

For personal use only



# KING ISLAND SCHEELITE LIMITED

Off-Taker briefings  
Europe – North America – Asia  
October 2011

Simon Bird - CEO



# Disclaimer



This presentation has been prepared by King Island Scheelite Limited (“KIS”) as a summary of its King Island Scheelite Project. It is for general information purposes only.

This presentation is not and should not be considered as an offer or invitation to subscribe for or purchase any securities in KIS, or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in KIS will be entered into on the basis of this presentation.

This presentation contains certain forward-looking statements which have not been based solely on historical facts but, rather, on KIS current expectations about future events and on a number of assumptions which are subject to significant uncertainties and contingencies many of which are outside the control of KIS and its directors, officers and advisers.

This presentation contains Exploration Targets which are conceptual in nature where there has been insufficient exploration to define full mineral resources and it is uncertain that further exploration will result in the determination of a Mineral Resource.

Due care and attention has been taken in the preparation of this presentation. However, the information contained in this presentation (other than as specifically stated) has not been independently verified for KIS or its directors and officers, nor has it been audited. Accordingly, KIS does not warrant or represent that the information contained in this presentation is accurate or complete. To the fullest extent permitted by law, no liability, however arising, will be accepted by KIS or its directors, officers or advisers, for the fairness, accuracy or completeness of the information contained in this presentation.



# King Island Scheelite



## Company overview

Shares ASX - KIS

- 81.8M shares on issue - \$0.16/share price - \$13.1M market capitalisation

### Financial

#### Year ended 30<sup>th</sup> June

	2011	2010
Cash on hand	\$5.66 M	\$2.62 M
Net assets	\$34.87 M	\$29.64 M
Net profit/ (loss)	\$0.60 M	\$(0.58) M
NTA per share	4.5 cents	(0.7) cents

### Board

Tony Haggarty	Chairman	9% interest
Robin Morritt	Director	16% interest
Andy Plummer	Director	4% interest
Mr Li Li - HNC	Director	5% interest
Ian Morgan	Company Secretary	

### Executive

Simon Bird	Chief Executive Officer
Alvin Johns	Chief Metallurgist
Paul Carrick	Manger Mining Operations
Sue Jolliffe	Finance Manager

### Corporate Advisor

Pacific Road Corporate Finance	Philip Ashley
	Peter Nolan

For personal use only



# King Island Scheelite Limited areas of focus



To become a major producer of tungsten concentrate outside China  
by developing projects in Tasmania, Australia

## Dolphin Project

100% owned by KIS  
To reopen high grade tungsten mine on King Island  
Staged plan involving retreatment of tailings ahead of reopening former underground mines

## Dolphin South Exploration Potential

Seek to extend the resource and mine life at Dolphin  
Drilling undertaken to test Swan Extended mineralisation  
Drilling underway to test Decline Extended mineralisation

## Balfour Project

70% owned by KIS  
To explore within tenements in north west Tasmania  
Area of historic mineralisation focused on tin/ tungsten and copper/ gold potential  
Drilling undertaken in 2009/10, further evaluation underway

