
King Island Scheelite Limited

ABN 40 004 681 734

Annual Report

For the year ended 30 June 2020

CORPORATE DIRECTORY

ABN 40 004 681 734

DIRECTORS

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

GENERAL MANAGER - 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

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ASX

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

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Welcome to the 2020 Annual Report for King Island Scheelite Ltd (ASX: KIS). While the past year has presented some challenges for our company, we continue to work on achieving our goal of moving our Dolphin Tungsten Project on King Island, Tasmania, into production in 2021/22.

I take this opportunity to provide an overview of our achievements during the year.

Most importantly, the Project recorded no injuries to personnel and there were no environmental non compliances recorded at the site.

Our Dolphin project is one of the world's richest tungsten deposits and we further expanded its resource in the first half of the year, reporting an Indicated and Inferred resource for the Bold Head deposit of 1.76 million tonnes at a grade of 0.91% WO₃ (at a cut-off of 0.5%). Bold Head is a satellite deposit of Dolphin, and this updated resource for the deposit increased Dolphin's overall resource by 18 per cent. The increased resources demonstrated the potential to extend the Dolphin mine life beyond the eight-year life proposed in the June 2019 Feasibility Study, which further improves the economics of the Project. Towards the end of the financial year the team commenced a review of extracting the resources, remaining after the 8-year open cut mine, through re-establishing an underground mine. This study should be completed during the September 2020 quarter and is anticipated to further improve the Project economics.

Tungsten, which is commonly utilised in the transport as well as in the defence and security sector, has been identified as a critical mineral by Geoscience Australia. The Federal Government has outlined a strategy to provide financial and operational assistance for the development of critical minerals in Australia and KIS is hopeful of securing Government support in bringing the Dolphin project into production. We have been liaising with the Government's Critical Minerals Facilitation Office (CMFO) as well as other Federal, State and local authorities regarding the redevelopment of the Dolphin Mine. Notwithstanding some diversion of attention caused by the COVID-19 Pandemic, these authorities have continued expressing their interest in seeking feedback for potential support.

In the second half of the year COVID-19 affected many of our activities including our ability to secure funding required for recommencing production at Dolphin. During the year, we agreed variations in our offtake contract signed in April 2019 with Wolfram Bergbau und Hutten AG, which is subject to certain financial and operational milestones being achieved prior to final steady-state production. As part of this contract, KIS was required to enter committed funding facilities by 30 June 2020 and Wolfram had the right to terminate the contract if KIS did not satisfy this condition. As validation of the Project and our efforts to develop it, Wolfram confirmed on that date that it would not elect to terminate the contract. We are thankful for this support shown by our offtake partner and continue to pursue several financing options as we work to bring Dolphin into production.

Another consequence of the pandemic has been its effect on tungsten prices, with weakened APT prices (the benchmark for the tungsten market) emerging during the second half of the year. This is unfortunate timing for KIS given our efforts to finance the Dolphin Project, and we remain hopeful of seeing some improvement in the months ahead.

Irrespective of market conditions, we have continued with metallurgical test work at ALS, Burnie, aiming to optimise the concentrate grade and tungsten recovery from the proposed processing flow-sheet to be used at Dolphin. This test work involved shipping a large ore sample from King Island to ALS and processing it through the now established coarse gravity flow-sheet then treating selected tails streams from the coarse gravity circuit as feed to a fine ore circuit using a combination of a MGS (Multi Gravity Separator) and a conventional scheelite flotation circuit to recover an additional 15% of the tungsten in the feed stream. The results achieved to date have been very promising both in terms of recovery and grade, and we are assessing the financial and operational implications with regard to Project planning.

Market conditions during the year have been challenging however we are grateful for the support received from investors to continue pursuing our strategy. This included a share placement to independent process engineering company, Gekko Systems Pty Ltd, which raised \$200,000 in July 2019, a \$2 million loan by CJRE Maritime Pty Ltd, an entity associated with the Company's executive director and largest shareholder, Mr Chris Ellis, and a \$500,000 loan in April 2020 from Abex Resource Holdings Pty Ltd, a company related to KIS shareholders Mr Richard and Mrs Gwenda

Chadwick. These facilities provided KIS with necessary working capital in 2020, allowing the Company to further progress negotiations with potential financiers and joint venture partners.

I thank all our shareholders for their continued support and loyalty during this challenging period, and I also thank our Management and Contractors for their efforts in 2020, as we work towards unlocking the potential of the Dolphin Project and realising its value.

We are confident of improved conditions in the year ahead and expect that will allow for more positive financing discussions on Dolphin. I look forward to keeping you updated on our progress.

Kind Regards

A handwritten signature in black ink, appearing to be 'Johann Jacobs', with a stylized, cursive script.

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 2020.

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 resigned as a non-executive director of ASX listed Magnis Resources Ltd (ASX: MNS) (formerly Uranex Limited) on 31 May 2020.

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).

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.

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 Chartered Governance Institute, 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 ACTIVITIES

The principal activity of the Group during the year was the continued detailed review and planning of the redevelopment study, with the aim of optimising the Dolphin Project, on King Island.

There were no significant changes in the nature of the activities of the Group during the financial year.

DIRECTORS' REPORT CONTINUED

DIVIDENDS

There were no dividends paid or declared by the Company to members during or since the end of the financial year (2019 \$Nil).

REVIEW OF OPERATIONS

Further significant progress was made 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:

- No injuries reported
- No environmental non compliances reported
- A significant 18% increase in KIS' Mineral Resource Estimate with Bold Head addition. KIS reported an Indicated and Inferred Resource for Bold Head of 1.76 million tonnes at a grade of 0.91% WO₃ (at a cut-off of 0.5%)
- Minelife at Dolphin mine likely to extend beyond the 8 years proposed in the Feasibility Study
- Commenced ongoing discussions with various Federal and State agencies for support in developing the Dolphin Project
- Secured a mining lease over the Portside Links property, ML 2060 PM
- Consolidated the two mining leases ML5M/2006 and ML2060 PM into one, CML 2080PM, gaining significant operational advantages
- Chas Murcott, GM Project Development and Operations commenced employment
- Commencement of study to mine the underground resources, following depletion of the open-cut reserves
- Favourable results from laboratory work testing, significantly increasing product grade from fine tailings using Multi Gravity Separators
- Finalised acquisition of Old Grassy Schoolhouse, to be converted into workers accommodation

KIS completed a Mineral Resource Estimation of the satellite Bold Head Scheelite Deposit in September 2019 (ASX: KIS 26 September 2019). Total Inferred and Indicated resources, reported within the guidelines of the 2012 edition of the JORC code are estimated to be 1.76 million tonnes at a grade of 0.91% WO₃ (Cut-off 0.5%). These resources are additional to the existing Dolphin Scheelite Resource that underpins the Company's 100% owned Dolphin Tungsten Project. Total resources of the Project, inclusive of reserves are listed below.

