

King Island Scheelite Limited

ABN 40 004 681 734

Interim Financial Statements

Six Months Ended 31 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Six months interim period ended 31		
	2018	December	Movement
	\$	Up / Down	%
Revenue from operating activities	-	-	-
Loss before interest and income tax	1,509,131	Up	149
Net financing loss	21,395	Up	510
Income tax benefit	-	-	-
Loss from ordinary activities after tax attributable to members of the parent	1,530,526	Up	151
Net loss for the period attributable to members	1,530,526	Up	151

	Cents		
Loss per share – basic	0.6	Up	100
Loss per share – diluted	0.6	Up	100

Dividends	Amount per security (cents)	Franked amount per security (cents)
2019 interim dividend	-	-
2018 final dividend paid	-	-
Record date for determining entitlements to the interim dividend:	-	-

Brief explanation of any figures reported above or other items of importance not previously reported to the market:

Refer to the Directors' Report included in the interim financial statements for explanations.

Discussion and Analysis of the results for the six months ended 31 December 2018:

Refer to the Directors' Report included in the interim period financial report for commentary.

	Current Period	Previous corresponding period
Net Tangible Assets per ordinary share (NTA Backing)	1.0 cents	1.1 cents

For personal use only

TABLE OF CONTENTS

RESULTS FOR ANNOUNCEMENT TO THE MARKET	1
DIRECTORS' REPORT	4
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	10
CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE INTERIM FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION.....	23
AUDITOR'S INDEPENDENCE DECLARATION.....	24
INDEPENDENT AUDITOR'S REVIEW REPORT.....	25
SECURITY HOLDER INFORMATION.....	27

For personal use only

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group'), consisting of King Island Scheelite Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018..

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Johann JOOSTE-JACOBS	(Executive Chairman)	Appointed 30 November 2012
Christopher ELLIS	(Executive Director)	Appointed 8 November 2012
Allan DAVIES	(Non-Executive Director)	Appointed 30 September 2013

REVIEW OF OPERATIONS

Key Points

- Geotechnical design of the eastern highwall, based on recent drilling, is complete.
- Xenith Consulting completed assessment of articulated dump trucks compared with conventional rigid body trucks.
- Processing plant engineering study by Gekko was completed in December
- Approval granted for the positioning of the processing plant to the south of Dolphin Pit.
- Two successful capital raisings in the interim period to 31 December 2018, providing cash funds of \$2,868,878 for the issue of 44,348,918 new shares and 15,580,737 new options. The options each have an exercise price of 10 cents expiring 1 August 2021.
- Secured loan funding of \$2,700,000 to enable the Group to purchase property on King Island, adjacent to the Dolphin mine site. The Group considered this to be a strategic acquisition necessary for the redevelopment of the mine.
- \$1,552,599 cash on hand as at 31 December 2018 (June 2018 \$494,360).

Dolphin Project

Following a diamond drilling program that recovered samples of typical ore types, from locations representative of ore to be mined in the early years of production, testing of the samples was completed during the half year ended 31 December 2018. Results are largely consistent with Group expectations and have been used to finalise the gravity flow sheet.

The gravity circuit has been enhanced by the addition of another scavenger stage, resulting in an overall recovery exceeding 60% to produce a concentrate grade of near 65%.

Flotation work is ongoing. The aim of this work is to produce a low-grade concentrate from a relatively low-cost and simple flotation circuit using selected tailings streams from the gravity circuit.

A two-hole geotechnical drilling program was conducted during the third quarter of 2018 calendar year, with the first hole's assay results released to the market on 3 October 2018, and the second hole's assay results released on 30 October 2018. Geotechnical assessment work was used to finalise the eastern highwall design and the location of the membrane cut-off wall.

Xenith Consulting undertook a further iteration of the mine plan with the objective of better matching production schedules to the revised processing capacity and examining the benefits of using articulated dump trucks for haulage of waste and ore during mining. The results concluded that the conventional rigid body trucks provided the optimal solution.

DIRECTORS' REPORT (continued)

Earlier in the year, the Group engaged Gekko Systems Pty Ltd (Gekko) to design and cost a processing plant capable of treating 60 tonnes of ore per hour from the proposed Dolphin Mine. The plant flow sheet (gravity/flotation) is based on the metallurgical test work completed at the ALS Laboratory in Burnie, Tasmania.

Gekko completed their study in December 2018, after certain revisions requested by the Group. The study was conducted to a Level 3 standard, meaning that the costings are within an accuracy limit of +/-10%. Costs determined by Gekko are within the range anticipated by the Group, as determined by our internal estimates. Capital and operating costs are significantly lower than those determined in previous feasibility studies, largely due to the redesign of the flow sheet.

Based on a modular design, which is preferred, as it will minimize construction and commissioning time and costs, Gekko determined that detailed design, procurement, construction and commissioning could be achieved within a twelve-month period after financial commitment. The Group is currently negotiating commercial details with Gekko.

During the December 2018 quarter, the Group made application to King Island Council to relocate the site of the processing plant from the northern side of the pit to the southern side.

Approval for this change was granted by Planning Permit DA 2018/41, after consultation with the Tasmanian Environmental Protection Agency.

The new processing plant site has significant operational advantages over the previous site in terms of reduced environmental impact (noise and visual), vehicle accessibility, proximity to the Grassy Port, reduced civil engineering costs and a much safer environment for light vehicles.

Property Purchase

During the period ending 31 December 2018, the Group settled on a property purchased on King Island adjacent to the mine site and known as Portside Links. The purchase price of the property was \$2,600,000, funded by a secured loan from an entity related to the Company's director and largest shareholder, Mr Christopher Ellis. Further details are provided below.

The Group regarded the property purchase as a strategic acquisition, providing it with direct access to the Grassy Port as well as enabling it to secure all land requirements necessary for the redevelopment of the mine. In addition, structures on Portside Links will be utilised as offices, accommodation, stores or workshops when redevelopment commences.

Further details regarding this acquisition can be found in Note A9.

Tungsten Market

Tungsten prices weakened overall during the period with the price of ammonium paratungstate (**APT**) decreasing from USD 299 (AUD 391) per metric tonne unit (**mtu**) in December 2017 to USD 271 (AUD 378) per mtu in December 2018, peaking at USD 348 (AUD 465) per mtu in June 2018. The current APT price is approximately USD 270 (AUD 389) per mtu, with WO₃ concentrate typically trading at a discount of 20% to APT.

Capital Raisings

During the interim period to 31 December 2018, two capital raisings were undertaken and successfully completed by the Company.

A renounceable pro-rata entitlement issue raised \$1,493,878 cash (before issue costs) upon the Company issuing, on 1 August 2018, 27,161,418 new shares at \$0.055 each and 13,580,737 new free attaching options, each with an exercise price of 10 cents per share expiring 1 August 2021.

A share placement to professional and sophisticated investors raised \$1,375,000 cash (before issue costs) upon the Company issuing, on 21 November 2018, 17,187,500 new shares at \$0.08 each.

2,000,000 new options, each with an exercise price of 10 cents per share expiring 1 August 2021, were granted on 21 November 2018 for the Company to pay capital raising costs.

DIRECTORS' REPORT (continued)

Further details of the capital raisings are set out in Note A6.

Loan Funding

During the interim period ended 31 December 2018, secured loan funding of \$2,700,000 was provided to the Group by CJRE Maritime Pty Ltd, an entity associated with the Company's director and largest shareholder, Mr Christopher Ellis. The purpose of the loan was to allow the Group to purchase the Portside Links property adjoining the Dolphin mine at Grassy on King Island.

Key terms of the loan agreement are:

Facility	Interest only, cash advance facility of \$2,700,000.
Term	Five years.
Termination Date	29 November 2023.
Repayment	On Termination Date. Early repayment of the facility is permitted at any time.
Interest rate	Interest is calculated monthly in arrears: <ul style="list-style-type: none">• For the period from financial close of the loan transaction until the date two years after commencement of production at the Group's Dolphin Project, Bank Bill Swap Rate (BBSW) plus 6% per annum; and• BBSW plus 11% per annum thereafter.
Security	First registered mortgage over two King Island properties owned by Australian Tungsten Pty Limited (the Company's wholly owned subsidiary), being: <ul style="list-style-type: none">• Portside Links; and• 20 Waratah Street, Grassy.
Purpose	The proceeds of the loan were used to fund the Group's acquisition of Portside Links.

At the Company's general meeting held 29 November 2018, the Company's shareholders approved Australian Tungsten Pty Limited granting the Security to CJRE Maritime Pty Ltd, the company related to Mr Christopher Ellis.

Further details regarding these loan funds are set out in Note A10.

OUTLOOK

The key objective remains to bring the high-grade Dolphin tungsten deposit on King Island into production.

Next steps are:

1. Finalise long term offtake arrangements.
2. Continue discussions with quasi debt providers.
3. Prepare for major capital raising during this half year.

DIRECTORS' REPORT (continued)

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period and the date of this Financial Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 24 and forms part of the Directors' Report for the six months ended 31 December 2018.

ROUNDING OFF

The Group is not of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 24 March 2016 and as such, amounts in the interim financial statements and directors' report have been reported to the nearest dollar, unless otherwise stated.

Signed in accordance with a resolution of the Board of directors:



Johann Jacobs
Chairman
Sydney
13 February 2019

For personal use only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS ENDED 31 DECEMBER

		2018	2017
		\$	\$
Other income		1,000	41,367
Employee expenses		(154,959)	(77,652)
Non-cash employee expense from granting of options to Directors	A8	-	(250,800)
Administration expenses		(295,522)	(198,393)
Exploration & evaluation expenses		(1,059,650)	(121,554)
Loss before interest and income tax		(1,509,131)	(607,032)
Financial income - interest		4,711	6,213
Financial expense - interest	C1	(26,106)	(9,722)
Net financing loss		(21,395)	(3,509)
Loss before income tax		(1,530,526)	(610,541)
Income tax benefit		-	-
Net loss attributable to members of the parent		(1,530,526)	(610,541)
Other comprehensive income for the interim period, net of income tax		-	-
Total comprehensive income for the interim period		(1,530,526)	(610,541)
		Cents	Cents
Loss per share – basic		(0.6)	(0.3)
Loss per share – diluted		(0.6)	(0.3)

The condensed notes on pages 12 to 22 are an integral part of these interim financial statements.