For personal use only



# KIS now owns 100% of project



## Operating / Project History

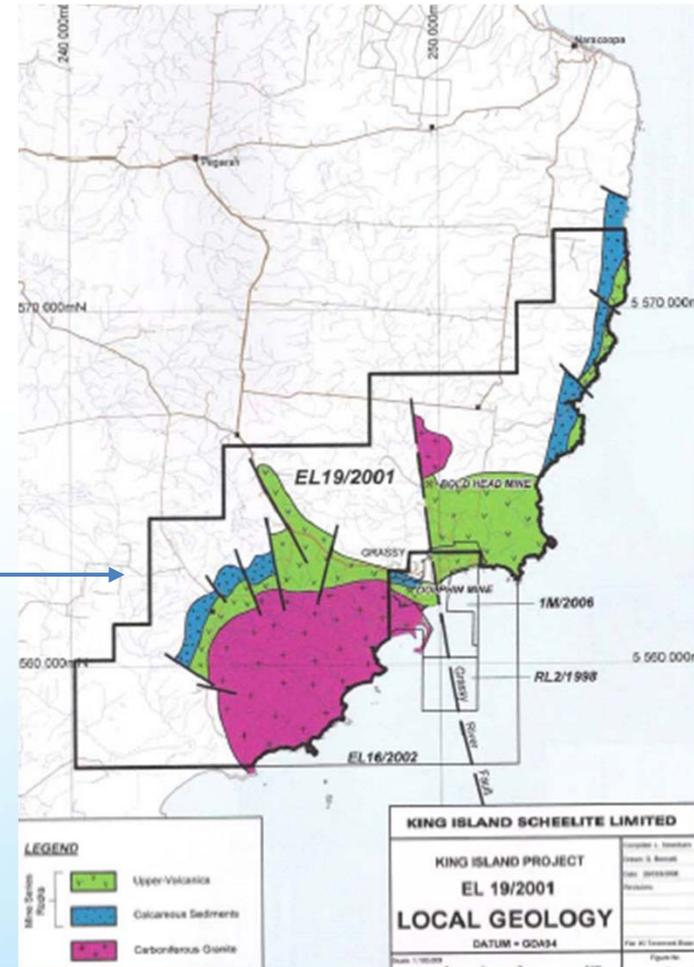
- Operated as an open pit between 1917 and 1975, then as an underground until 1990.
- Gravity and flotation processes produced high grade  $WO_3$  concentrates.
- **Production ceased in 1990 due to low tungsten prices (US\$50/mtu)**
- Site fully rehabilitated by 1996
- Asset acquired from Rio Tinto in 2005 and feasibility study conducted by KIS.
- KIS entered into a 50/50 JV with Hunan Nonferrous Metals ('HNC') in 2008.
- JV terminated in December 2010 with KIS regaining 100% of the project.
- HNC forgave KIS debt, in exchange for a 2% royalty on future gross revenue, capped at \$3.9m.



# Dolphin Project



- The project is located on King Island, off the coast of Tasmania.
- Tenements are 100% owned by KIS and in good standing.
- Development approvals being amended to reflect new plan.
- Access to existing infrastructure: port, water, camp, roads etc.



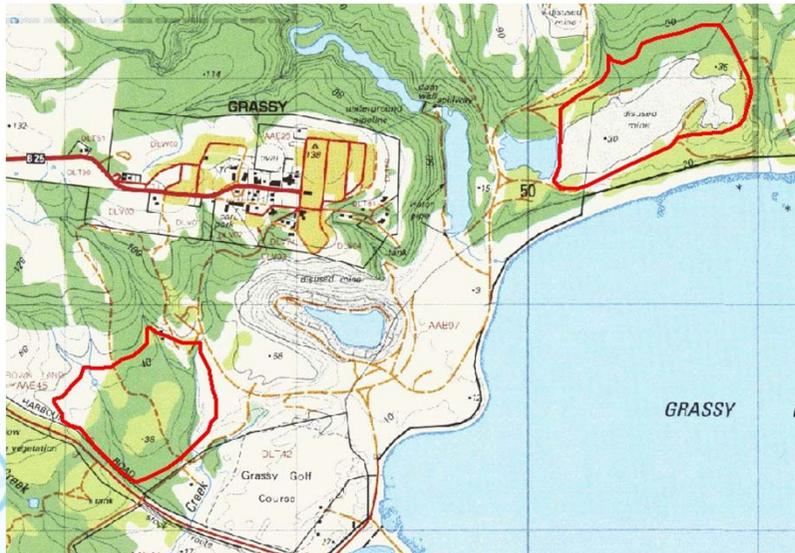
# Dolphin – Former Scale Operation



Former mine operated as an open pit until 1975, then as an underground operation up to 1990.

Gravity and flotation processes produced high grade  $WO_3$  concentrates.