DIRECTORS' REPORT CONTINUED

King Island Scheelite Total Mineral Resource

	Proposed Mining Method	Grade cut-off (WO ₃ %)	Inferred (Mt)	Indicated (Mt)	Inferred & Indicated (Mt)	Grade WO ₃ %	Tonnes WO ₃
Dolphin	Open-Cut	0.20		9.60	9.60	0.90	86,400
Bold Head	Underground	0.50	0.15	1.61	1.76	0.91	16,080
Total Resource	Open-Cut and U/G	varies	0.15	11.21	11.36	0.90	102,480

Underground Mining Study

The current project feasibility study (ASX: KIS 3 June 2019) consists of an 8-Year open cut mine of the Dolphin orebody, mining a probable reserve of 3.0 million tonnes at a grade of 0.73% WO₃ (Cut-off 0.2%). KIS are currently investigating the viability of resuming underground mining below the proposed open pit to significantly increase the life and projected cash flow of the project. Results of the feasibility study are anticipated for the July-September Quarter of 2020.

During the previous year, the focus of metallurgical testing has been on optimising the tungsten recovery from selected gravity tails streams from the process flowsheet. The first part of the flowsheet (coarse gravity) is finalised as it had successfully produced a sales grade product at good recovery.

Increasing metal recovery from the final part of the process flowsheet is the next goal as part of finalising the process flowsheet.

In late 2019 KIS became aware that a mine with a similar mineralogical ore profile to Dolphin ore had achieved good results using a Multi Gravity Separator (MGS) in laboratory testing.

KIS decided to test the machine in a concentrate cleaning role as previous testing had produced low grade (less than sales grade) products from flotation of gravity tails.

Producing a feed from flotation for the MGS to clean was difficult and it was decided instead to use the MGS in place of flotation. These tests were successful in making a product that looked promising as a tungsten flotation feed stock.

The MGS concentrate was fed to tungsten flotation and produced a sales grade product at good recovery from a simple flowsheet. Optimisation testing is underway and looks very promising.

Independent process engineering company Gekko Sysytems Pty Ltd has been requested to update their engineering study to incorporate MGS/Flotation as the final part of the Dolphin process flowsheet. The project will then have a simple and robust process flowsheet that produces two sales grade products.

CORPORATE

Financial

The Group incurred an operating loss after tax for the year to 30 June 2020 of \$2,746,484 (2019: \$2,874,363).

The Group retained a cash balance of \$651,163 at 30 June 2020 (2019: \$454,045).

Capital and Debt Raisings

During the year ending 30 June 2020, capital was raised by way of a share placement to independent process engineering company, Gekko Systems Pty Ltd.

The share placement raised \$200,000 cash (before issue costs) resulting in the Company issuing, on 29 July 2019, 2,439,024 new shares at \$0.082 each.

Also, during the year ending 30 June 2020, loan funding was provided to the Group by two of its major shareholders.

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 - a Company director and substantial shareholder.

DIRECTORS' REPORT CONTINUED

Interest was initially payable monthly by the Group at the rate of the aggregate of the BBSW (Bank Bill Swap Rate) plus 8% per annum. However, with the negative market pressure created from COVID-19 and in order to preserve cash, a Deed of Variation to the Contract was signed on 15 April 2020 to capitalise accrued interest from 1 April 2020.

Further loan funding of \$500,000 was provided to the Group on 6 May 2020 by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick.

Interest will accrue at BBSW plus 5% per annum and is being capitalised, with the term of the loan being two years.

The purpose of the loans are 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. In addition, the funds will be used to settle on the property purchase of the Old Grassy School House on 9 October 2020.

Further details of the capital raisings are set out in Note A7 while details of the loan funding is set out in Note A11.

During the year, the Company embarked on a number of investor roadshows to promote the Dolphin project, the Company and the tungsten industry. In addition, it engaged a number of international consultants to assist in financing the Project. Discussions continue with a number of parties introduced during this process.

The Australian Federal Government recently announced its strategy to provide financial and operational assistance for the development of critical minerals in Australia, with tungsten specifically named as one such critical mineral. The Company is currently investigating opportunities whereby Government assistance can be obtained.

The Company is currently pursuing several financing options and additional offtake partnerships which will allow KIS to move toward targeted production in late 2021.

TUNGSTEN MARKET

APT (Ammonium Paratungstate) prices are regularly quoted in industry journals and is the product pricing used as a benchmark for the sale of WO₃ concentrate. Concentrate acquired by the APT processors is conventionally a 65% WO₃ concentrate, therefore the price net back to producers is somewhat lower, generally around 80% of the reported APT price, for the same quantity of contained WO₃.

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 a low of US\$200/mtu in September 2019, following the sale of APT stocks out of the FANYA Metals exchange in China, before rallying back to a level of US\$235/mtu to US\$240/mtu during November 2019 through March 2020.

Since then, with the general world negative market pressures and significant drop in demand, resulting from COVID-19, the price had declined to US\$210/mtu in June 2020.

Industry forecasts no significant changes in prices for the remainder of the 2020 calendar year. Longer term however, the tungsten price is predicted to recover, with global markets returning to growth following several years of oversupply and low prices.

OUTLOOK

The key objective remains to bring the high-grade Dolphin tungsten deposit on King Island into production. The next steps are:

1. Finalise long term offtake arrangements.
2. Finalise financing package, including debt and equity.

DIRECTORS' REPORT CONTINUED

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 \$2,405,960, of this \$884,041 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. Also, \$341,767 relates to interest expense on the loans from shareholders, of this \$106,022 has been accrued, following a renegotiation of the two loans in April 2020. Interest for the coming year is being accrued and will be paid when the loans are repaid.

After having raised \$2,500,000 in loan funding and \$200,000 in equity, see below, and incurring the aforementioned costs, the Company ended the year with a cash balance of \$651,163.

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 - a Company director and substantial shareholder. For further details see Note A11.

On 29 July 2019, the Company made a \$200,000 share placement. For further details see Note A7.

On 6 May 2020, further loan funding of \$500,000 was provided to the Group by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick. For further details see Note A11.

The Company is currently in discussion with a broker and other interested parties regarding an equity raising of approximately \$1.5 million, to provide sufficient working capital to see the Company into the major project capital raising phase. In addition, the Company has had positive discussions with CJRE Maritime Pty Ltd, an entity associated with Director Chris Ellis, regarding either an extension to the repayment date, or conversion into equity, of the \$2.0 million loan currently due for repayment in August 2021.

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 and restructure debt, as anticipated, 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

¹ Exploration Licence EL19/2001 at Grassy, King Island (91 sq kms) expires 24 December 2020. Mining Lease CML 2080P/M at Grassy, King Island (566 hectares), which is the combined lease of 1M/2006 and 2060P/M expires 5 June 2029.

DIRECTORS' REPORT CONTINUED

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 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 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 2019. 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 was 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 WO₃ distribution of the Dolphin deposits is well understood from close spaced drilling and historic underground mapping and sampling. 100% of WO₃ at Dolphin is in the Probable Reserve category. Scheelite ores fluoresce under UV light assisting in pit and stockpile grade control. Predicted WO₃ grades 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 WO₃ recovery will be lower than anticipated. Extensive metallurgical test work and modelling together with historical performance was used as a basis to generate costs and estimate throughput rates. Processing performance and WO₃ recoveries are well understood with the most recent test work results comparative to historical results.

DIRECTORS' REPORT CONTINUED

- 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.