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 31 DECEMBER

	Note	Ordinary fully paid shares \$	Share option reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2017		57,134,995	955,301	(55,700,480)	2,389,816
Equity settled share-based payments	A8	-	250,800	-	250,800
Part conversion of Convertible Notes	A6	248,758	-	-	248,758
Capital raising costs	A6	(3,565)	-	-	(3,565)
Total comprehensive income for the interim period		-	-	(610,541)	(610,541)
Balance at 31 December 2017		57,380,188	1,206,101	(56,311,021)	2,275,268
Balance at 1 July 2018		57,331,166	1,206,101	(57,045,925)	1,491,342
Proceeds from capital raisings	A6	2,868,878	-	-	2,868,878
Capital raisings costs	A6	(216,618)	46,000	-	(170,618)
Total comprehensive income for the interim period		-	-	(1,530,526)	(1,530,526)
Balance at 31 December 2018		59,983,426	1,252,101	(58,576,451)	2,659,076

The condensed notes on pages 12 to 22 are an integral part of these interim financial statements.

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	Note	31 December 2018	30 June 2018
		\$	\$
Current assets			
Cash and cash equivalents		1,552,599	494,360
Trade and other receivables		203,178	148,016
Total current assets		<u>1,755,777</u>	<u>642,376</u>
Non-current assets			
Trade and other receivables		19,600	19,600
Property, plant and equipment	A9	3,867,091	1,124,484
Total non-current assets		<u>3,886,691</u>	<u>1,144,084</u>
Total assets		<u>5,642,468</u>	<u>1,786,460</u>
Current liabilities			
Trade and other payables		257,286	295,118
Interest payable on secured loan by related party	A10	26,106	-
Total current liabilities		<u>283,392</u>	<u>295,118</u>
Non-current liabilities			
Secured loan payable to related party	A10	2,700,000	-
Total non-current liabilities		<u>2,700,000</u>	<u>-</u>
Total liabilities		<u>2,983,392</u>	<u>295,118</u>
Net assets		<u>2,659,076</u>	<u>1,491,342</u>
Equity			
Issued capital	A5	59,983,426	57,331,166
Reserve	A8	1,252,101	1,206,101
Accumulated losses		(58,576,451)	(57,045,925)
Total equity		<u>2,659,076</u>	<u>1,491,342</u>

The condensed notes on pages 12 to 22 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 31 DECEMBER

	Note	2018	2017
		\$	\$
Cash flows used in operating activities			
Royalties received		-	23,164
Rent received		-	1,629
Cash paid to suppliers and employees		(1,582,584)	(435,609)
Interest received		4,711	6,213
Other income		1,000	-
Net cash used in operating activities		(1,576,873)	(404,603)
Cash flows used in investing activities			
Payments for property, plant and equipment	A9	(2,747,713)	-
Net cash used in investing activities		(2,747,713)	-
Cash flows from financing activities			
Proceeds from capital raisings	A6	2,868,878	-
Payments for capital raising costs	A6	(186,053)	(5,632)
Proceeds from borrowings	A10	2,700,000	-
Net cash generated from / (used in) financing activities		5,382,825	(5,632)
Net increase / (decrease) in cash and cash equivalents		1,058,239	(410,235)
Cash and cash equivalents at 1 July		494,360	1,502,394
Cash and cash equivalents at 31 December		1,552,599	1,092,159

The condensed notes on pages 12 to 22 are an integral part of these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

SECTION A KEY FINANCIAL INFORMATION AND PREPARATION BASIS

A1 REPORTING ENTITY

King Island Scheelite Limited (**Company**) is a company domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "**Group**"). The Group is primarily focused on redeveloping the well-understood and high-grade tungsten deposit on King Island.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2018 is available upon request from the Group's registered office at Level 26, 259 George Street, Sydney NSW 2000, or the Group's website at www.kingislandscheelite.com.au.

A2 BASIS OF PREPARATION

These interim financial statements are general purpose financial statements prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*, and with *IAS 34 Interim Financial Reporting*.

They do not include all of the information required for a full annual financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2018.

These interim financial statements were approved by the Board of Directors on 13 February 2019.

The Group is not of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 24 March 2016 and, in accordance with the Class Order, amounts in these interim financial statements and directors' report have been rounded to the nearest dollar, unless otherwise stated.

A3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2018.

