



ASX: KIS

Market Capitalisation	\$ 8m
Shares on Issue	81.8m
52 Week High	\$ 0.28
52 Week Low	\$ 0.09
Share Price (30/06/12)	\$ 0.095

King Island Scheelite Limited

The Dolphin Project on King Island, Tasmania could meet a significant proportion of the world's tungsten requirements over a 10 year mine life. Producing 3,500 tonnes of tungsten trioxide (WO₃) per annum in an industry standard 65% tungsten concentrate which typically trades at a 20% discount to ammonium paratungstate (APT).

Tungsten price

Metal Pages APT USD40,000 / tonne (30/06/2012)

Project Resources

Dolphin – 61,350t WO₃
Bold Head – 15,780t WO₃
Tailings – 4,590t WO₃

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Dolphin Project:

- High-grade tungsten ore body
- Development ready
- High tungsten prices
- Project funding pending

Key elements of the Dolphin Project now in place are as follows:

- Definitive Feasibility Study (DFS);
- Robust development plan;
- Freehold title and requisite minerals titles;
- Development and mining approvals in place; and
- Production scheduled within 24 months of project funding.



Mine site preparation of land acquired on King Island.

Continued active interest in this project from off-takers, financiers and investors.

Delays in securing project funding have necessitated the implementation of corporate cost-cutting measures.

Dolphin Project

The Dolphin Project is ready for development. A robust development plan, supported by strong market fundamentals, can generate acceptable economic returns. There is down-plunge exploration scope to significantly extend the current 10-year mine life. There is also scope to identify new tungsten mineralisation within current KIS tenements.

The development plan is based on re-opening the former Dolphin underground mine to produce up to 350,000 tonnes of tungsten ore per annum at an average grade of 1.04% WO₃. Recoveries of 91% WO₃ from the ore will produce an industry standard 65% tungsten concentrate using well-understood flotation techniques.

In production, the Dolphin Project is scheduled to produce up to 25% of current global supply, excluding Chinese production.

The DFS assumes AUD: USD parity, an APT price range of USD40,000 / tonne to USD45,000 / tonne for contained WO₃ and a 20% discount for the industry standard 65% tungsten concentrate.

Key DFS outcomes:

- A 10-year mine life from underground mining and existing mine tailings.
- Potential for additional high-grade tungsten ore immediately down-plunge from the current ore blocks.
- Producing 3,500 tonnes of tungsten ore per annum of contained WO₃ in a standard 65% tungsten concentrate.
- Project NPV range of \$69 million to \$116 million: un-g geared, post-tax.
- Project IRR range of 21% to 29%: un-g geared, post-tax.
- Cash cost in the first four years of \$169 / metric tonne unit (mtu = 10 kg WO₃).
- An initial capital expenditure requirement of \$133 million.

KIS, the 100% owner of the project, has purchased key mine-related land (240.9ha) from the King Island Council. KIS has also reached agreement for all project permits and approvals with the Tasmanian Environment Protection Authority, Minerals Resources Tasmania and the King Island Council. The Dolphin Project is within a retention licence that has adjacent exploration licences. A mining licence will be activated upon presentation of the agreed environmental bond.

Discussions continue with key international tungsten consumers and financiers, as well as potential equity partners and investors, to establish the optimal Dolphin Project funding structure.

The Dolphin Project is, subject to securing the necessary funding, development ready.

Markets

Tungsten prices remained strong during the quarter ended June 2012. Concentrate continues to trade at approximately 20% discount to the more widely traded APT: currently trading at between USD40,500 and USD39,500 per tonne. This equates to approximately USD32,000 / tonne for the industry standard 65% tungsten concentrate.

Financial

As at 30th June 2012 the cash balance was \$1.02 million (March 2012 \$1.61 million). Until market conditions improve, initiatives to reduce corporate and other costs to less than \$1 million per annum are being implemented.

Outlook

The company is well placed to finalise Dolphin Project funding arrangements and to commence development.

For further information see the company's website www.kingislandscheelite.com.au

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