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	5	5	2	2
Christopher Ellis	5	5	2	2
Gregory Hancock	5	5	2	2

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	
	2020	2019
Johann Jacobs	3,989,764	3,989,764
Christopher Ellis	58,813,278	58,813,278
Gregory Hancock	-	-

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	
	2020	2019
Johann Jacobs	700,948	700,948
Christopher Ellis	3,245,721	3,245,721
Gregory Hancock	-	-

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	
		\$	\$		2020	2019
Johann Jacobs	6 Dec 2013	\$0.0663	\$0.22	31 Dec 2019	-	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
					5,000,000	6,500,000
Christopher 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
Gregory Hancock	15 Oct 2019	\$0.03798	\$0.11	15 Oct 2024	1,000,000	-
	15 Oct 2019	\$0.03587	\$0.13	15 Oct 2024	1,000,000	-
	15 Oct 2019	\$0.03404	\$0.15	15 Oct 2024	1,000,000	-
					3,000,000	-
					11,000,000	9,500,000

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

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.

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; and
- the Group's performance including:

DIRECTORS' REPORT CONTINUED

- 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.

11,000,000 (2019: 9,500,000) unquoted options are granted and 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 2020, an entity controlled by Mr Jacobs was paid at the rate of \$30,987 p.a. plus 9.5% statutory superannuation (2019: \$30,987 p.a. plus 9.5% statutory superannuation) for Mr Jacobs to be an Executive Director and Chairman. \$8,483 of the Chairman's fees was accrued at 30 June 2020. Consultancy fees incurred totalled \$141,103 during the financial year ended 30 June 2020 (2019: \$250,234), of which \$34,717 was accrued at 30 June 2020. 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 2020, Mr Ellis was paid at the rate of \$26,400 p.a. plus 9.5% statutory superannuation (2019: \$26,400 p.a. plus 9.5% statutory superannuation) to be an Executive Director. \$3,614 of the Director's fees was accrued at 30 June 2020. No annual or long service leave accrues to Mr Ellis or his controlled entity.

Gregory Hancock (Non-Executive Director)

During the financial year ended 30 June 2020, 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 (2019: \$26,400). \$4,818 of the Director's fees was accrued at 30 June 2020. Consultancy services totalled \$2,400 in the financial year ended 30 June 2019 (2019: \$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.

DIRECTORS' REPORT CONTINUED

Consulting Services

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

<i>Performance</i>	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.
<i>Exclusivity</i>	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.
<i>Consultancy Fee Rates</i>	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.
<i>Consultancy Fee Review</i>	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.
<i>Independent Contractor</i>	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.
<i>Employment Status</i>	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.
<i>Employment Costs and Entitlements</i>	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 13. 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.

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:

DIRECTORS' REPORT CONTINUED

Director	Grant Date	Expiry Date	Number	Non-expired options vested at the end of the reporting period		Lapsed ² during the reporting period	
				2020	2019	2020	2019
				%	%	%	%
Johann	6 Dec 2013	31 Dec 2019	1,500,000	-	100.0	100.0	100.0
Jacobs	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	23.1	13.3
Christopher Ellis	21 Dec 2017	31 Dec 2022	3,000,000	100.0	100.0	-	-
Gregory Hancock	15 Oct 2019	15 Oct 2024	3,000,000	100.0	-	-	-
			12,500,000	100.0	100.0	12.0	11.1

Consequences of Performance on Shareholders' Wealth

	2020	2019	2018	2017	2016
Loss for the financial year attributable to owners of the Company	\$2,746,484	\$2,874,363	\$1,345,445	\$854,338	\$1,268,215
Working capital at 30 June	\$484,164	\$252,741	\$347,258	\$1,235,396	\$176,603
Net assets at 30 June	(\$1,104,589)	\$1,336,476	\$1,491,342	\$2,389,816	\$1,342,860
Number of Shares on issue at 30 June	264,381,303	261,942,279	217,289,975	209,608,702	165,251,702
Share price at 30 June (per Share)	6.1	7.5	6.4	3.8	5.3
Market capitalisation at 30 June	\$16,127,259	\$19,645,671	\$13,906,558	\$7,965,131	\$8,758,340
Loss on capital employed for the financial year	(249%)	215%	90%	36%	94%
Options benefits of key management persons	\$107,890	-	\$250,800	-	\$65,886
Other compensation of key management persons	\$235,250	\$341,981	\$184,347	\$151,747	\$218,847
Total compensation of key management persons (Group and Company) for the financial year	\$343,140	\$341,981	\$435,147	\$151,747	\$284,733

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 redevelopment plan. Further details are included in the Review of Operations on page 7.

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

Cash funds were raised during the year ended 30 June 2020:

1. Share placement for \$200,000 (before costs);
2. Loan funding of \$2,000,000 from CJRE Maritime Pty Ltd; and
3. Loan funding of \$500,000 from Abex Resource Holdings Pty Ltd.

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' REPORT CONTINUED

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 30 JUNE 2020

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 Superannuation benefits	Other long term	Termination benefits	Share-based payments Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees	Consulting fees	Cash bonus	Non- monetary benefits							
		\$	\$	\$	\$	\$	\$	\$	\$	\$		%
Directors												
J Jacobs	2020	30,987	141,103³	-	-	172,090	2,944	-	-	175,034	-	-
	2019	30,987	250,234	-	-	281,221	2,944	-	-	284,165	-	-
C Ellis	2020	26,400	-	-	-	26,400	2,508	-	-	28,908	-	-
	2019	26,400	-	-	-	26,400	2,508	-	-	28,908	-	-
A Davies	2020	-	-	-	-	-	-	-	-	-	-	-
	2019	17,600	-	-	-	17,600	1,672	-	-	19,272	-	-
G Hancock	2020	26,400	2,400	-	-	28,800	2,508	-	-	107,890	-	77.5
	2019	8,800	-	-	-	8,800	836	-	-	9,636	-	-
Total compensation	2020	83,787⁴	143,503	-	-	227,290	7,960	-	-	107,890	-	31.4
	2019	83,787	250,234	-	-	334,021	7,960	-	-	341,981	-	-

END OF REMUNERATION REPORT (AUDITED)

³ Of which \$34,717 remains accrued and unpaid as at 30 June 2020.

⁴ Of which \$16,915 remains accrued and unpaid as at 30 June 2020.

DIRECTORS' REPORT CONTINUED

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 (2019: Nil) issued on the exercise of options. No quoted options (2019: 15,580,737) were granted during the year ended 30 June 2020. 3,000,000 unquoted options were granted during the year ended 30 June 2020 (2019: Nil) for related party remuneration.

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 2020

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2019 Number	Granted and Vested Number	Expired Number	Balance 30 June 2020 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						
\$0.22	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
\$0.11	15 Oct 2019	15 Oct 2024	-	1,000,000	-	1,000,000
\$0.13	15 Oct 2019	15 Oct 2024	-	1,000,000	-	1,000,000
\$0.15	15 Oct 2019	15 Oct 2024	-	1,000,000	-	1,000,000
			16,000,000	3,000,000	(3,000,000)	16,000,000
			31,580,737	3,000,000	(3,000,000)	31,580,737

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

Options expenses for the year ended 30 June 2020 totalled \$107,890 for employee expenses (2019: \$46,000 for costs related to capital raising).

DIRECTORS' REPORT CONTINUED

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:

Shares

Key Management Person	Balance of shares at 1 July or date of appointment, as applicable	Issued under renounceable rights issue	On market purchases	Balance of shares at 30 June or date of ceasing, as applicable
	Number	Number	Number	Number
Year ended 30 June 2020				
Johann Jacobs	3,989,764	-	-	3,989,764
Christopher Ellis	58,813,278	-	-	58,813,278
Gregory Hancock	-	-	-	-
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
Gregory Hancock (appointed 26 Feb 2019)	-	-	-	-

Quoted Options

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
Year ended 30 June 2020			
Johann Jacobs	700,948	-	700,948
Christopher Ellis	3,245,721	-	3,245,721
Gregory Hancock	-	-	-
Year ended 30 June 2019			
Johann Jacobs	-	700,948	700,948
Allan Davies (retired 26 Feb 2019)	-	221,475	221,475
Christopher Ellis	-	3,245,721	3,245,721
Gregory Hancock (appointed 26 Feb 2019)	-	-	-

DIRECTORS' REPORT CONTINUED

Unquoted Options

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
Year ended 30 June 2020				
Johann Jacobs	6,500,000	-	(1,500,000)	5,000,000
Chris Ellis	3,000,000	-	-	3,000,000
Gregory Hancock	-	3,000,000	-	3,000,000
	9,500,000	3,000,000	(1,500,000)	11,000,000
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
Christopher Ellis	3,000,000	-	-	3,000,000
Gregory Hancock (appointed 26 Feb 2019)	-	-	-	-
	18,000,000	-	(2,000,000)	16,000,000

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

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 2020, the Group expensed an amount of \$46,350 (2019: \$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 ended 30 June 2020.

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 49 and forms part of this Directors' Report.

DIRECTORS' REPORT CONTINUED

COMPETENT PERSON'S STATEMENT

The Information in this report relating to Mineral Resources and Exploration Results is extracted from reports lodged as market announcements and available to view on the Company's web-site www.kingislandscheelite.com.au:

- "Updated Reserve Statement" released 21st September 2015
- "KIS ASX Announcement – Completion of Feasibility Study" released 3rd June 2019
- "KIS Investor Presentation Dolphin Project September 2019" released 12th September 2019
- "18% Increase in Tungsten Resources" released 26th September 2019

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

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



Johann Jacobs
Chairman
Sydney
19 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Other income	A16	203,148	1,000
Key management personal expenses	C1	(567,877)	(346,242)
Non-cash key management personal expense from granting of options to Directors	C1	(107,890)	-
Administrative expenses		(876,812)	(738,162)
Depreciation expense	A15	(172,488)	(112,534)
Exploration & evaluation expenses	A3	(884,041)	(1,557,052)
Results from operating activities		(2,405,960)	(2,752,990)
Financial income – interest		3,298	8,585
Financial expense – interest		(343,822)	(129,958)
Net finance expense		(340,524)	(121,373)
Net loss attributable to members of the parent		(2,746,484)	(2,874,363)
Other comprehensive income for the financial year, net of income tax		-	-
Total comprehensive loss for the financial year		(2,746,484)	(2,874,363)
Losses per share			
Basic losses per share attributable to ordinary equity holders	D2	(1.0)	(1.1)
Diluted losses per share attributable to ordinary equity holders	D2	(1.0)	(1.1)

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 2020

	Note	2020 \$	2019 \$
Assets			
Cash and cash equivalents	A13	651,163	454,045
Prepayments and other receivables	A9	171,538	139,609
Deposit	A14	50,000	-
Total current assets		872,701	593,654
Prepayments and other receivables	A9	24,600	24,600
Property, plant and equipment	A15	3,586,647	3,759,135
Total non-current assets		3,611,247	3,783,735
Total assets		4,483,948	4,377,389
Liabilities			
Trade and other payables	A10	282,127	333,456
Loan interest payable	A11	106,410	7,457
Total current liabilities		388,537	340,913
Loans	A11	5,200,000	2,700,000
Total non-current liabilities		5,200,000	2,700,000
Total liabilities		5,588,537	3,040,913
Net assets (deficiency) / surplus		(1,104,589)	1,336,476
Equity			
Issued capital	A6	60,202,192	60,004,663
Reserves	A6	1,359,991	1,252,101
Accumulated losses		(62,666,772)	(59,920,288)
Total equity		(1,104,589)	1,336,476

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 2020

	Note	Issued Capital \$	Accumulated Losses \$	Share Option Reserve \$	Total Equity \$
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	-	-	46,000	46,000
Capital raisings	A6	2,890,115	-	-	2,890,115
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
Balance at 1 July 2019		60,004,663	(59,920,288)	1,252,101	1,336,476
Loss for the year		-	(2,746,484)	-	(2,746,484)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	(2,746,484)	-	(2,746,484)
Transactions with owners in their capacity as owners:					
Equity settled share- based payments	A6	-	-	107,890	107,890
Capital raisings	A6	200,000	-	-	200,000
Capital raising costs	A6	(2,471)	-	-	(2,471)
		197,529	-	107,890	305,419
Balance at 30 June 2020		60,202,192	(62,666,772)	1,359,991	(1,104,589)

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 2020

	Note	2020 \$	2019 \$
Cash flows used in operating activities			
Other income received	A16	203,148	1,000
Cash paid to suppliers and directors		(2,411,989)	(2,548,635)
Cash used in operations		(2,208,841)	(2,547,635)
Interest received		3,298	8,585
Net cash used in operating activities	A8	(2,205,543)	(2,539,050)
Cash flows used in investing activities			
Payment made for property, plant & equipment	A15	-	(2,747,185)
Security deposit paid		-	(5,000)
Other deposits paid	A14	(50,000)	-
Net cash used in investing activities		(50,000)	(2,752,185)
Cash flows from financing activities			
Proceeds from issuing share capital	A6	200,000	2,868,878
Cost of issuing share capital		(2,471)	(195,457)
Proceeds from borrowings	A11	2,500,000	2,700,000
Interest paid on borrowings		(244,868)	(122,501)
Net cash generated from financing activities		2,452,661	5,250,920
Net (decrease) / increase in cash and cash equivalents		197,118	(40,315)
Cash and cash equivalents at 1 July		454,045	494,360
Cash and cash equivalents at 30 June	A13	651,163	454,045

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 2020

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 19 August 2020.

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 are 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

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 \$2,405,960, of this \$884,041 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. Also, \$341,767 relates to interest expense on the loans from shareholders, of this \$106,022 has been accrued following a renegotiation of the two loans in April 2020. Interest for the coming year is being accrued and will be paid when the loans are repaid.

After having raised \$2,500,000 in loan funding and \$200,000 in equity, see below, and incurring the aforementioned costs, the Company ended the year with a cash balance of \$651,163.

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 - a Company director and substantial shareholder. For further details see Note A11.

On 29 July 2019, the Company made a \$200,000 share placement. For further details see Note A7.

