



ASX: KIS

Market Capitalisation	\$ 6.8m
Shares on Issue	96.5m
52 Week High	\$ 0.160
52 Week Low	\$ 0.052
Share Price (31/03/13)	\$ 0.070

King Island Scheelite Limited (KIS)

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 USD35,250 / tonne (31/03/2013)

Contact

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Chief Executive Officer

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Dolphin Project (100% KIS)
King Island, Tasmania

- High-grade tungsten deposit
- Freehold title and requisite minerals titles
- Environmental approvals in place
- Development and mining approvals in place
- Review of definitive feasibility study (DFS) capital and operating costs due for completion in May 2013



Dolphin Project

The Dolphin Project is focused on reopening the tungsten mine on King island, Tasmania.

A project DFS to retreat former tailings and re-open the former underground mine was completed in 2012. This study involved mining 350,000 tonnes of tungsten ore per annum at an average grade of 1.04% WO₃. Recoveries of 91% WO₃ into an industry standard 65% tungsten concentrate, will provide up to 25% of the worlds current non-Chinese supply. Based on a 10 year mine life this project has scope for down-plunge exploration to significantly extend this mine life.

A review is underway to assess the potential to significantly reduce capital and operating costs and improve the economic returns of the project to shareholders. The preliminary study is expected to be completed in May followed by a full update of the DFS during Quarter 4 2013.

Discussions continue with key international tungsten consumers and financiers to secure funding.

Balfour Joint Venture (70% KIS)

This joint venture project was established to explore a mineralised area of NW Tasmania. With KIS now focused on the Dolphin Project, the Company has elected not to invest further funds in the Balfour Joint Venture and is currently in discussions with Pleiades Resources Pty Ltd, our joint venture partner, to exit the project. With the exit from this project, the Company has no outstanding financial commitments.

Markets

Tungsten prices improved 12% during the quarter. Concentrate continues to trade at approximately 20% discount to the more widely traded APT. Currently APT is trading at between USD35,000 and USD35,500 per tonne. APT prices averaged USD31,500 during the December quarter.

Outlook

The Company remains focused on the redevelopment of the high-grade tungsten deposit on King Island and to that end is looking to complete a review on the potential to enhance project returns ahead of updating the DFS. This review will be completed early in the next quarter.

For further information go to the Company's website www.kingislandscheelite.com.au

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

KING ISLAND SCHEELITE LIMITED

ABN

40 004 681 734

Quarter ended ("current quarter")

31st March 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	(15)
(b) development	-	-
(c) production	-	-
(d) administration	(154)	(1,115)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	95
Net Operating Cash Flows	(147)	(1,007)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(10)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	14
Net investing cash flows	-	4
1.13 Total operating and investing cash flows (carried forward)	(147)	(1,003)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(147)	(1,003)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	993
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – cost of share issue	-	(79)
	Net financing cash flows	-	914
	Net increase (decrease) in cash held	(147)	(89)
1.20	Cash at beginning of quarter/year to date	1,079	1,021
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	932	932

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	7
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments made to Directors and their associated entities (Directors' fees \$7,000). Directors fees of \$34,000 have also been accrued but not yet paid.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	107
4.2 Development	-
4.3 Production	-
4.4 Administration	204
Total	311

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7	6
5.2 Deposits at call	925	1,073
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	932	1,079

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Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		Nil	Nil
6.2	Interests in mining tenements acquired or increased			
	Retention Licence RL 2/1998 at Grassy, King Island, TAS (8 sq kms)	Ownership of mining tenement	100%	100%
	Exploration Licence EL 19/2001 at Grassy, King Island, TAS (91 sq kms)	Ownership of mining tenement	100%	100%
	Exploration Licence EL 16/2002 at Grassy, King Island, TAS (18 sq kms)	Ownership of mining tenement	100%	100%
	Lease 1M/2006 at Grassy, King Island, TAS (544 hectares)	Ownership of mining tenement	100%	100%
	Exploration Licence EL 27/2007 at Balfour, TAS	Ownership of mining tenement	70%	70%
	Exploration Licence EL 40/2007 at Frankland River – Mt Lily – NW/S of Balfour, TAS	Ownership of mining tenement	70%	70%

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 +Ordinary securities	96,537,291	96,537,291		
7.4 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
Tranche 1	1,000,000	-	25 cents	31 Dec 2013
Tranche 2	1,500,000	-	50 cents	31 Dec 2013
Tranche 3	2,000,000	-	\$1.00	31 Dec 2013
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures (totals only)	-	-		

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Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes (totals only)	-	-
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:Date: 30th April 2013
 (~~Director~~/Company secretary)

Print name: Ian Morgan

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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