

King Island Scheelite Limited to raise \$1,969,000

KING ISLAND
SCHEELITE



29th May 2013

ASX: KIS

Market Capitalisation	\$ 5.0m
Shares on Issue	96.5m
52 Week High	\$ 0.126
52 Week Low	\$ 0.052
Share Price (28/05/2013)	\$ 0.052

King Island Scheelite Limited (KIS)

The Dolphin Project on King Island, Tasmania could meet a significant proportion of the world's tungsten requirements. Producing some 3,500 tonnes of tungsten trioxide (WO₃) per annum in an industry standard 65% tungsten concentrate.

Tungsten price

Metal Pages APT
USD36,000-37,500/ tonne
(28/05/2013)

Directors

Johann Jacobs	Chairman
Robin Morritt	Director
Chris Ellis	Director
Simon Bird	Director

Contact

Simon Bird
Chief Executive Officer

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HIGHLIGHTS

Following the recent announcement on the completion of a value engineering review King Island Scheelite Limited is pleased to announce a capital raising to progress plans for reopening the tungsten mine on King Island.

Key elements of this capital raising:

- \$1,969,000 to be raised (gross)
- a non-renounceable rights issue
- fully underwritten
- shares issued at \$0.051
- in order to fund
 - ongoing operations
 - exploration drilling
 - DFS update
- this offer is to close 4th July 2013

The Company is pleased to announce a capital raising in order to progress the redevelopment of its world class tungsten mine on King Island, Tasmania.

Following the completion of a 'value engineering study' announced on 16th May 2013, that confirmed the potential to improve on the Definitive Feasibility Study (DFS) completed in 2012, capital is being raised to update the DFS and revise any approvals required.

The original plan involved reprocessing tailings for the first year while re-establishing underground operations.

The revised plan involves mining ore identified in the existing pit floor and walls for approximately 3 years. This allows shelving plans to retreat tailings and deferring the reopening of underground operations thereby reducing the up-front capital requirements and enhancing expected project returns.

Higher production and reduced capital requirements in the early stages substantially improve the project economics while extending the mine life.

This capital raising will ensure operations and work required to update the DFS are adequately funded.

Dolphin Project

Focused on reopening the tungsten mine on King island, Tasmania.

DFS completed in 2012 with all necessary approvals in place. Once reopened, would produce 350,000 tonnes of tungsten ore per annum at an average grade of 1.04% WO₃. A process using 'whole ore flotation' would recover 91% WO₃ into an industry standard 65% tungsten concentrate. This could provide up to 25% of the world's current non-Chinese supply over a 10 year mine life with scope from down-dip exploration to substantially extend this.

Changed market conditions necessitated a value engineering study to assess potential improvements to project economics. This study, completed on the 16th May 2013, confirmed a significant improvement in the project economics and risk profile. Key outcomes of the study include;

- Mine additional ore through cut-back of the existing pit wall
- Defer underground operations
- Shelve tailings retreatment plans
- Reduce the capital and operating costs
- Bring forward cash flow
- Extend the mine life

The Company is confident an updated DFS will substantially reduce the capital required to bring the mine into production and improve the project returns.

Capital Raising

To fund the next stage of this project, shareholders are invited to subscribe to shares through a rights issue to raise up to \$1,969,000.

Other key terms of the offer include;

- 2 shares for every 5 shares held
- non-renounceable rights issue
- fully underwritten
- priced at a 20% discount to the 30 day VWAP
- detailed timetable to follow

Funds will be used to update the DFS, fund ongoing activities and undertake some exploration drilling on tenements held.

A separate announcement with a 'rights issue information booklet' and 'investor update' will provide more details of the offer.

FOR FURTHER INFORMATION

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

Rights Offer Timetable

Event	Date
Announcement of the Offer	Wednesday 29 May 2013
Send letter to Shareholders containing the timetable and information required by Appendix 3B (lodge with ASX)	Friday 31 May 2013
Ex date	Monday 3 June 2013
Record Date for determining rights (7:00pm AEST)	Friday 7 June 2013
Despatch of Information Booklet and Acceptance Form	Wednesday 12 June 2013
Closing date (last date for acceptance and payment applications) (5:00pm AEST)	Thursday 4 July 2013
New Shares quoted on a deferred settlement basis	Friday 5 July 2013
Company notifies ASX of under subscriptions	Tuesday 9 July 2013
Allotment and issue of New Shares	Thursday 11 July 2013
Despatch of holding statements in respect of New Shares	Friday 12 July 2013
Normal trading of New Shares expected to commence on ASX	Tuesday 16 July 2013

This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriters, subject to the Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares.