

Report for the Quarter Ended 30 June 2016



ASX: KIS

Market Capitalisation	\$9.1 million
Shares on Issue	165.3 million
52 Week High	12.5 cents
52 Week Low	5.1 cents
Share Price	5.5 cents

Board of Directors

Johann Jacobs	Chairman
Allan Davies	Director
Chris Ellis	Director

Tungsten APT USD 19,000 / tonne (27 July 2016)

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.

King Island Scheelite Limited

ABN 40 004 681 734

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www.kingislandscheelite.com.au

HIGHLIGHTS

- King Island Council advised that amendments as envisaged in new operating plan does not require a new planning permit
- Studies are currently underway to satisfy EPA requirements for the Environmental Effects Report
- Work continued on the Definitive Feasibility Study in preparation for development of the mine
- Pumping of water out of the open cut void continues so as to maintain a consistent level in the sump
- Tungsten markets remain depressed with a slight upturn during the Quarter – however this trend was again reversed into July

29 July 2016

King Island Scheelite Limited (**Company**) is pleased to present its activity report for the quarter ended 30 June 2016.

Environmental Approvals

After detailed discussions with King Island Council , they advised that “it is Council’s opinion the amendments discussed, and demonstrated in your plans(KIS), are adequately covered by the conditions contained in the existing planning permit (DA 26/0506) and the proposal does not generate any requirements for a new planning permit.”

Additional studies are currently being undertaken to ensure that the Environmental Effects Report to be submitted to EPA incorporates the most up to date data. It is anticipated that this report will be submitted during the current quarter ended September 2016 with approvals being granted prior to 31 December 2106.

Definitive Feasibility Study (“DFS”)

Work continued on the consolidation of recent studies into a Definitive Feasibility Study. This work can only be completed when the final environmental approvals have been obtained.

Pit Pumping

Consistent with our previous plans, the inflow of water from predominantly rain water runoff, is being managed with the installed smaller pump utilized on a regular basis to maintain a consistent water level in the sump. After a relatively dry second calendar quarter, heavy rains were experienced in July, however the pumping coped adequately to keep water levels in check.

APT Market

APT (Ammonium ParaTungstate) is the product used as a benchmark price for the sale of WO₃ concentrate, as it is regularly quoted in industry journals. After reaching nine-year lows late in 2015 and remaining depressed through the first quarter of 2016, the price of APT has improved slightly in the June quarter. The average price for the March quarter was US\$17,100 per tonne (A\$23,600 per tonne) with the average for the June quarter US\$20,300 per tonne (A\$27,300 per tonne).

This trend unfortunately reversed during July with current APT prices trading at US\$19,000 per tonne (A\$25,800 per tonne).

Although this price is above our anticipated production costs, financing the project – both debt and equity – would be extremely difficult and risky. The major impact on the market has been from the drop in specialty steel demand.

Finance

Cash Balance

As at 30 June 2016 the Company’s cash balance was \$1.3 million.

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

	Tenement reference	Nature of interest
Mining tenements held at the end of the quarter	Exploration Licence EL 19/2001 at Grassy, King Island, TAS (91 sq kms)	100% ownership
	Mining Lease Application MLA 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

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

	\$'000
Dewatering	22
Project management	18
Metallurgical & laboratory testing	3
Environmental	11
Other Feasibility Study work	5
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	59
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Johann Jacobs

Chairman

29 July 2016

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

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")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(59)	(596)
(b) development	-	-
(c) production	-	-
(d) administration	(67)	(882)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	87	168
Net Operating Cash Flows	(34)	(1,293)
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	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(34)	(1,293)

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(34)	(1,293)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	1,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	1,000
	Net increase (decrease) in cash held	(34)	(293)
1.20	Cash at beginning of quarter/year to date	1,309	1,568
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,275	1,275

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	34
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 \$24,000; reimbursement of expenses \$10,000; and consulting fees \$nil.

Details of amount at Item 1.7: June 2016 Quarter: R&D taxation rebate for 2014/15 year \$61,000 and royalty income received \$26,000.

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

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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	-	-
3.3 Unsecured redeemable convertible notes	2,000	1,000

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	96
4.2 Development	-
4.3 Production	-
4.4 Administration	405
Total	501

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	13	7
5.2	Deposits at call	1,262	1,302
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		1,275	1,309

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	Exploration Licence EL 19/2001 at Grassy, King Island, TAS (91 sq kms)	100%	100%
		Lease 1M/2006 at Grassy, King Island, TAS (544 hectares)	100%	100%

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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 <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 *Ordinary securities	165,251,702	165,251,702		
7.4 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 *Convertible debt securities <i>(description)</i>	4	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>			<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 <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

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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: 29 July 2016
(~~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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