors do not consider to be significant in understanding the financial performance and position of the Group but must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* (Cth) or the Corporations Regulations.

D1 INCOME TAX

Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets recorded at each reporting date are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group.

Tax consolidation

All members of the tax-consolidated group are taxed as a single entity from 1 July 2004. The head entity within the tax-consolidated group is King Island Scheelite Limited.

Current tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the “stand alone taxpayer” approach for each entity, as if it continued to be a taxable entity in its own right.

Any current liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised by the Company as amounts payable / (receivable) to / (from) other entities in the tax-consolidated group. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

As the tax-consolidated group has no income tax payable, the head entity has not entered into a tax funding arrangement in conjunction with other members of the tax-consolidated group which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

Numerical reconciliation between tax benefit and pre-tax net loss

	2019	2018
	$	$
Loss before tax	**(2,874,363)**	(1,345,445)
Prima facie Income tax benefit at a tax rate of 30%	**862,309**	403,634
(Decrease) / Increase in income tax benefit due to:		
Income tax losses not recognised	**(862,309)**	(403,634)
Income tax benefit on pre-tax net loss	**-**	-

Unrecognised deferred tax assets

	2019	2018
Revenue tax losses	**12,838,488**	11,938,484
Capital tax losses	**1,431,355**	1,431,355

The tax losses do not expire under current legislation though these losses are subject to testing under loss recoupment rules in order for them to be utilised. Deferred tax assets have not been recognised in respect of this item because, at this time, it is not probable that future taxable profit will be available against which the benefits can be offset.

D2 LOSSES PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit or loss attributable to members of the parent entity for the financial year, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financial costs associated with dilutive ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue.

The calculation of basic and diluted losses per share for the year ended 30 June 2019 was based on the net loss attributable to ordinary shareholders of $2,874,363 (2018: loss $1,345,445) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2019 of 252,548,279 (2018: 213,459,861), calculated as follows:

	2019	2018
	$	$
Loss for the financial year attributable to ordinary shareholders	**(2,874,363)**	(1,345,445)
Weighted average number of ordinary shares		
Undiluted Number of Shares	**Number**	Number
Issued ordinary shares at 1 July	**217,289,975**	209,608,702
Effect of shares issued 29 December 2017	**-**	3,851,159
Effect of shares issued 1 August 2018	**24,780,143**	-
Effect of shares issued 21 November 2018	**10,406,678**	-
Effect of shares issued 5 April 2019	**71,483**	-
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**252,548,279**	213,459,861

781,287 potential shares (2018: 3,549,337) were excluded from the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2019 as the Company is in a loss position.

During the year ended 30 June 2018, the weighted average market value of the Company's shares for purposes of calculating the dilutive effect of Convertible Notes was based on quoted market prices for the period during which the Convertible Notes were outstanding.

D3 AUDITOR'S REMUNERATION

	2019	2018
Auditors of the Company *KPMG Australia*	**$**	$
Audit and review of financial reports	**45,000**	45,000
Other assurance services	**-**	-
	45,000	45,000

The auditors of the Company, KPMG Australia, did not perform other non-audit assurance services for the Group during the year (2018: $Nil).

D4 PARENT ENTITY DISCLOSURES

The Group has applied amendments to the *Corporations Act 2001* (Cth*)* that remove the requirements for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the following specific parent entity disclosure.

As at, and throughout, the financial year ending 30 June 2019 the parent company of the Group was King Island Scheelite Limited.

	2019 $	2018 $
Results of the parent entity		
Loss for the year	**(1,040,020)**	(1,257,014)
Other comprehensive income	**-**	-
Total comprehensive income for the financial year	**(1,040,020)**	(1,257,014)
Financial position of parent entity at year end		
Current assets	**472,025**	524,123
Non-current assets	**4,738,830**	2,981,980
Total assets	**5,210,855**	3,506,103
Current liabilities	**2,335,559**	2,310,284
Total liabilities	**2,335,559**	2,310,284
Net Assets	**2,875,296**	1,195,819
Total equity of the parent entity comprising of:		
Share capital	**60,004,663**	57,331,166
Share Option Reserve	**1,252,101**	1,206,101
Accumulated Losses	**(58,381,468)**	(57,341,448)
Total Equity	**2,875,296**	1,195,819

Parent entity capital commitments for acquisition of property, plant & equipment

There are no parent entity capital commitments for acquisition of property, plant and equipment as at 30 June 2019 (2018: $Nil).

Contingencies

Refer to Note A18 for contingencies related to the parent entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

D5 FINANCING INCOME AND EXPENSES

Interest income is recognised as it accrues taking into account the effective yield on the financial asset.

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

D6 DERIVATIVES

The financial entity does not hold any derivative financial instruments.

D7 GST

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

D8 NEW ACCOUNTING STANDARDS

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018, except for *AASB 16 Leases*, which is effective for annual periods beginning on or after 1 January 2019. These new standards and amendments have been applied in preparing these financial statements and none of them have had a significant effect on the financial statements of the Group.

AASB 9 Financial Instruments

AASB 9 replaced the previous guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139.

Management has adopted the new credit loss model in AASB 9 however there was no impact for the Group.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced previous revenue recognition guidance, including A*ASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes*.

Management has assessed the impact of AASB 15 and there was no impact for the Group.

AASB 16 Leases

AASB 16 Leases removes the lease classification test and required all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees. Management has assessed the impact of AASB 16 and with no leases, has deemed the impact to be nil.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of King Island Scheelite Limited ("the Company"):

   (a) the consolidated financial statements and notes that are set out on pages 22 to 46 and the Remuneration Report on pages 12 to 17 in the Directors' Report, are in accordance with the *Corporations Act 2001* (Cth), including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

      (ii) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

3. The Directors draw attention to Note A1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Johann Jacobs
Chairman
Sydney
12 August 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of King Island Scheelite Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of King Island Scheelite Limited for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Shane O'Connor
Partner
Sydney
12 August 2019

KPMG

Independent Auditor's Report

To the shareholders of King Island Scheelite Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of King Island Scheelite Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group and Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Exploration and evaluation expenses

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration and evaluation expense ($1,557,052)	
Refer to Note D3 'Exploration & Evaluation expense'	
The key audit matter	**How the matter was addressed in our audit**
Exploration & evaluation expense (E&E) is a key audit matter due to: • The significance of the activity to the Group's operations; • Its financial impact in the current year; and • The level of audit effort required to examine the E&E expense.	Our audit procedures included: • Considering the Group's accounting policy for E&E expenditure and assessing compliance with Accounting Standards; • Testing controls over the approval of payments; • Selecting a sample of expenses and comparing to external documentation; • Selecting a sample of expenses and assessing their classification; and • Selecting a sample of expenses and checking the financial period in which they were recorded.

Material uncertainty related to going concern

We draw attention to Note A5, "Going Concern" in the financial report. The conditions disclosed in Note A5, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Analysing the cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and the accuracy of historical cash forecasts;
  - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows, including the impact of the loan funding provided on 23 July 2019 and the cash placement on 29 July 2019. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty.
- Reading Directors minutes and relevant correspondence with the Group's advisors to understand the Group's ability to raise additional shareholder funds, and assess the level of associated uncertainty;
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Other Information

Other Information is financial and non-financial information in King Island Scheelite Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of King island Scheelite Limited for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 11 to 19 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Shane O'Connor

Partner

Sydney

12 August 2019

ADDITIONAL SHAREHOLDER INFORMATION

Shares

At a general meeting on a show of hands, each shareholder present in person or by proxy has one vote and on a poll each shareholder present in person or by proxy has:

(i) one vote for each fully paid share held; and
(ii) for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

At 9 August 2019, issued capital was 264,381,303 ordinary fully paid shares held by 676 holders.

20 Largest Holders by Name of Ordinary Shares and their Share Holdings at 9 August 2019:

Rank	Name	Number of Shares	% of Issued Capital
1	CITICORP NOMINEES	32,515,955	12.30%
2	CHRYSALIS	29,523,346	11.17%
3	INVIA CUSTODIAN PTY	29,331,144	11.09%
4	ABEX RESOURCE	29,240,215	11.06%
5	MRS CATHERINE JEANE	15,920,599	6.02%
6	MR ANTHONY JAMES	8,476,604	3.21%
7	MR GIUSEPPE	8,181,145	3.09%
8	HFTT PTY LTD	6,522,348	2.47%
9	INVIA CUSTODIAN PTY	6,276,237	2.37%
10	RANAMOK PTY LTD	5,170,590	1.96%
11	HUNAN NONFERROUS	4,450,000	1.68%
12	FINMIN SOLUTIONS PTY	3,989,764	1.51%
13	INVIA CUSTODIAN PTY	3,986,536	1.51%
14	ELPHINSTONE	3,125,000	1.18%
15	MR BRYANT JAMES	3,116,104	1.18%
16	TYSON RESOURCES PTY	2,873,864	1.09%
17	SERLETT PTY LTD	2,711,241	1.03%
18	GEKKO SYSTEMS PTY	2,439,024	0.92%
19	MR SCOTT GILCHRIST	2,268,755	0.86%
20	KESLI CHEMICALS PTY	2,202,500	0.83%
Top 20 holders of ORDINARY SHARES (TOTAL)		**202,320,971**	**76.53%**