Closed due to low tungsten prices – not ore depletion



Dolphin created significant employment, a new harbour and enjoyed strong local support.

Site has since been fully rehabilitated.

Strong local support to restart mining operations.



# Significant resources estimated



Resource			
	Tonnes	WO <sub>3</sub> %	Tonnes WO <sub>3</sub> %
<b>Dolphin</b>	0.70% WO <sub>3</sub> cut off		
Indicated	4,752,000	1.29	61,300
Inferred	7,000	0.73	50
Total	4,759,000	1.29	61,350
<b>Bold Head</b>	0.50% WO <sub>3</sub> cut off		
Indicated	1,500,000	0.93	13,950
Inferred	150,000	1.22	1,830
Total	1,650,000	0.96	15,780
<b>Tailings</b>			
Measured	2,700,000	0.17	4,590
<b>TOTAL</b>	<b>9,109,000</b>	<b>0.90</b>	<b>81,720</b>

Resource estimates are consistent with previous announcements in accordance with JORC Code 2004 (See Appendix).



For personal use only

# High grade reserve



			Reserve		
			Tonnes	WO <sub>3</sub> %	mtu's WO <sub>3</sub>
<b>Dolphin</b>	Probable #	0.70% WO <sub>3</sub> cut off	2,687,000	1.04	2,806,000
<b>Bold Head</b>	Probable #	0.70% WO <sub>3</sub> cut off	609,000	0.76	464,000
<b>TOTAL</b>			<b>3,296,000</b>	<b>0.99</b>	<b>3,270,000</b>

Tailings: KIS anticipates that approximately 80% of the announced tailings resources will convert to reserves, translating to 2Mt @ 0.17% WO<sub>3</sub>

### Competent Persons Statement

The information within this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Tim Callaghan who is a consultant geologist working for King Island Scheelite. Tim is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the styles of mineralisation and types of deposits in consideration to qualify as a competent person according to the 2004 edition of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). He consents to the inclusion of this material in the form and context in which it appears in this report.

### Competent Person Statement

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

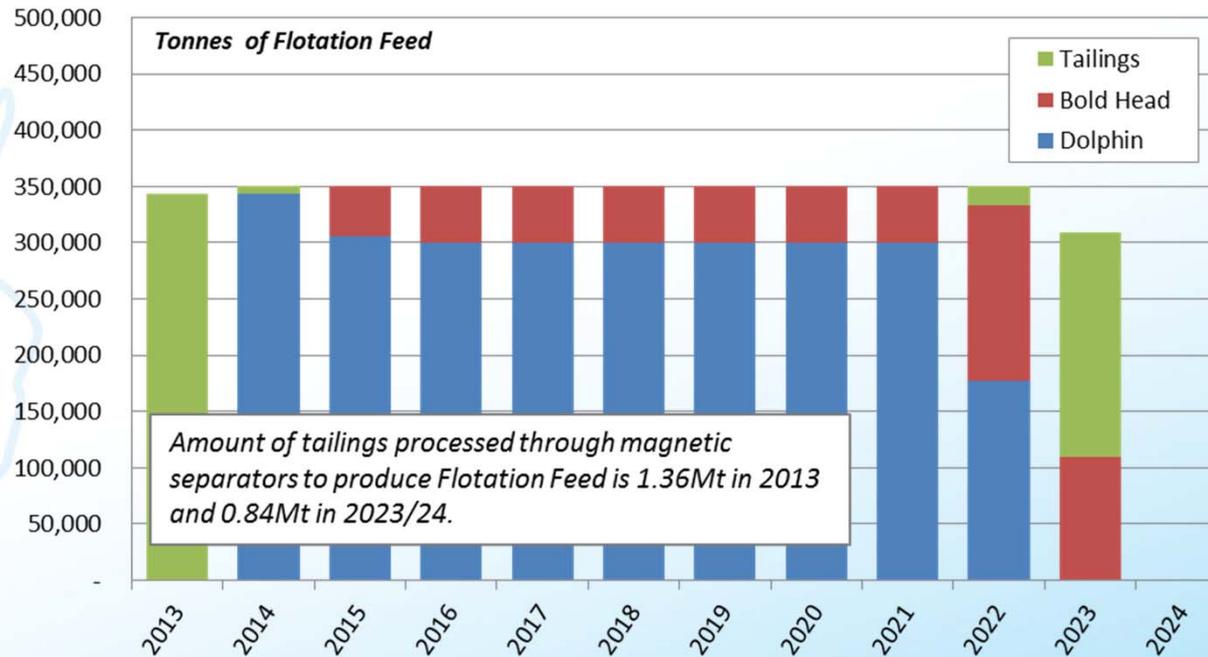


For personal use only

# Robust mine plan



- 1,360,000 tonnes of tailings in first year with pre flotation concentration using high intensity magnetic separation
- 350,000 tpa from underground from 2014
- 11 year mine life before any exploration success



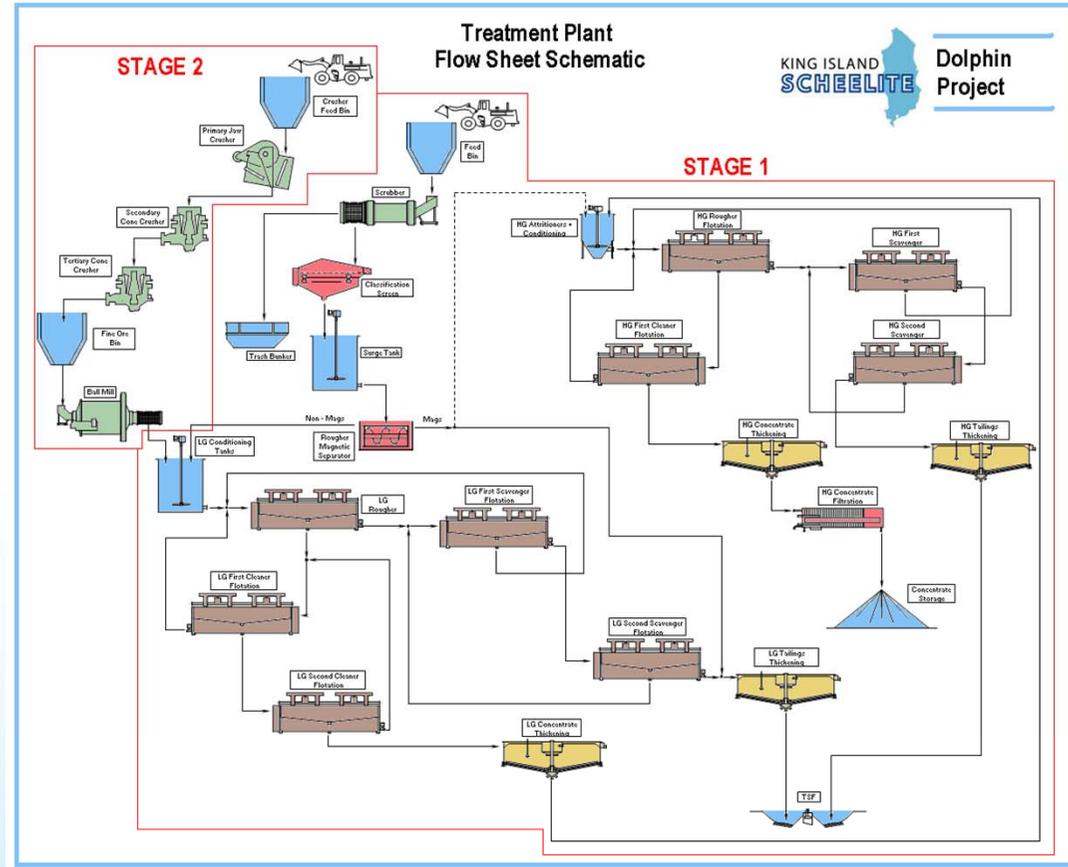
# Comprehensive mill design



Recovery of 55% from tailings and 91% from underground ore into a 65%  $WO_3$  concentrate using Whole Ore Flotation (“WOF”)

Stage 1: WOF to process tailings then primary ore from underground

Stage 2: Crushing and grinding section added for primary ore



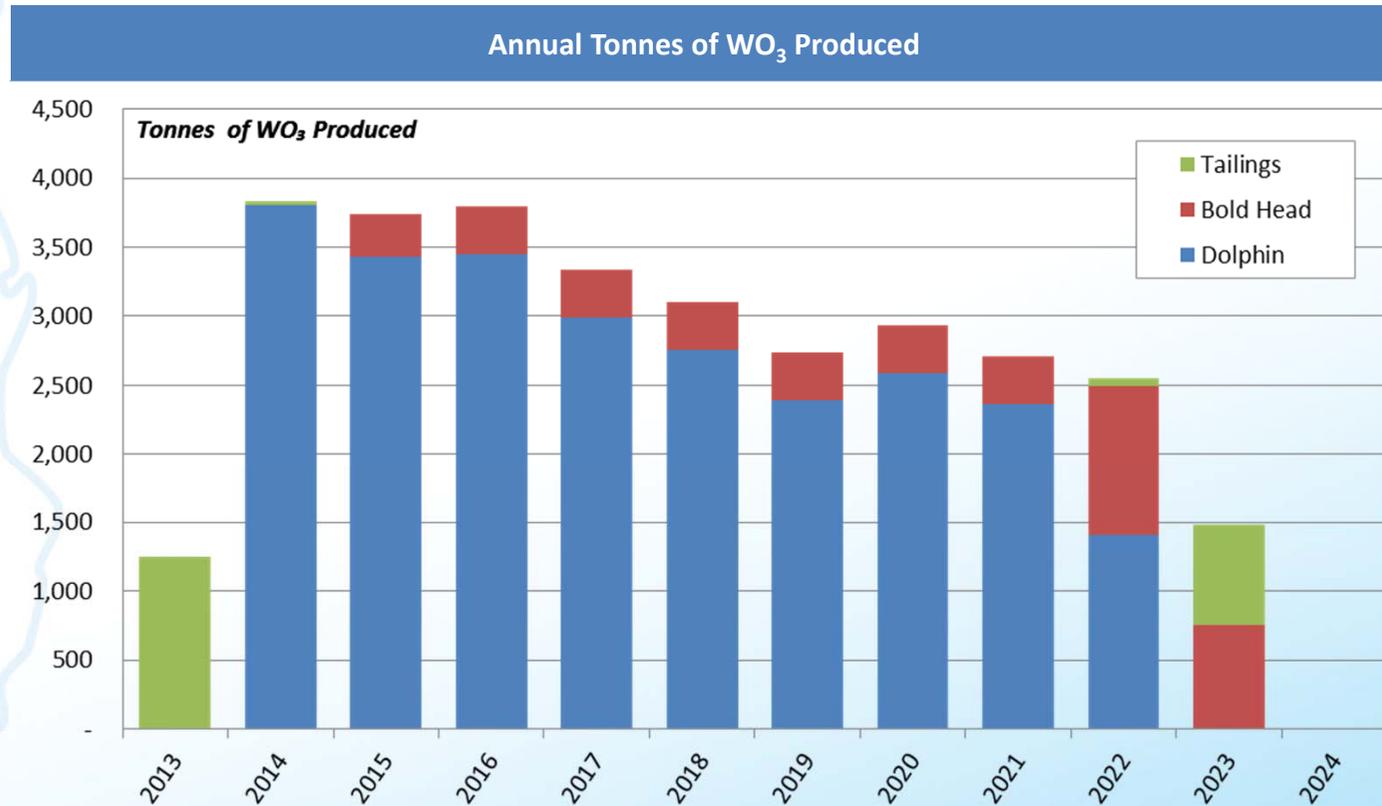
For personal use only



# Significant tungsten producer from 2013



Substantial uncommitted production available from 2013



For personal use only