A4 GOING CONCERN

During the half year period to 31 December 2018, the Group incurred a loss of \$1,530,526 and net cash outflows from operating activities of \$1,576,873. Cash and cash equivalents at 31 December 2018 were \$1,552,599. Notwithstanding this, the financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors have prepared a cash flow forecast for the period to March 2020 and conducted a review of discretionary expenditure in order to preserve funds to ensure liabilities will be settled as and when they fall due. Directors are satisfied there is sufficient funds available to settle liabilities as they become due and payable for the period of at least twelve months from the date of signing this interim financial report. In order to commercialise the Dolphin Project to generate future revenues, additional funding will be required.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

A5 ISSUED CAPITAL

	Note	31 December 2018	30 June 2018
		\$	\$
Ordinary fully paid shares	A6	<u>59,983,426</u>	<u>57,331,166</u>

A6 ORDINARY FULLY PAID SHARES

	Note	Number	\$
Balance 1 July 2017		209,608,702	57,134,995
Conversion of Convertible Notes - 29 December 2017		7,681,273	248,758
Capital raising costs		-	(3,565)
Balance 31 December 2017		<u>217,289,975</u>	<u>57,380,188</u>
Balance 1 July 2018		<u>217,289,975</u>	<u>57,331,166</u>
Capital raising - 1 August 2018		27,161,418	1,493,878
Capital raising – 21 November 2018		17,187,500	1,375,000
		<u>44,348,918</u>	<u>2,868,878</u>
Capital raising costs		-	(216,618)
Balance 31 December 2018	A5	<u>261,638,893</u>	<u>59,983,426</u>

Renounceable pro rata entitlement issue

A renounceable pro-rata entitlement issue raised \$1,493,878 cash (before issue costs) upon the Company issuing, on 1 August 2018, 27,161,418 new shares at \$0.055 each and 13,580,737 new free attaching options, each with an exercise price of 10 cents per share expiring 1 August 2021.

Share placement

A share placement raised \$1,375,000 cash (before issue costs) upon the Company issuing, on 21 November 2018, 17,187,500 new shares at \$0.08 each.

For personal use only

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

A7 OPTIONS MOVEMENTS

	Exercise Price per share	Expiry Date	Opening 1 July Number	Issued Number	Expired Number	Closing 31 December Number
Half year ended 31 December 2017						
Unquoted	15 cents	31 December 2018	2,000,000	-	-	2,000,000
Unquoted	22 cents	31 December 2019	3,000,000	-	-	3,000,000
Unquoted	28 cents	31 December 2020	4,000,000	-	-	4,000,000
Unquoted	6 cents	31 December 2022	-	3,000,000	-	3,000,000
Unquoted	8 cents	31 December 2022	-	3,000,000	-	3,000,000
Unquoted	10 cents	31 December 2022	-	3,000,000	-	3,000,000
			9,000,000	9,000,000	-	18,000,000
Half year ended 31 December 2018						
Unquoted	15 cents	31 December 2018	2,000,000	-	2,000,000	-
Unquoted	22 cents	31 December 2019	3,000,000	-	-	3,000,000
Unquoted	28 cents	31 December 2020	4,000,000	-	-	4,000,000
Unquoted	6 cents	31 December 2022	3,000,000	-	-	3,000,000
Unquoted	8 cents	31 December 2022	3,000,000	-	-	3,000,000
Unquoted	10 cents	31 December 2022	3,000,000	-	-	3,000,000
			18,000,000	-	2,000,000	16,000,000
Quoted	10 cents	1 August 2021	-	15,580,737	-	15,580,737
			18,000,000	15,580,737	2,000,000	31,580,737

A8 RESERVE

	31 December 2018 \$	30 June 2018 \$
Share option reserve	1,252,101	1,206,101
Share option reserve movements		
	31 December 2018 \$	31 December 2017 \$
Balance at 1 July	1,206,101	955,301
Equity settled share-based payments for the interim period	46,000	250,800
Balance at 31 December	1,252,101	1,206,101

Directors' Options

On 20 December 2017, 9,000,000 new options were granted to nominees of Mr Johann Jacobs (3,000,000), Mr Allan Davies (3,000,000) and Mr Chris Ellis (3,000,000). Details relating to the Options are below.

The fair value of the options at the Grant Date is determined using the binomial model. The options expense for the interim period to 31 December 2018 totals \$Nil (2017 \$250,800).

For personal use only

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

Options were granted at no cost to the recipient.

No terms of equity settled share-based payment transactions (including options granted as compensation to key management persons) have been altered or modified by the issuing entity during the interim period or the prior period.

There are no entitlements for the Company's option holders to participate in new issues of capital which may be offered to the Company's existing ordinary shareholders.

The Group prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangement is prohibited by law.

Details of the total options held by directors in the Company are shown in the following table.

<i>King Island Scheelite Limited Unquoted Options</i>			Johann Jacobs Number	Allan Davies Number	Chris Ellis Number	Total Number
Exercise Price per share	Vesting Date	Expiry Date				
30 June 2018						
15 cents	1 January 2014	31 December 2018	1,000,000	1,000,000	-	2,000,000
22 cents	1 January 2015	31 December 2019	1,500,000	1,500,000	-	3,000,000
28 cents	1 January 2016	31 December 2020	2,000,000	2,000,000	-	4,000,000
6 cents	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	3,000,000
8 cents	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	3,000,000
10 cents	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	3,000,000
			7,500,000	7,500,000	3,000,000	18,000,000
15 cents	1 January 2014	31 December 2018	1,000,000	1,000,000	-	2,000,000
31 December 2018						
22 cents	1 January 2015	31 December 2019	1,500,000	1,500,000	-	3,000,000
28 cents	1 January 2016	31 December 2020	2,000,000	2,000,000	-	4,000,000
6 cents	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	3,000,000
8 cents	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	3,000,000
10 cents	31 December 2017	31 December 2022	1,000,000	1,000,000	1,000,000	3,000,000
			6,500,000	6,500,000	3,000,000	16,000,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

Equity settled share-based payments

2,000,000 new listed options, each with an exercise price of 10 cents per share expiring 1 August 2021, were granted on 21 November 2018 for the Company to pay capital raising costs. At the grant date, the market price per option was 2.3 cents (Level 1 category).

