

5<sup>th</sup> July 2012

KING ISLAND  
SCHEELITE



## KING ISLAND SCHEELITE LIMITED (“KIS”)

### REVIEW OF OPERATIONS AND COSTS

King Island Scheelite Limited (ASX: KIS) is conducting a review of its business with a view to implementing a range of significant cost-cutting measures in the near term. This review is being undertaken as a result of a decline in financial market conditions and delays in funding its Dolphin Project.

The Dolphin Project, located on King Island, Tasmania, is focused on developing the high-grade deposit containing tungsten trioxide (WO<sub>3</sub>) with a JORC resource and reserve (including tailings) as disclosed in the Definitive Feasibility Study announced to the ASX on 1<sup>st</sup> March 2012 of:

- *Resource*      9.1Mt @ 0.9% WO<sub>3</sub> containing 81,720 Tonnes of WO<sub>3</sub>
- *Reserve*      5.2Mt @ 0.7% WO<sub>3</sub> containing 36,310 Tonnes of WO<sub>3</sub>

This Definitive Feasibility Study demonstrates the project has an initial 10-year mine life, a robust development plan supported by strong market fundamentals and acceptable economic returns. This plan provides for average annual production of:

- *Production*      3,500tpa of contained WO<sub>3</sub> in an industry standard 65% WO<sub>3</sub> concentrate

The Company remains confident it can secure the funding required to progress the Dolphin Project and continues to actively source project funding through ongoing discussions with off-takers, bankers and potential equity partners. However, given current market conditions, this is likely to take time. In the interim it is prudent to look at reducing costs on a range of fronts.

An update will be provided as soon as this review has been completed.

Aside from the funding, the Dolphin Project is “Development Ready” with all requisite, leases, approvals and plans in place. Additionally, the Company owns freehold title to land required to re-establish the mine and associated infrastructure on the island.

Once development funding is secured the Dolphin Project can be brought into production within two years, with the potential to supply up to 25% of non-Chinese global tungsten production.

For further information see the company’s website [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

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