Distribution of Share Holders and Share Holdings at 9 August 2019

Range	Total holders	Number of Shares	% of Issued Capital
1 - 1,000	37	3,393	0.00
1,001 - 5,000	88	296,929	0.11
5,001 - 10,000	90	705,614	0.27
10,001 - 100,000	305	11,706,988	4.43
100,001 Over	156	251,668,379	95.19
Rounding			0.00
Total	**676**	**264,381,303**	**100.00%**

Unmarketable Parcels at 9 August 2019

	Minimum Parcel Size	Holders	Number of Shares
Minimum $ 500.00 parcel at $ 0.087 per share	5,748	140	381,122

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

20 Largest Holders by Beneficial Interest of Ordinary Shares and their Share Holdings at 9 August 2019:

Rank	Name	Number of Shares	% of Issued Capital
1	MR CHRISTOPHER ELLIS	58,813,278	22.25%
2	MR RICHARD WILLMOT CHADWICK and MRS GWENDA ANN CHADWICK	58,571,359	22.15%
3	MRS CATHERINE JEANE MORRITT	15,920,599	6.02%
4	MR ANTHONY JAMES HAGGARTY	14,998,952	5.67%
5	MR GIUSEPPE CORONICA & MRS YVONNE PRICE	8,640,000	3.27%
6	INVIA CUSTODIAN PTY LIMITED <PACIFIC ROAD PROVIDENT A/C>	6,276,237	2.37%
7	MR ANDREW PLUMMER	5,170,590	1.96%
8	HUNAN NONFERROUS METALS CORPORATION LIMITED	4,450,000	1.68%
9	MR JOHANN JACOBS	3,989,764	1.51%
10	MR & MRS AJ and LM DAVIES	3,986,536	1.51%
11	CITICORP NOMINEES PTY LIMITED	3,226,023	1.22%
12	ELPHINSTONE HOLDINGS PTY LTD	3,125,000	1.18%
13	MR BRYANT JAMES MCLARTY	3,116,104	1.18%
14	TYSON RESOURCES PTY LTD	2,873,864	1.09%
15	SERLETT PTY LTD	2,711,241	1.03%
16	GEKKO SYSTEMS PTY LTD	2,439,024	0.92%
17	MR SCOTT GILCHRIST	2,268,755	0.86%
18	KESLI CHEMICALS PTY LTD	2,202,500	0.83%
19	CHELSEA SECURITIES LIMITED	2,161,818	0.82%
20	MR DONALD BOYD	2,044,337	0.77%
Top 20 holders of ORDINARY SHARES (TOTAL)		**206,985,981**	**78.29%**

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Quoted Options

At 9 August 2019 there were 15,580,737 quoted options with an exercise price of $0.10 each expiring 1 August 2021, held by 128 holders.

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

20 Largest Holders by Name of Quoted Options and their Option Holdings at 9 August 2019

Rank	Name	Number of Options	% of Issued Capital
1	CITICORP NOMINEES	1,736,866	11.15%
2	CHRYSALIS	1,627,936	10.45%
3	ABEX RESOURCE	1,624,457	10.43%
4	INVIA CUSTODIAN PTY	1,623,953	10.42%
5	TYSON RESOURCES PTY	1,068,182	6.86%
6	MRS CATHERINE JEANE	881,700	5.66%
7	MR BRYANT JAMES	875,033	5.62%
8	FINMIN SOLUTIONS PTY	700,948	4.50%
9	MR MICHAEL	503,550	3.23%
10	KESLI CHEMICALS PTY	500,000	3.21%
11	MR JOSHUA MASON	467,614	3.00%
12	ANNBROOK CAPITAL	389,000	2.50%
13	INVIA CUSTODIAN PTY	360,411	2.31%
14	MR PAUL GABRIEL	250,000	1.60%
15	INVIA CUSTODIAN PTY	221,475	1.42%
16	YAVERN CREEK	200,000	1.28%
17	SALTINI PTY LTD	175,000	1.12%
18	UNIFIED POWER	175,000	1.12%
19	MR PETER HOWELLS	163,637	1.05%
20	FINSBURY CAPITAL PTY	136,364	0.88%
Top 20 holders of QUOTED OPTIONS (TOTAL)		**13,681,126**	**87.81%**