Refer to Note B1 for further details of how the Group measures fair values.

A9 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings		Plant and equipment		Total	
	31	30 June	31	30 June	31	30 June
	December	2018	December	2018	December	2018
	\$	\$	\$	\$	\$	\$

Property, Plant and Equipment carrying amounts

	3,691,123	943,410	175,968	181,074	3,867,091	1,124,484
--	------------------	---------	----------------	---------	------------------	-----------

	Land and Buildings		Plant and equipment		Total	
	31	31	31	31	31	31
	December	December	December	December	December	December
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Property, Plant and Equipment movements						
Cost						
Balance at 1 July	943,410	943,410	291,234	291,234	1,234,644	1,234,644
Additions	2,747,713	-	-	-	2,747,713	-
Balance at 31 December	3,691,123	943,410	291,234	291,234	3,982,357	1,234,644
Depreciation						
Balance at 1 July	-	-	(110,160)	(99,824)	(110,160)	(99,824)
Depreciation change for the half year	-	-	(5,106)	(5,229)	(5,106)	(5,229)
Balance at 31 December	-	-	(115,266)	(105,053)	(115,266)	(105,053)
Carrying amounts						
1 July	943,410	943,410	181,074	191,410	1,124,484	1,134,820
31 December	3,691,123	943,410	175,968	186,181	3,867,091	1,129,591

During the interim period ended 31 December 2018, the Group settled on a property purchase on King Island adjacent to the mine site and known as Portside Links. The purchase price of the property was \$2,600,000, fully funded by a secured loan from an entity related to the Company's director and largest shareholder, Mr Christopher Ellis. The loan was for \$2,700,000, with the remaining \$100,000 applied to necessary stamp duty and purchase costs of the property. These costs total \$147,713, including stamp duty of \$115,335.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

The carrying values of Group's properties (Portside Links and 20 Waratah Street, Grassy) are secured at 31 December 2018 to the extent of the total amount payable to CJRE Maritime Pty Ltd (**CJRE**) (31 December 2018 \$2,726,106).

CJRE is an entity associated with the Company's director and largest shareholder, Mr Christopher Ellis. Should the value of the proceeds from a sale of Portside Links and 20 Waratah Street be greater than the amount owing to CJRE, CJRE's entitlement to the sales proceeds would be limited to the value of the amount owing.

Refer to Note A10 for further details of the Group's secured borrowing from CJRE.

The Group regards the property purchase as a strategic acquisition, providing it with direct access to the Grassy Port as well as enabling it to secure all land requirements necessary for the redevelopment of the mine. In addition, structures Portside Links will be utilised as offices, accommodation, stores or workshops when redevelopment commences.

A10 NON-CURRENT LIABILITIES

Borrowing

During the interim period ended 31 December 2018, secured loan funding of \$2,700,000 was provided to the Group by CJRE Maritime Pty Ltd (**CJRE**), an entity associated with the Company's director and largest shareholder, Mr Christopher Ellis. The purpose of the loan was to allow the Group to purchase the Portside Links property adjoining the Dolphin mine at Grassy on King Island.

Key terms of the loan agreement are:

Facility	Interest only, cash advance facility of \$2,700,000.
Term	Five years.
Termination Date	29 November 2023.
Repayment	On Termination Date. Early repayment of the facility is permitted at any time.
Interest rate	Interest is calculated monthly in arrears: <ul style="list-style-type: none">• For the period from financial close of the loan transaction until the date two years after commencement of production at the Group's Dolphin Project, Bank Bill Swap Rate (BBSW) plus 6% per annum; and• BBSW plus 11% per annum thereafter.
Security	First registered mortgage over two King Island properties owned by Australian Tungsten Pty Limited (the Company's wholly owned subsidiary), being: <ul style="list-style-type: none">• Portside Links; and• 20 Waratah Street, Grassy.
Purpose	The proceeds of the loan are to be used to fund the Group's acquisition of Portside Links.

At the Company's general meeting held 29 November 2018, the Company's shareholders approved Australian Tungsten Pty Limited granting the Security to CJRE Maritime Pty Ltd, the company related to Mr Christopher Ellis.

The balance of the loan together with interest payable as at 31 December 2018 is detailed below.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

	31 December 2018	30 June 2018
	\$	\$
Current Liability – Interest payable	26,106	-
Non-Current Liability – Loan balance	2,700,000	-
Total outstanding at period end	<u>2,726,106</u>	<u>-</u>

Further details regarding the loan from CJRE Maritime Pty Ltd can be found at Note C1.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income and expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Fair Value

There is no observable market data applicable to the secured loan by CJRE to the Group.

The secured loan was for the Group to acquire Portside Links, a strategic acquisition providing the Group with access to the Grassy Port and to secure all land requirements necessary for the redevelopment of the mine.

Further details regarding the Portside Links property acquisition can be found at Note A9.

