



ASX: KIS

Market Capitalisation	\$14.9 million
Shares on Issue	135.1 million
52 Week High	12.5 cents
52 Week Low	4.6 cents
Share Price	11.0 cents

Board of Directors

Johann Jacobs	Chairman
Allan Davies	Director
Chris Ellis	Director

King Island Scheelite Limited (KIS)

through its 100% Dolphin Project on King Island, Tasmania is one of the world's richest tungsten deposits and could meet a significant proportion of the world's tungsten requirements over a minimum 13 years.

Tungsten price

Metal Pages APT USD36,000/ tonne (29/04/2014)

Contact

Johann Jacobs
Chairman

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HIGHLIGHTS

- Bold Head and Dolphin West – Resource Delineation Drilling completed
- A New Development Plan, as an enhancement to the Low Cost Option development plan, has largely been completed with the following key outcomes:
 - Potential increase in life of mine WO₃ production by 15% to 20%
 - Significant reduction in mining costs – especially during the open cut years
 - Development capital reduced from \$141 M to less than \$50 M
- Dewatering of open cut void to commence in current quarter
- Documentation of New Development Plan well advanced
- The Company's commissioned research published by independent advisor Breakaway Research www.kingislandscheelite.com.au

BASIS OF NEW DEVELOPMENT PLAN

- Open cut mining for 4 years
- Subsequent underground mining for 9 years
- Selective mining of tailings from previous operations
- Processing plant to include both gravity and flotation circuits

Project Status

The Project is focused on developing the high-grade tungsten resource at Dolphin and later at Bold Head, both situated at Grassy on King Island, Tasmania. The main resource is located within the historic Dolphin Mine that previously operated from 1917, and closed in 1990 due to extremely low tungsten prices.

The Project, which is 100% Company owned has:

- JORC compliant high-grade tungsten resources and reserves
- Freehold land covering planned mining operations
- Current leases and tenements
- Development and environmental approvals

A Value Engineering Study ("VES") undertaken during the first half of 2013, and announced to the market on 16th May 2013, confirmed the potential to significantly optimize the 2012 Definitive Feasibility Study ("DFS").

Since then, work has been completed on further optimisations of the VES and following that, the Low Cost Option. The Company is now nearing completion of a New Development Plan, which will have a similar production profile to the DFS but with significantly enhanced project metrics.

A comprehensive overview of the plan was announced to the Australian Securities Exchange ("ASX") on 10th April 2014 which also incorporated the results of the delineation drilling at Bold Head and Dolphin West, which was separately announced to the ASX on 15th January 2014.

Future Activities

To further de-risk the Project's development it has been decided to commence dewatering of the open cut void during the current quarter 2014. This process is anticipated to take between 3 and 4 months. A detailed dewatering Management Plan is agreed with authorities.

Following dewatering, a drilling programme will be undertaken with the objective of confirming the open cut resources and to undertake further metallurgical test work to confirm the re-designed processing circuit. This work is anticipated to be completed by October 2014, after which a further decision will be taken on the redevelopment of the mine.

During this period to October 2014, the Company will also compile a comprehensive Revised Definitive Feasibility Study.

Balfour Joint Venture (70% KIS)

On 17th October 2013 the Joint Venture relinquished the two tenements it held in Tasmania. The next stage is for the Joint Venture to be dissolved, and this will occur as soon as all regulatory approvals related to the relinquishment are received.

Mining Tenements

	Tenement reference	Nature of interest
Mining tenements held at the end of the quarter	Retention Licence RL 2/1998 at Grassy, King Island, TAS (8 sq kms)	100% ownership
	Exploration Licence EL 19/2001 at Grassy, King Island, TAS (91 sq kms)	100% ownership
	Exploration Licence EL 16/2002 at Grassy, King Island, TAS (18 sq kms)	100% ownership
	Lease 1M/2006 at Grassy, King Island, TAS (544 hectares)	100% ownership
Mining tenements acquired during the quarter	Nil	Nil
Mining tenements relinquished during the quarter	Nil	Nil
Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter	Nil	Nil
Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed during the quarter	Nil	Nil

Finance

As at 31st March 2014 the cash balance of the Company was \$1,446,000.