Distribution of Quoted Option Holders and Option Holdings at 9 August 2019

Range	Total holders	Number of Quoted Options	% of Issued Quoted Options
1 - 1,000	29	9,880	0.06
1,001 - 5,000	30	86,946	0.56
5,001 - 10,000	10	70,149	0.45
10,001 - 100,000	36	1,426,823	9.16
100,001 Over	23	13,986,939	89.77
Rounding			0.00
Total	**128**	**15,580,737**	**100.00%**

Unmarketable Parcels at 9 August 2019

	Minimum Parcel Size	Holders	Number of Quoted Options
Minimum $ 500.00 parcel at $ 0.011 per quoted option	45,455	92	749,463

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

20 Largest Holders by Beneficial Interest of Quoted Options and their Option Holdings at 9 August 2019

Rank	Name	Number of Options	% of Issued
1	MR RICHARD WILLMOT CHADWICK and MRS GWENDA ANN CHADWICK	3,248,410	20.85%
2	MR CHRISTOPHER ELLIS	3,245,721	20.83%
3	TYSON RESOURCES PTY LTD	1,068,182	6.86%
4	MRS CATHERINE JEANE MORRITT	881,700	5.66%
5	MR BRYANT JAMES MCLARTY	875,033	5.62%
6	MR JOHANN JACOBS	700,948	4.50%
7	MR MICHAEL DAMIANOPOULOS	503,550	3.23%
8	KESLI CHEMICALS PTY LTD	500,000	3.21%
9	MR JOSHUA MASON CHADWICK	467,614	3.00%
10	ANNBROOK CAPITAL PTY LTD	389,000	2.50%
11	INVIA CUSTODIAN PTY LIMITED <PACIFIC ROAD PROVIDENT A/C>	360,411	2.31%
12	MR PAUL GABRIEL SHARBANEE	250,000	1.60%
13	MR & MRS AJ and LM DAVIES	221,475	1.42%
14	YAVERN CREEK HOLDINGS PTY LTD	200,000	1.28%
15	SALTINI PTY LTD	175,000	1.12%
16	UNIFIED POWER SOLUTIONS PTY LTD	175,000	1.12%
17	MR PETER HOWELLS	163,637	1.05%
18	FINSBURY CAPITAL PTY LTD	136,364	0.88%
19	OOFY PROSSER PTY LTD <DRONES FAMILY A/C>	129,546	0.83%
20	CITICORP NOMINEES PTY LIMITED	119,081	0.76%
Top 20 holders of QUOTED OPTIONS (TOTAL)		**13,810,672**	**88.63%**

Substantial Shareholders at 9 August 2019

	Number of Shares	Proportion of Issued Shares
CHRYSALIS INVESTMENTS PTY LTD	58,813,278	22.25%
MR RICHARD WILLMOT CHADWICK + MRS GWENDA ANN CHADWICK	58,571,359	22.15%
MRS CATHERINE JEANE MORRITT	15,920,599	6.02%

Unquoted Options

At 9 August 2019 there were 16,000,000 unquoted options with various exercise prices and expiry dates, held by three holders.

Exercise Price	Vesting Date	Expiry Date	Holder			Total
			Finmin Solutions Pty Ltd	Chrysalis Investments Pty Ltd	Invia Custodian Pty Limited <AJ & LM Davies Family a/c>	
			Number	Number	Number	**Number**
$0.22	1 January 2015	31 December 2019	1,500,000	-	1,500,000	**3,000,000**
$0.28	1 January 2016	31 December 2020	2,000,000	-	2,000,000	**4,000,000**
$0.06	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	**3,000,000**
$0.08	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	**3,000,000**
$0.10	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	**3,000,000**
Total			**6,500,000**	**3,000,000**	**6,500,000**	**16,000,000**

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

Mining Exploration Tenements

The Company holds the following licence and lease.	Interest
Exploration Licence EL19/2001 at Grassy, King Island (91 sq kms) (expires 14 December 2020)	100%
Mining Lease 1M/2006 at Grassy, King Island (544 hectares) (expires 5 June 2029)	100%

Securities Exchange Listing

The Company's ordinary shares are listed on the Australian Securities Exchange.

The Company's ASX codes for ordinary shares is KIS and KISO for quoted options with an exercise price of $0.10 each expiring 1 August 2021.

On-Market Buy Back

There is no on-market buy-back.

Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 30 June 2019 is available for members to download and access from http://kingislandscheelite.com.au/corporate-governance