The Group had no alternative funding offers from third party lenders and was not be able to secure funds on equivalent terms and conditions from an alternative financier for the acquisition of Portside Links. If sourced, an alternative financier would probably have required a higher interest rate or additional security.

It is unlikely that the Group would be able to repay the loan capital and fund the interest over an extended period whilst the Dolphin Mine is not operational. In isolation, the loan would further pressurise the Group's cashflows and negatively impact the balance sheet through the recognition of a \$2.7 million liability and encumbering of a significant portion of the Group's assets.

The King Island property market has limited activity with low sales volumes, especially for higher value properties like Portside Links. The Group is a strategic purchaser of Portside Links. Should the Group wish to sell the property, uncertainty would exist over the availability of potential buyers and the realisable value (particularly if no strategic buyers).

The Group will require additional funding to commence mining operations at the Dolphin Mine. Further capital management initiatives (including a rights issue or a convertible note issue) are likely to be required.

As there is no observable market data applicable to the secured loan, the Group's management decided to value the loan at 31 December 2018 at carrying value (\$2.7 million plus unpaid interest) with no fair value gain or loss.

Discounting expected future cash flows of the secured loan over the loan term, using a risk-adjusted discount rate, results in a present value of \$2.7 million plus unpaid interest. The loan's interest rates are considered reasonable approximations of risk-adjusted discount rates.

The carrying amount of the secured loan, which is a Level 3 instrument, is a reasonable approximation of its fair value.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

Refer to Note B1 for further details of how the Group measures fair values.

A11 DIVIDENDS

No dividends were paid by the Group during the six months to 31 December 2018 (2017 \$Nil).

A12 COMMITMENTS

Office Lease

The Group continues to occupy office space at Level 26, 259 George Street, Sydney with no fixed lease term and no other lease commitments.

Exploration

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Tasmanian Government.

Prior to expiry on 15 December 2018, an application was made to extend the term of the Group's Dolphin Project exploration licence EL19/2001. The Group proposed an expenditure commitment of \$20,000 for the year ended 31 December 2019 and a total commitment of \$200,000 (including \$20,000 for the year ended 31 December 2019) during a proposed extension for two years to 31 December 2020.

The Group's proposal is yet to be formally accepted by the Tasmania Government's minister, however the Group believes that the EL 19/2001 proposal will be approved.

Notwithstanding that formal approval hasn't yet been received, as application to renew EL19/2001 was made prior to the current tenement expiration date of 15 December 2018, the Group retains its rights of tenure in EL 19/2001 during the interim.

All Dolphin Project licences are in good standing at the date of this report.

A13 SEGMENT REPORTING

Business and geographical segments

The results and financial position of the Group's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Group's product and services and geographical areas are detailed below.

Products and services

The Group currently explores for tungsten and is in the exploration and evaluation phase of bringing into development the King Island tungsten deposit and, as such, currently provides no products for sale.

Geographical Areas

The Group's exploration activities are located solely in Australia.

A14 CONTINGENCIES

Purchase price and royalty

The Dolphin Project has a liability to a third-party in respect of the acquisition of the tenements. If the decision to mine is taken and there is receipt of sufficient finance (at least \$1,000,000), the amount payable to the third party is \$250,000 plus an additional royalty of 1.5% on tungsten sale amounts received, after selling costs, transport costs for delivery to the buyer, and any taxes (other than income tax).

For personal use only

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

Adjoining land

On 12 July 2005 the Group entered into an agreement with a third-party vendor to acquire a 5-hectare block of land immediately on the northern boundary of the mine lease to ensure that an appropriate buffer zone is in place between the planned mine and Grassy township. The terms of this purchase were an initial payment of \$700,000 plus an additional \$100,000 payable upon the Group obtaining a permit for planning and development approval to carry on an extractive industry, both of which have been paid in full. There is a further \$100,000 payable to the third-party vendor contingent upon the commencement of operations.

Hunan Nonferrous Metals Corporation Ltd

Under the agreed terms relating to termination of the Dolphin Joint Venture, effective 17 December 2010, the Company's wholly owned subsidiary Australian Tungsten Pty Ltd has a liability to Hunan Nonferrous Metals Corporation Ltd which is contingent on the successful extraction of tungsten ore or concentrate from the Dolphin Project on King Island. The amount payable is a 2% royalty on gross revenue and the maximum royalty amount payable is \$3,900,000.

King Island Council

On 1 July 2011, the Group entered into two agreements with King Island Council that have since been registered under Part 5 of the *Land Use Planning Approvals Act 1993 (TAS)*. These agreements provide that the Group pay, in each financial year, the amounts of \$50,000 inclusive of GST to the King Island Council for upgrading and improvement of Grassy infrastructure; and \$50,000 inclusive of GST to a Trust Fund, mainly for the purpose of upgrading and developing the community facilities in Grassy and surrounding areas.

The Group paid the first instalments of these in advance, a total of \$100,000 inclusive of GST, on 1 July 2011. These advances are to be deducted from future payments over five years at the rate of \$20,000 per annum inclusive of GST. Future payments will be made over the operational life of the mine.