On 6 May 2020, further loan funding of \$500,000 was provided to the Group by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick. For further details see Note A11.

The Company is currently in discussion with a broker and other interested parties regarding an equity raising of approximately \$1.5 million, to provide sufficient working capital to see the Company into the major project capital raising phase. In addition, the Company has had positive discussions with CJRE Maritime Pty Ltd, an entity associated with Director Chris Ellis, regarding either an extension to the repayment date, or conversion into equity, of the \$2.0 million loan currently due for repayment in August 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 and restructure debt, as anticipated, 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.

A6 CAPITAL AND RESERVES

Share capital

Ordinary shares issued and fully paid

	Date	Number of shares	Issue Price per share (cents)	\$
Balance	1 July 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)
Balance	30 June 2019	261,942,279		60,004,663
Shares placement	29 July 2019	2,439,024	8.2	200,000
Less costs relating to the share placement		-		(2,471)
		2,439,024		197,529
Balance	30 June 2020	264,381,303		60,202,192

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 (2019: Nil) issued on the exercise of options. No quoted options (2019: 15,580,737) were granted during the year ended 30 June 2020. 3,000,000 unquoted options were granted during the year ended 30 June 2020 (2019: Nil) for related party remuneration.

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 2020

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2019 Number	Granted and Vested Number	Expired Number	Balance 30 June 2020 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						
\$0.22	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
\$0.11	15 Oct 2019	15 Oct 2024	-	1,000,000	-	1,000,000
\$0.13	15 Oct 2019	15 Oct 2024	-	1,000,000	-	1,000,000
\$0.15	15 Oct 2019	15 Oct 2024	-	1,000,000	-	1,000,000
			16,000,000	3,000,000	(3,000,000)	16,000,000
			31,580,737	3,000,000	(3,000,000)	31,580,737

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Share Based Payment Reserve

	2020 \$	2019 \$
Balance at 1 July	1,252,101	1,206,101
Employee expense	107,890	-
Capital raising fee	-	46,000
Balance at 30 June	1,359,991	1,252,101

A7 CAPITAL RAISINGS

Share Placement

During the year ending 30 June 2020, capital was raised by way of a share placement to independent process engineering company, Gekko Systems Pty Ltd.

The share placement raised \$200,000 cash (before issue costs) upon the Company issuing, on 29 July 2019, 2,439,024 new shares at \$0.082 each.

A8 CASH FLOW RECONCILIATION

	2020 \$	2019 \$
Cash flows from operating activities		
Net loss attributable to members of the parent	(2,746,484)	(2,874,363)
Adjustments for:		
Depreciation and impairment (non-cash)	172,488	112,534
Options expense (non-cash)	107,890	-
Interest expense (financing cash outflow)	244,868	129,958
Corporate advisory fee (non-cash)	-	21,237
Operating loss before changes in working capital and provisions	(2,221,238)	(2,610,634)
Increase in prepayments and other receivables	(31,929)	8,407
Decrease in trade and other payables	47,624	63,177
Net cash used in operating activities	(2,205,543)	(2,539,050)

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.

	2020 \$	2019 \$
Current		
Prepayments	157,277	124,023
Other receivables	14,261	15,586
	171,538	139,609
Non-current		
Deposit	24,600	24,600
Total	196,138	164,209

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

	Note	2020 \$	2019 \$
Trade payables		117,565	46,525
Accruals and other payables		164,562	286,931
		282,127	333,456

A11 LOAN LIABILITIES

Loan by CJRE Maritime Pty Ltd (CJRE)			
Current Liability – Interest payable		102,109	7,457
Non-Current Liability – Loan principal		4,700,000	2,700,000
		4,802,109	2,707,457
Loan by Abex Resource Holdings Pty Ltd (Abex),			
Current Liability – Interest payable		3,913	-
Non-Current Liability – Loan principal		500,000	-
		503,913	-
Danaquil Pty Ltd			
Current Liability – Interest payable		388	-
Total Current Liability – Interest payable			
Related Parties	C3	106,022	7,457
Third party		388	-
		106,410	7,457
Total Non-Current Liability – Loan principal (Related Parties)	C3	5,200,000	2,700,000
		5,306,410	2,707,457

Loan by CJRE Maritime Pty Ltd

During the year ended 30 June 2020, secured loan funding of \$2,000,000 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 provide the Group with working capital funds.

Key terms of the new loan agreement, together with the pre-existing loan agreement, are:

Key Term	\$2,000,000 Loan Facility	\$2,700,000 Loan Facility
Financial Close	6 August 2019	28 November 2018
Facility	Interest only, cash advance facility of \$2,000,000.	Interest only, cash advance facility of \$2,700,000.
Term	Two years.	Five years.
Termination Date	5 August 2021.	29 November 2023.
Repayment	On Termination Date. Early repayment of the facility is permitted at any time.	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 termination date, Bank Bill Swap Rate (BBSW) plus 8% per annum.	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	Mortgage over the King Island property owned by Australian	First registered mortgage over two King Island properties owned by Australian

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Key Term	\$2,000,000 Loan Facility	\$2,700,000 Loan Facility
	Tungsten Pty Limited (the Company's wholly owned subsidiary) being: Lot 1 on Plan 163390 located at Grassy Harbour Road, King Island, Tasmania; and Guarantee and indemnity given by the Company.	Tungsten Pty Limited (the Company's wholly owned subsidiary) being: - Portside Links; and 20 Waratah Street, Grassy.
Purpose	The proceeds of the loan are being used to fund the Company's working capital.	The proceeds of the loan were used to fund the Group's acquisition of Portside Links.

At the Company's general meeting held 8 October 2019, the Company's shareholders approved Australian Tungsten Pty Limited granting the Security to CJRE Maritime Pty Ltd, the company related to Mr Christopher Ellis.

A Deed of Variation of Contract was signed on 15 April 2020 in relation to this loan, changing the monthly interest accrual from being paid to being capitalised from 1 April 2020.

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

Loan by Abex Resource Holdings Pty Ltd

During the year ending 30 June 2020, unsecured loan funding of \$500,000 cash was provided to the Group by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders, Mr Richard and Mrs Gwenda Chadwick. The purpose of the loan was to provide the Group with working capital funds.

The term of the loan is for two years, with termination on 6 May 2022. Interest accrues monthly in arrears at Bank Bill Swap Rate (BBSW) plus 5% per annum and is capitalised.

Danaquil Pty Ltd

On 17 February 2020, the Group signed a contract to purchase the Old Grassy School House in the King Island village of Grassy from the current owner, Danaquil Pty Ltd. It is planned that the premises will be reconfigured into single quarter accommodation for the mine.

The purchase price is \$250,000 and an initial deposit of \$25,000 was paid on 2 March 2020. After a Deed of Variation to the contract was signed on 9 April 2020, a further deposit of \$25,000 was paid on 16 April 2020 with settlement delayed until 9 October 2020.

Interest is accruing on the balance of \$200,000 at 5% per annum and is being paid to Danaquil Pty Ltd monthly.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 2020.

Site Restoration Provision

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.

	2020	2019
	\$	\$
Bank balances	12,740	9,160
Call deposits	638,423	444,885
Cash and cash equivalents in the statements of cash flows	651,163	454,045

A14 DEPOSITS

Old Grassy School House, King Island

On 17 February 2020, the Group agreed to purchase the Old Grassy School House, King Island from an unrelated party for \$250,000. Deposits totalling \$50,000 have been paid by the Group during the year ended 30 June 2020, with \$200,000 remaining committed to be paid by 9 October 2020. Further details are reported in Note A17.

As at 30 June 2020, the Group booked \$50,000 already paid as a deposit (2019 \$Nil).

A15 PROPERTY, PLANT AND EQUIPMENT

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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:

	2020		2019
	5 to 40 years		5 to 40 years
	8 years		8 years
	Land	Buildings	Plant and equipment
	\$	\$	\$
Cost			Total
			\$
Balance at 1 July 2018	943,410	-	291,234
Additions	1,444,563	1,300,000	2,622
Balance at 30 June 2019	2,387,973	1,300,000	293,856
Balance at 1 July 2019	2,387,973	1,300,000	293,856
Additions	-	-	-
Balance at 30 June 2020	2,387,973	1,300,000	293,856
Depreciation			
Balance at 1 July 2018	-	-	(110,160)
Depreciation change for the year	-	(99,725)	(12,809)
Balance at 30 June 2019	-	(99,725)	(122,969)
Balance at 1 July 2019	-	(99,725)	(122,969)
Depreciation change for the year	-	(162,500)	(9,988)
Balance at 30 June 2020	-	(262,225)	(132,957)
Carrying amounts			
At 30 June 2019	2,387,973	1,200,275	170,887
At 30 June 2020	2,387,973	1,037,775	160,899

A16 OTHER INCOME

	2020	2019
	\$	\$
R&D refund received	158,250	-
ATO Cash Boost stimulus received	44,898	-
Compensation for pipeline access	-	1,000
	203,148	1,000

A17 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.

<i>Exploration expenditure commitments</i>	2020	2019
	\$	\$
Within one year	200,000	-
One year or later and not later than five years	-	200,000
Later than five years	-	-
	200,000	200,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

On 17 February 2020, the Group agreed to purchase the Old Grassy School House, King Island from an unrelated party. It is planned that the premises will be reconfigured into mine accommodation.

The purchase price is \$250,000. An initial 10% deposit of \$25,000 was paid on 2 March 2020.

The contract is not settled as at 30 June 2020. A deed of variation to the contract was agreed on 9 April 2020. A further \$25,000 deposit was paid on 16 April 2020 and final settlement delayed until 9 October 2020.

Interest is payable by the Group at 5% per annum on \$200,000 committed.

Further details are reported in Note A14.

As at 30 June 2020, the Group's commitment is as follows.

	2020	2019
	\$	\$
Within one year	200,388	-
One year or later and not later than five years	-	-
Later than five years	-	-
	<u>200,388</u>	<u>-</u>

A18 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.

A19 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

A20 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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 2020 \$	2019 \$
Current			
Cash and cash equivalents	A13	651,163	454,045
Prepayments	A9	157,277	124,023
Other receivables	A9	14,261	15,586
Deposit	A14	50,000	-
		221,538	139,609
		872,701	593,654
Non-current			
Deposit	A9	24,600	24,600

Impairment losses

None of the Group's other receivables are past due (2019: 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 2020				
Trade and other payables	A10	282,127	282,127	282,127
Loan interest payable	A11	106,410	106,410	106,410
Loans	A11	5,200,000	5,200,000	-
30 June 2019				
Trade and other payables	A10	333,456	333,456	333,456
Loan interest payable	A11	7,457	7,457	7,457
Loans	A11	2,700,000	2,700,000	-

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash, cash equivalents and loans), 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	
	2020	2019
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(504,301)	-
	(504,301)	-
Variable rate instruments		
Financial assets	651,163	454,045
Financial liabilities	(4,802,109)	(2,707,457)
	(4,150,946)	(2,253,412)

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 \$8,490 (2019: \$10,296). 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.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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, was adopted in the year ending 30 June 2019 with no impact.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 \$
2020							
Cash and cash equivalents	0.09	651,163	651,163	-	-	-	-
Loan	7.35	5,200,000	-	-	2,500,000	2,700,000	-
2019							
Cash and cash equivalents	0.63	454,045	454,045	-	-	-	-
Loan	7.63	2,700,000	-	-	-	2,700,000	-

Fair values

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

	Note	Carrying amount 2020 \$	Fair value 2020 \$	Carrying amount 2019 \$	Fair value 2019 \$
Cash and cash equivalents	A13	651,163	651,163	454,045	454,045
Prepayments and other receivables	A9	196,138	196,138	164,209	164,209
Trade and other payables	A10	(282,127)	(282,127)	(333,456)	(333,456)
Interest payable	A11	(106,410)	(106,410)	(7,457)	(7,457)
Loans	A11	(5,200,000)	(5,200,000)	(2,700,000)	(2,700,000)
		(4,741,236)	(4,741,236)	(2,422,659)	(2,422,659)

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2020	2019
	\$	\$
Salaries and fees	83,787	83,787
Consulting charges	143,503	250,234
Superannuation	7,960	7,960
On-costs	159	4,261
	235,409	346,242
Non-cash key management personal expense from granting of options to Directors	107,890	-
Key management personnel expenses	343,299	346,242

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:

	2020	2019
	\$	\$
Accounts Payable - current		
Johann Jacobs	43,200	146,083
Christopher Ellis	3,614	-
Gregory Hancock	4,818	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 0) 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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

underwritten of \$368,358). As at 30 June 2020, underwriting fees of \$10,674 (2019: \$10,674) 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 8 October 2019, the Company's members approved the transaction for CJRE Maritime Pty Ltd, an entity related to a director of the Company, Christopher Ellis, providing further financial accommodation to the Group under a facility of up to \$2,000,000 in order to fund the Group's working capital requirements.

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 \$2,000,000 cash from CJRE Maritime Pty Ltd, a company related to Mr Ellis, to fund working capital.

Terms of the agreement are detailed in Note A11.

During the year ending 30 June 2020, unsecured loan funding of \$500,000 cash was provided to the Group by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholder, Mr Richard and Mrs Gwenda Chadwick. The purpose of the loan was to provide the Group with working capital funds.

The transaction was determined on an arm's length basis. Terms of the agreement are detailed in Note A11.