# Strong economics and upside



## Project financials

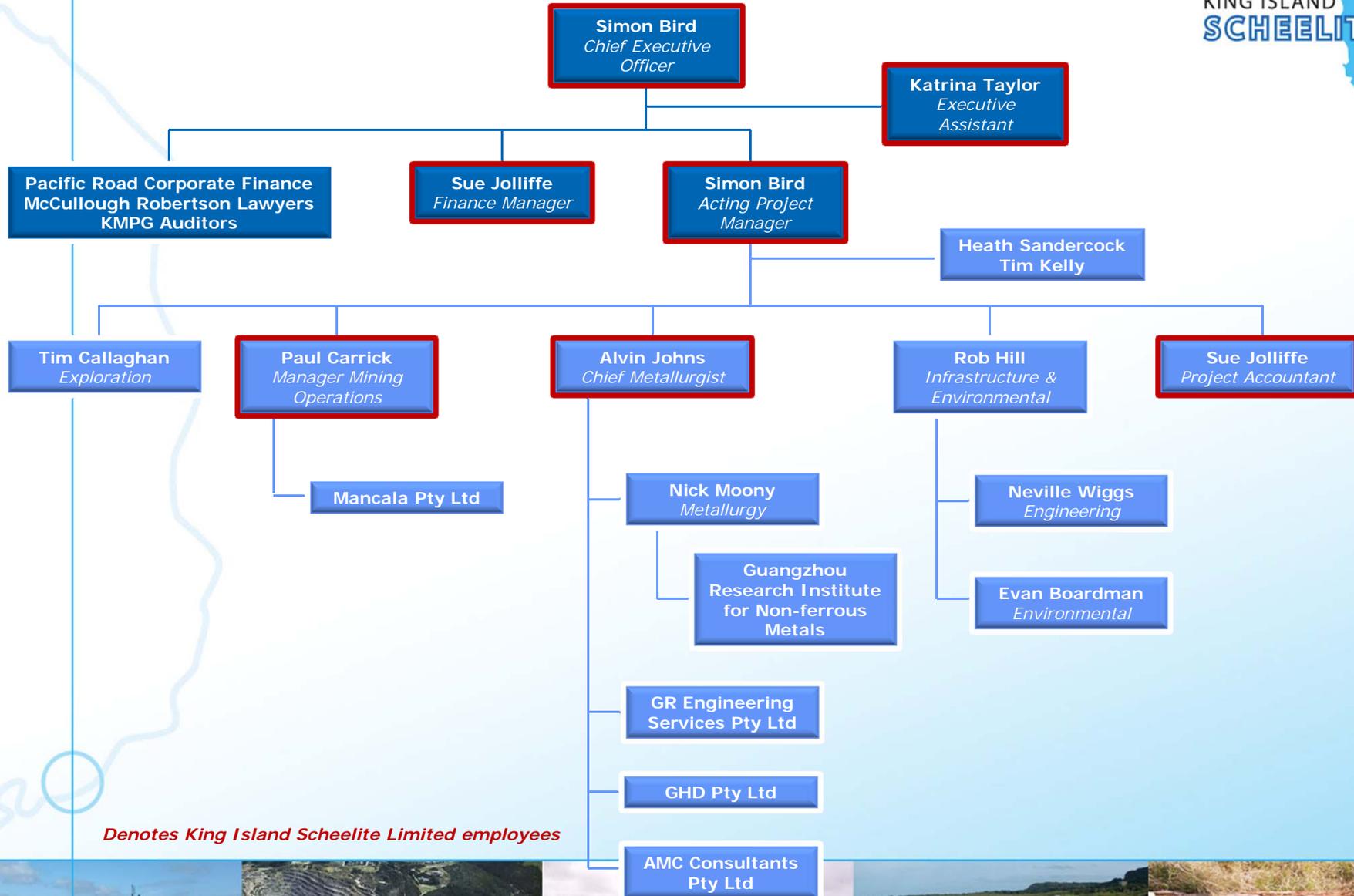
	Measure	
Total revenue using current prices	\$M	1,178
WO <sub>3</sub> price in 65% concentrate	US\$/mtu	370
Foreign exchange rate	AUD:USD	1.00
Project capital estimate	\$M	112
Operating cost of underground production	\$/mtu	<120
<i>Note the above are estimates only as feasibility study is currently being updated</i>		

## Upside

- Dolphin South Exploration (no drilling since 1980)**
- Independent geologist reports indicate potential for substantial additional mineralisation down-plunge
- Diamond drilling programme currently underway from surface
- Strong free cashflow for every additional year of mine life



# Team to deliver



*Denotes King Island Scheelite Limited employees*

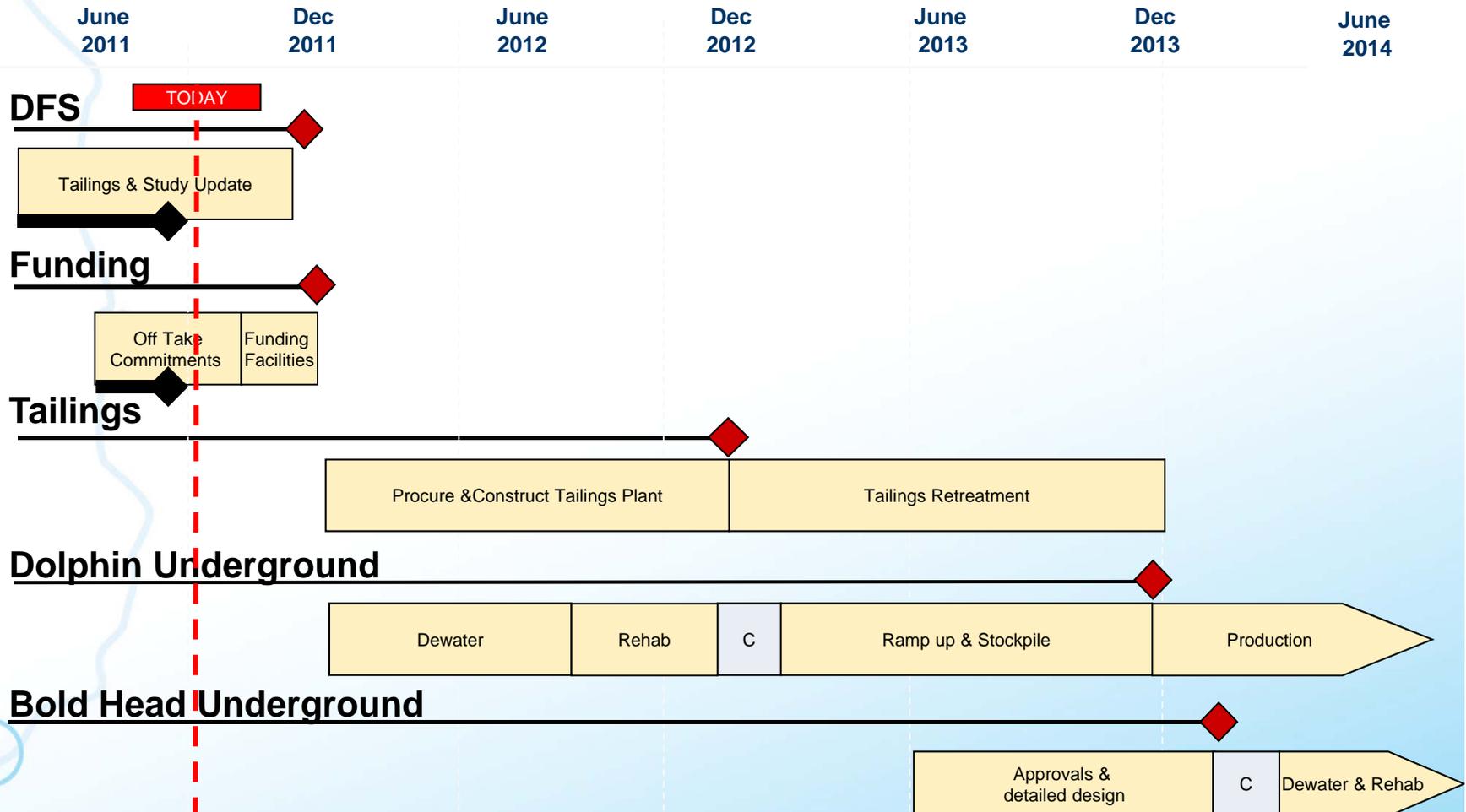
For personal use only



For personal use only

# Development schedule

- ◆ Current status
- ◆ Target
- C Contingency



# Funding strategy and concentrate sale process



## Project funding strategy

1. Obtain price support for debt package from off-takers
2. Complete debt funding
3. Complete project funding package

## Concentrate off-taker support process

Initial discussions	Completed
Confidentiality Agreements signed	Completed
Offtaker briefing roadshow	Early October
Receive indicative proposals	Late October
Offtaker(s) selected	November
Offtaker documentation	December



For personal use only



# KING ISLAND SCHEELITE LIMITED

**Simon Bird**  
Chief Executive Officer

Level 1, 101 Sussex Street  
Sydney NSW 2000  
Phone: (02) 8622 1400  
Fax: (02) 8622 1401  
Email: [simon.bird@kisltd.com.au](mailto:simon.bird@kisltd.com.au)



# Summary of project features



<b>Stable project location</b>	<ul style="list-style-type: none"> <li>• Developed country location &amp; local population very supportive</li> </ul>
<b>Resource &amp; Reserve reconciliation against past production</b>	<ul style="list-style-type: none"> <li>• Low risk resources</li> <li>• JORC compliant Probable Reserves sufficient for 11 years of production</li> <li>• Tailings resource relatively high grade v. primary ore of other projects</li> </ul>
<b>Advances of previous successful mining method</b>	<ul style="list-style-type: none"> <li>• Low risk (reserve not depleted, proven mining methods, volumes consistent with previous, no ingress)</li> <li>• Considerable underground infrastructure in place &amp; new ramp improves initial access to high grades</li> </ul>