A15 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period and the date of this Financial Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

SECTION B RISK AND JUDGEMENT

B1 FAIR VALUES

Certain of the Group's accounting policies and disclosures require the measurement of fair values for share based payment arrangements, and financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For personal use only

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

SECTION C KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

C1 RELATED PARTY TRANSACTIONS

Johann Jacobs

The Group continues to utilise consulting services through a company related to Mr Jacobs, effective from 1 August 2013. The material terms of this agreement are:

- (a) Provision of executive services to the Group by Mr Jacobs.
- (b) Mr Jacobs' services are required to be requested by the Group.
- (c) Consulting fees are payable to the company related to Mr Jacobs at the rate of \$2,100 per day (excluding GST). Notwithstanding this agreement, Mr Jacobs is charging the Group at the rate of \$1,600 per day on the substantial amount of work currently being done toward obtaining development funding for the Dolphin project. Consulting fees charged by the company related to Mr Jacobs for the six months ending 31 December 2018 total \$106,834 (2017 \$30,000).
- (d) These fees are in addition to Mr Jacobs' Chairman fees payable at \$30,987 per annum, plus statutory superannuation.

As disclosed in the Company's renounceable pro rata entitlement offer prospectus dated 19 June 2018, Mr Jacobs' related entity was entitled to a sub-underwriting fee of \$4,800 (4% of the amount underwritten - \$120,000). The sub-underwriting fee is payable by the Underwriters (each of Chrysalis Investments Pty Ltd, and entity associated with the Company's director Chris Ellis; and Mr Richard Chadwick and Mrs Gwenda Chadwick jointly) to Mr Jacobs' related entity.

\$60,000 of the sub-underwriting was subsequently transferred by Mr Jacobs to a third-party sub-underwriter and Mr Jacobs' related entity received \$2,400 (4% of the revised amount sub-underwritten - \$60,000).

Allan Davies

The Group also utilises consulting services through a company related to Mr Davies, effective from 4 March 2014. The material terms of this agreement are:

- (a) Provision of consulting services to the Group by Mr Davies.
- (b) Mr Davies' services are required to be requested by the Group.
- (c) Consulting fees are payable to the company related to Mr Davies at the rate of \$2,000 per day (excluding GST) on an as-required basis.
- (d) These fees are in addition to Mr Davies' Director fees payable at \$26,400 per annum, plus statutory superannuation.

Christopher Ellis

As disclosed in the Company's renounceable pro rata entitlement offer prospectus dated 19 June 2018, Mr Ellis' related entity Chrysalis Investments Pty Ltd was entitled to an underwriting fee of \$16,576 (4.5% of the amount underwritten - \$368,358).

During the half year ended 31 December 2018, the Group borrowed \$2,700,000 from CJRE Maritime Pty Ltd a company related to Mr Ellis.

The loan was negotiated on an arm's length basis and the terms of the agreement are detailed in Note A10.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

Related Party Transactions

The following related party transaction charges for Directors' fees, consulting fees, underwriting fee and loan advanced to the Group were made with the Group on normal terms and conditions and in the ordinary course of business:

	Transaction Value for six months ended		Balance Outstanding		Terms
	31 Dec 2018	31 Dec 2017	31 Dec 2018	30 June 2018	
	\$	\$	\$	\$	
Directors' Fees	45,874	45,874	10,892	8,483	Payable at call
Consulting Fees	106,834	30,000	51,517	105,600	Payable at call
Underwriting Fees	16,576	-	15,376	-	Payable at call
	169,284	75,874	77,785	114,083	
Non-cash remuneration					
Options remuneration	-	250,800	-	-	
	-	250,800	-	-	
Loan funding					
Principal	2,700,000	-	2,700,000	-	Refer Note A10
Interest	26,106	-	26,106	-	Refer Note A10
	2,726,106	-	2,726,106	-	

Refer to Note A10 for further details about the loan funding.

SECTION D OTHER DISCLOSURES

D1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018, except for the adoption of *AASB 15 Revenue from Contracts with Customers* and *AASB 9 Financial Instruments*.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including *AASB 118 Revenue*, *AASB 111 Construction Contracts* and *IFRIC 13 Customer Loyalty Programmes*. AASB 15 has been adopted with no material changes to comparative information required.

AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 has been adopted with no material changes in comparative information required.

For personal use only

DIRECTORS' DECLARATION

In the opinion of the directors of King Island Scheelite Limited:

- (a) the condensed consolidated financial statements and notes set out on pages 8 to 22, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six-month period ended on that date; and
 - ii. complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Johann Jacobs
Chairman

Sydney
13 February 2019



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of King Island Scheelite Limited

I declare that, to the best of my knowledge and belief, in relation to the review of King Island Scheelite Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Shane O'Connor

Partner

Sydney

13 February 2019

For personal use only



Independent Auditor's Review Report

To the shareholders of King Island Scheelite Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of King Island Scheelite Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of King Island Scheelite Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2018 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2018;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes A1 to D1 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises King Island Scheelite Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the six months ended on 31 December 2018.

For personal use only

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the interim period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of King Island Scheelite Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



KPMG



Shane O'Connor

Partner

Sydney

13 February 2019

SECURITY HOLDER INFORMATION

At 31 December 2018 issued capital was 261,638,893 ordinary fully paid shares held by 643 holders and 15,580,737 quoted options (exercise price 10 cents each, expiring 1 August 2021).