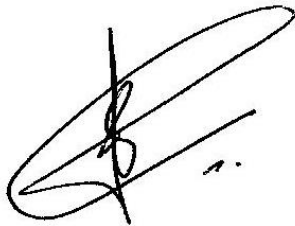
KIS group activities have related to exploration, there have been no activities relating to production or development.

Following is a summary of the expenditure incurred on exploration activities during the quarter:

	\$'000
Drilling programme	61
Project management	47
Mine planning	24
Metallurgical testing	14
Power investigations	20
Other Feasibility Study work	17
TOTAL	<u>183</u>

Markets

Ammonium paratungstate (APT) is currently trading at an average of US\$36,000 (A\$38,890) per tonne (March quarter average US\$37,178 (A\$41,508) per tonne).



Johann Jacobs

Chairman

30th April 2014

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

APPENDIX

The revised ore reserve estimate announced on 1st March 2012 contains a total of 5,196,000 tonnes at 0.70% WO₃ resulting in 36,310 WO₃ tonnes:

	Tonnes (000)	WO ₃ %	WO ₃ Tonnes
Dolphin Probable	2,687	1.04	28,060
Bold Head Probable	609	0.76	4,640
Tailings Proven	1,900	0.19	3,610
TOTAL	5,196	0.70	36,310

The Information in this announcement relating to Mineral Reserves for Dolphin, Bold Head, and Tailings is extracted from the report entitled 'Dolphin Project – Definitive Feasibility Study' created on 1st March 2012 and is available to view on the Company's website www.kingislandscheelite.com.au.

The VES announced on 16th May 2013 identified an indicated and inferred resource of 1.25Mt of ore at 0.67% WO₃ in the existing pit floor and walls which can be mined during the first 3 years. Indicated is 0.90Mt of ore at 0.74% WO₃. Inferred is 0.35Mt of ore at 0.49% WO₃. These resources were based on a cut-off grade of 0.25%.

The Information in this announcement relating to Mineral Resource for Dolphin is extracted from the reports entitled 'Dolphin Project Value Engineering of Definitive Feasibility Study completed' created on 16th May 2013 and entitled 'Report for the Quarter Ended 30th June 2013' created on 22nd July 2013. The reports are available to view on the Company's website www.kingislandscheelite.com.au.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

APPENDIX

Competent Persons' Statements

The information in this Report that relates to JORC Mineral Resources and Minerals Reserve estimate for Tailings is based on information compiled from reports 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 Geologist Mr Tim Callaghan of Resource and Exploration Geology, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"); has a minimum of twenty years of experience as a geologist, five of which are in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. This Report accurately summarises and fairly reports his estimations and he has consented in writing to the form and context in which it appears.

The information in this Report that relates to the June 2011 JORC Mineral Reserves estimate for Dolphin Mine and the May 2010 Mineral Reserve estimate for Bold Head is based on information compiled from reports 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 Report 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.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

KING ISLAND SCHEELITE LIMITED

ABN

40 004 681 734

Quarter ended ("current quarter")

31st March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(183) - - (161)	(563) - - (774)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	37
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	110
Net Operating Cash Flows	(334)	(1,190)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - 30
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	30
1.13 Total operating and investing cash flows (carried forward)	(334)	(1,160)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(334)	(1,160)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,969
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)	-	(132)
	Net financing cash flows	-	1,837
	Net increase (decrease) in cash held	(334)	677
1.20	Cash at beginning of quarter/year to date	1,780	769
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,446	1,446

Payments to directors of the entity, associates of the directors, 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	74
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

Payment made to Directors and their associated entities:
Directors' fees \$28,000; reimbursement of expenses \$2,000; consulting fees \$44,000.

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

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

+ See chapter 19 for defined terms.

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	1,067
4.2 Development	-
4.3 Production	-
4.4 Administration	244
Total	1,311

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	6	25
5.2 Deposits at call	1,440	1,755
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,446	1,780

+ See chapter 19 for defined terms.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum 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%

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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	135,152,403	135,152,403		
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	2,000,000	-	15 cents	31 Dec 2018
Tranche 2	3,000,000	-	22 cents	31 Dec 2019
Tranche 3	4,000,000	-	28 cents	31 Dec 2020
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures (totals only)	-	-		
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 2014
(~~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 and petroleum 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 or petroleum 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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+ See chapter 19 for defined terms.

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