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 2020 \$	30 Jun 2019 \$	30 Jun 2020 \$	30 Jun 2019 \$	
Directors' Fees	91,747	91,747	16,914	10,892	Payable at call
Consulting Fees	143,503	250,234	34,717	137,600	Payable at call
Underwriting Fees	-	16,576	10,674	10,674	Payable at call
	235,250	358,557	62,305	159,166	
Non-cash Remuneration					
Options remuneration	107,890	-	-	-	
	107,890	-	-	-	
Loan funding					
Loan principal received / borrowed	2,500,000	2,700,000	5,200,000	2,700,000	Refer Note A11
Interest paid/payable	341,767	129,958	106,022	7,457	Refer Note A11
	2,841,767	2,829,958	5,306,022	2,707,457	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

C4 CONSOLIDATED ENTITIES

	Country of incorporation	Ownership interest	
		2020 %	2019 %
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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2020	2019
	\$	\$
Loss before tax	2,746,484	2,874,363
Prima facie Income tax benefit at a tax rate of 30%	823,945	862,309
Decrease in income tax benefit due to:		
Income tax losses not recognised	(823,945)	(862,309)
Income tax benefit on pre-tax net loss	-	-

Unrecognised deferred tax assets

Revenue tax losses	13,574,853	12,838,488
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 2020 was based on the net loss attributable to ordinary shareholders of \$2,746,484 (2019: loss \$2,874,363) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2020 of 264,188,047 (2019: 252,548,279), calculated as follows:

	2020	2019
	\$	\$
Loss for the financial year attributable to ordinary shareholders	2,746,484	2,874,363
<i>Weighted average number of ordinary shares</i>		
Undiluted Number of Shares	Number	Number
Issued ordinary shares at 1 July	261,942,279	217,289,975
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
Effect of shares issued 29 July 2019	2,245,768	-
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	264,188,047	252,548,279

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

346,978 potential shares (2019: 781,287) were excluded from the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2020 as the Company is in a loss position.

D3 AUDITOR'S REMUNERATION

	2020	2019
Auditors of the Company <i>KPMG Australia</i>	\$	\$
Audit and review of financial reports	46,350	45,000
Other assurance services	-	-
	46,350	45,000

The auditors of the Company, KPMG Australia, did not perform other non-audit assurance services for the Group during the year (2019: 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 2020 the parent company of the Group was King Island Scheelite Limited.

	2020	2019
	\$	\$
Results of the parent entity		
Loss for the year	(1,250,336)	(1,040,020)
Other comprehensive income	-	-
Total comprehensive income for the financial year	(1,250,336)	(1,040,020)

Financial position of parent entity at year end

Current assets	688,491	472,025
Non-current assets	3,513,952	4,738,830
Total assets	4,202,443	5,210,855
Current liabilities	2,272,064	2,335,559
Total liabilities	2,272,064	2,335,559
Net Assets	1,930,379	2,875,296

Total equity of the parent entity comprising of:

Share capital	60,202,192	60,004,663
Share Option Reserve	1,359,991	1,252,101
Accumulated Losses	(59,631,804)	(58,381,468)
Total Equity	1,930,379	2,875,296

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 2020 (2019: Nil).

Contingencies

Refer to Note A19 for contingencies related to the parent entity.

D5 FINANCING INCOME AND EXPENSES

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 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 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 23 to 47 and the Remuneration Report on pages 13 to 18 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 2020 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 2020.
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
19 August 2020



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 2020 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

19 August 2020



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 2020 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 2020
- 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 King Island Scheelite Limited (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 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.



Key Audit Matters

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.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Exploration and evaluation expenses (\$884,041)

Refer to Note A3 '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 potential future capital raisings and other strategies being considered by the Group to minimise future cash outflows.
- 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 principal 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.

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, with the exception of the Remuneration Report and our related assurance opinion.

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.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of King Island Scheelite Limited for the year ended 30 June 2020, 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 13 to 18 of the Directors' report for the year ended 30 June 2020.

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

KPMG

Shane O'Connor

Partner

Sydney

19 August 2020

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 14 July 2020, issued capital was 264,381,303 ordinary fully paid shares held by 684 holders.

20 Largest Holders by Name of Ordinary Shares and their Share Holdings at 14 July 2020:

Rank	Name	Number of Shares	% of Issued Capital
1	CITICORP NOMINEES PTY LIMITED	32,483,334	12.29%
2	CHRYSLIS INVESTMENTS PTY LTD <THE ELLIS FAMILY A/C>	29,523,346	11.17%
3	INVIA CUSTODIAN PTY LIMITED <ABEX LIMITED A/C>	29,331,144	11.09%
4	ABEX RESOURCE HOLDINGS PTY LTD	29,240,215	11.06%
5	MRS CATHERINE JEANE MORRITT	15,920,599	6.02%
6	MR ANTHONY JAMES HAGGARTY	8,476,604	3.21%
7	MR GIUSEPPE CORONICA + MRS YVONNE PRICE <G CORONICA PTY S/F A/C>	8,181,145	3.09%
8	HFTT PTY LTD <HAGGARTY FAMILY A/C>	6,522,348	2.47%
9	INVIA CUSTODIAN PTY LIMITED <PACIFIC ROAD PROVIDENT A/C>	6,276,237	2.37%
10	RANAMOK PTY LTD <RANAMOK FAMILY A/C>	5,170,590	1.96%
11	HUNAN NONFERROUS METALS CORPORATION LIMITED	4,450,000	1.68%
12	FINMIN SOLUTIONS PTY LTD <JACOBS FAMILY S/FUND A/C>	3,989,764	1.51%
13	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	3,986,536	1.51%
14	ELPHINSTONE HOLDINGS PTY LTD <ELPHINSTONE HOLDINGS A/C>	3,125,000	1.18%
15	TYSON RESOURCES PTY LTD	2,873,864	1.09%
16	SERLETT PTY LTD <DILIGENT INV SUPERFUND A/C>	2,711,241	1.03%
17	MR BRYANT JAMES MCLARTY <THE MCLARTY FAMILY A/C>	2,614,342	0.99%
18	GEKKO SYSTEMS PTY LTD	2,439,024	0.92%
19	MR SCOTT GILCHRIST	2,268,755	0.86%
20	CHELSEA SECURITIES LIMITED <CLIENTS A/C>	2,161,818	0.82%
Top 20 holders of ORDINARY SHARES (TOTAL)		201,745,906	76.32%

Distribution of Share Holders and Share Holdings at 14 July 2020

Range	Total holders	Number of Shares	% of Issued Capital
1 - 1,000	38	3,454	0.00
1,001 - 5,000	85	288,208	0.11
5,001 - 10,000	87	686,798	0.26
10,001 - 100,000	321	12,038,591	4.55
100,001 Over	153	251,364,252	95.08
Rounding	0	0	0.00
Total	684	264,381,303	100.00%

Unmarketable Parcels at 14 July 2020

	Minimum Parcel Size	Holders	Number of Shares
Minimum \$ 500.00 parcel at \$ 0.057 per share	8,772	176	647,160