SECTION A Quoted Shares

The 20 largest shareholders were:

Rank	Beneficial Shareholder	Number of Shares	% of Issued Capital
1.	Mr Chris Ellis	58,613,278	22.4%
2.	Mr Richard Willmot Chadwick & Mrs Gwenda Ann Chadwick	58,471,359	22.3%
3.	Mrs Catherine Morritt	15,920,599	6.1%
4.	Mr Anthony Haggarty and HFTT Pty Ltd <Haggarty Family A/C>	14,998,952	5.7%
5.	Mr Giuseppe Coronica and Mrs Yvonne Coronica	8,640,000	3.3%
6.	Pacific Road Provident Pty Ltd	6,487,388	2.5%
7.	Ranamok Pty Ltd <Ranamok Family A/C>	5,170,590	2.0%
8.	Hunan Nonferrous Metals Corporation Limited	4,450,000	1.7%
9.	Mr Allan J Davies & Mrs LM Davies	3,986,536	1.5%
10.	Finmin Solutions Pty Ltd <Jacobs Family Super Fund & The JADS A/C>	3,889,764	1.5%
11.	Citicorp Nominees Pty Limited	3,203,211	1.2%
12.	Elphinstone Holdings Pty Ltd	3,125,000	1.2%
13.	Tyson Resources Pty Ltd	3,033,864	1.2%
14.	Serlett Pty Ltd	2,711,241	1.0%
15.	Mr Bryant James McLarty	2,336,531	0.9%
16.	Mr Robert Slade Forbes and Mrs Elizabeth Loraine Forbes	2,312,500	0.9%
17.	Mr Scott Gilchrist	2,268,755	0.9%
18.	Chelsea Securities Limited	2,161,818	0.8%
19.	Mr Donald Boyd	2,044,337	0.8%
20.	Caridon Pty Ltd	1,650,000	0.6%
Totals: Top 20 holders of ORDINARY SHARES (TOTAL)		205,475,723	78.5%
Total Remaining Holders Balance		56,163,170	21.5%

Distribution of shareholders and holdings at 31 December 2018:

Range	Total holders	Number of Shares	% of total Issued Capital
1 - 1,000	37	3,393	0.00
1,001 - 5,000	92	313,582	0.12
5,001 - 10,000	79	607,412	0.23
10,001 - 100,000	280	10,804,458	4.13
100,001 Over	155	249,910,048	95.52
Rounding	-	-	0.00
Total	643	261,638,893	100.00

Unmarketable Parcels	Minimum Parcel Size	Holders	Number of Shares
Minimum \$500.00 parcel at \$0.08 per Share	6,250	154	458,063

SECURITY HOLDER INFORMATION (continued)

SECTION B Quoted Options

The 20 largest option holders were:

Rank	Beneficial Option holder	Number of Options	% of total Options
1.	Mr Richard Willmot Chadwick & Mrs Gwenda Ann Chadwick	3,248,410	20.8%
2.	Mr Chris Ellis	3,245,936	20.8%
3.	Mr Bryant James McLarty	1,075,033	6.9%
4.	Tyson Resources Pty Ltd	1,068,182	6.9%
5.	Mrs Catherine Morritt	881,700	5.7%
6.	Finmin Solutions Pty Ltd <Jacobs Family Super Fund & The JADS A/C>	700,948	4.5%
7.	Annbrook Capital Pty Ltd	625,000	4.0%
8.	Kesli Chemicals Pty Ltd	500,000	3.2%
9.	Mr Joshua M Chadwick	467,614	3.0%
10.	Pacific Road Provident Pty Ltd	360,411	2.3%
11.	Mr Paul G Sharbanee	250,000	1.6%
12.	Mr Allan J Davies & Mrs LM Davies	221,475	1.4%
13.	Yavern Creek Holdings Pty Ltd	200,000	1.3%
14.	Saltini Pty Ltd	175,000	1.1%
15.	Unified Power Solutions Pty Ltd	175,000	1.1%
16.	Mr Peter Howells	163,637	1.1%
17.	Finsbury Capital Pty Ltd	136,364	0.9%
18.	Mr Robert Slade Forbes and Mrs Elizabeth Loraine Forbes	132,545	0.9%
19.	Oofy Prosser Pty Ltd	129,546	0.8%
20.	Citicorp Nominees Pty Ltd	118,866	0.8%
Totals: Top 20 holders of OPTIONS (TOTAL)		13,875,667	89.1%
Total Remaining Holders Balance		1,705,070	10.9%

Distribution of option holders and holdings at 31 December 2018:

Range	Total holders	Number of Options	% of total Options
1 - 1,000	29	9,880	0.06
1,001 - 5,000	32	93,709	0.60
5,001 - 10,000	10	70,149	0.45
10,001 - 100,000	37	1,487,610	9.55
100,001 Over	22	13,919,389	89.34
Rounding			0.00
Total	130	15,580,737	100.00

Unmarketable Parcels	Minimum Parcel Size	Holder	Number of Options
Minimum \$500.00 parcel at \$0.018 per Option	27,778	83	377,128