<b>Improved processing route</b>	<ul style="list-style-type: none"> <li>• WOF is low risk &amp; concentrate quality well know from past production</li> </ul>
<b>Low environmental impact</b>	<ul style="list-style-type: none"> <li>• Small footprint &amp; no increase in tailings storage facility footprint required</li> <li>• Water quality in existing pit is adequate to meet ocean discharge standards</li> </ul>
<b>Advanced approvals process</b>	<ul style="list-style-type: none"> <li>• Mining Licence for previous open pit plan was granted by MRT in 2006</li> <li>• Current EPA submission for changes in late stage with agreement from KI Council</li> </ul>
<b>Secure land position</b>	<ul style="list-style-type: none"> <li>• Mine area owned outright by KIS with no Native Title issues</li> </ul>
<b>Strong Board and team</b>	<ul style="list-style-type: none"> <li>• Vast experience of large mining projects and operations across Board members, staff and consultants</li> </ul>
<b>Short path to production</b>	<ul style="list-style-type: none"> <li>• Fully financed through to completion of DFS and current exploration programme</li> <li>• DFS well advanced and fund raising discussions in progress</li> <li>• 2012 – order long lead items, dewater pit &amp; mine, commence development &amp; construction</li> <li>• 2013 – concentration production from tailings, continue development &amp; construction of mill for ore</li> <li>• 2014 – production from underground operations</li> </ul>
<b>High exploration potential</b>	<ul style="list-style-type: none"> <li>• Limited historical exploration</li> </ul>
<b>Attractive marketing position</b>	<ul style="list-style-type: none"> <li>• Strong interest from off-takers, combined with well-known production and no current commitments</li> </ul>