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

20 Largest Holders by Beneficial Interest of Ordinary Shares and their Share Holdings at 14 July 2020:

Rank	Name	Number of Shares	% of Issued Capital
1	MR CHRISTOPHER ELLIS (DIRECTOR)	58,813,278	22.25%
2	MR RICHARD CHADWICK AND MRS GWENDA CHADWICK	58,571,359	22.15%
3	MRS CATHERINE MORRITT	15,920,599	6.02%
4	MR ANTHONY HAGGARTY	14,998,952	5.67%
5	MR GIUSEPPE CORONICA AND MRS YVONNE PRICE	8,640,000	3.27%
6	INVIA CUSTODIAN PTY LIMITED <PACIFIC ROAD PROVIDENT A/C>	6,276,237	2.37%
7	RANAMOK PTY LTD <RANAMOK FAMILY A/C>	5,170,590	1.96%
8	HUNAN NONFERROUS METALS CORPORATION LIMITED	4,450,000	1.68%
9	MR JOHANN JACOBS (DIRECTOR)	3,989,764	1.51%
10	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	3,986,536	1.51%
11	CITICORP NOMINEES PTY LIMITED	3,193,402	1.21%
12	ELPHINSTONE HOLDINGS PTY LTD <ELPHINSTONE HOLDINGS A/C>	3,125,000	1.18%
13	TYSON RESOURCES PTY LTD	2,873,864	1.09%
14	SERLETT PTY LTD <DILIGENT INV SUPERFUND A/C>	2,711,241	1.03%
15	MR BRYANT MCLARTY	2,614,342	0.99%
16	GEKKO SYSTEMS PTY LTD	2,439,024	0.92%
17	MR SCOTT GILCHRIST	2,268,755	0.86%
18	CHELSEA SECURITIES LIMITED <CLIENTS A/C>	2,161,818	0.82%
19	KESLI CHEMICALS PTY LTD <RUANE S/F A/C>	2,082,500	0.79%
20	MR ROBERT FORBES	2,050,000	0.78%
Top 20 holders of ORDINARY SHARES (TOTAL)		206,337,261	78.06%

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Quoted Options

At 14 July 2020 there were 15,580,737 quoted options with an exercise price of \$0.10 each expiring 1 August 2021, held by 125 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 14 July 2020

Rank	Name	Number of Options	% of Issued Capital
1	CITICORP NOMINEES PTY LIMITED	1,736,866	11.15%
2	CHRYSLIS INVESTMENTS PTY LTD <THE ELLIS FAMILY A/C>	1,627,936	10.45%
3	ABEX RESOURCE HOLDINGS PTY LTD	1,624,457	10.43%
4	INVIA CUSTODIAN PTY LIMITED <ABEX LIMITED A/C>	1,623,953	10.42%
5	TYSON RESOURCES PTY LTD	1,068,182	6.86%
6	MRS CATHERINE JEANE MORRITT	881,700	5.66%
7	MR BRYANT JAMES MCLARTY <THE MCLARTY FAMILY A/C>	875,033	5.62%
8	MR MICHAEL DAMIAN	800,000	5.13%
9	FINMIN SOLUTIONS PTY LTD <JACOBS FAMILY S/FUND A/C>	651,338	4.18%
10	KESLI CHEMICALS PTY LTD <RUANE S/F A/C>	500,000	3.21%
11	MR JOSHUA MASON CHADWICK <JMC FAMILY A/C>	467,614	3.00%
12	INVIA CUSTODIAN PTY LIMITED <PACIFIC ROAD PROVIDENT A/C>	360,411	2.31%
13	SUPER-MAN HOLDINGS PTY LTD <PETER GARROD SUPER FUND A/C>	310,477	1.99%
14	MR PAUL GABRIEL SHARBANEE <THE SCORPION FUND A/C>	250,000	1.60%
15	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	221,475	1.42%
16	YAVERN CREEK HOLDINGS PTY LTD	200,000	1.28%
17	SALTINI PTY LTD <SHELDRIK FAMILY S/F A/C>	175,000	1.12%
18	MR PETER HOWELLS	163,637	1.05%
19	FINSBURY CAPITAL PTY LTD <EMMA WALDON SUPER FUND A/C>	136,364	0.88%
20	OOFY PROSSER PTY LTD <DRONES FAMILY A/C>	129,546	0.83%
Top 20 holders of QUOTED OPTIONS (TOTAL)		13,803,989	88.59%

Distribution of Quoted Option Holders and Option Holdings at 14 July 2020

Range	Total holders	Number of Quoted Options	% of Issued Quoted Options
1 - 1,000	29	9,880	0.06
1,001 - 5,000	29	81,946	0.53
5,001 - 10,000	10	70,149	0.45
10,001 - 100,000	36	1,501,198	9.63
100,001 Over	21	13,917,564	89.33
Rounding	0	0	0.00
Total	125	15,580,737	100.00%

Unmarketable Parcels at 14 July 2020

	Minimum Parcel Size	Holders	Number of Quoted Options
Minimum \$ 500.00 parcel at \$ 0.008 per quoted option	62,500	98	1,123,719

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 CHADWICK AND MRS GWENDA CHADWICK	3,248,410	20.85%
2	MR CHRISTOPHER ELLIS (DIRECTOR)	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 <THE MCLARTY FAMILY A/C>	875,033	5.62%
6	MR MICHAEL DAMIAN	800,000	5.13%
7	MR JOHANN JACOBS (DIRECTOR)	700,948	4.50%
8	KESLI CHEMICALS PTY LTD <RUANE S/F A/C>	500,000	3.21%
9	MR JOSHUA MASON CHADWICK <JMC FAMILY A/C>	467,614	3.00%
10	INVIA CUSTODIAN PTY LIMITED <PACIFIC ROAD PROVIDENT A/C>	360,411	2.31%
11	SUPER-MAN HOLDINGS PTY LTD <PETER GARROD SUPER FUND A/C>	310,477	1.99%
12	MR PAUL GABRIEL SHARBANEE <THE SCORPION FUND A/C>	250,000	1.60%
13	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	221,475	1.42%
14	YAVERN CREEK HOLDINGS PTY LTD	200,000	1.28%
15	SALTINI PTY LTD <SHELDRIK FAMILY S/F A/C>	175,000	1.12%
16	MR PETER HOWELLS	163,637	1.05%
17	FINSBURY CAPITAL PTY LTD <EMMA WALDON SUPER FUND A/C>	136,364	0.88%
18	OOFY PROSSER PTY LTD <DRONES FAMILY A/C>	129,546	0.83%
19	CITICORP NOMINEES PTY LIMITED	119,081	0.76%
20	MR DONALD BOYD	113,575	0.73%
Top 20 holders of QUOTED OPTIONS (TOTAL)		13,967,174	89.63%

Substantial Shareholders at 14 July 2020

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

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Unquoted Options

At 14 July 2020 there were 16,000,000 unquoted options with various exercise prices and expiry dates, held by four 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>	Hancock Corporate Investments Pty Ltd	
			Number	Number	Number	Number	Number
\$0.28	1 Jan 2016	31 Dec 2020	2,000,000	-	2,000,000	-	4,000,000
\$0.06	31 Dec 2017	31 Dec 2022	1,000,000	1,000,000	1,000,000	-	3,000,000
\$0.08	31 Dec 2017	31 Dec 2022	1,000,000	1,000,000	1,000,000	-	3,000,000
\$0.10	31 Dec 2017	31 Dec 2022	1,000,000	1,000,000	1,000,000	-	3,000,000
\$0.11	15 Oct 2019	15 Oct 2024	-	-	-	1,000,000	1,000,000
\$0.13	15 Oct 2019	15 Oct 2024	-	-	-	1,000,000	1,000,000
\$0.15	15 Oct 2019	15 Oct 2024	-	-	-	1,000,000	1,000,000
Total			5,000,000	3,000,000	5,000,000	3,000,000	16,000,000

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 24 December 2020)

100%

Mining Lease CML 2080P/M at Grassy, King Island (566 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 2020 is available for members to download and access from <http://kingislandscheelite.com.au/corporate-governance>