



**KING ISLAND**  
**SCHEELITE**

ASX: KIS

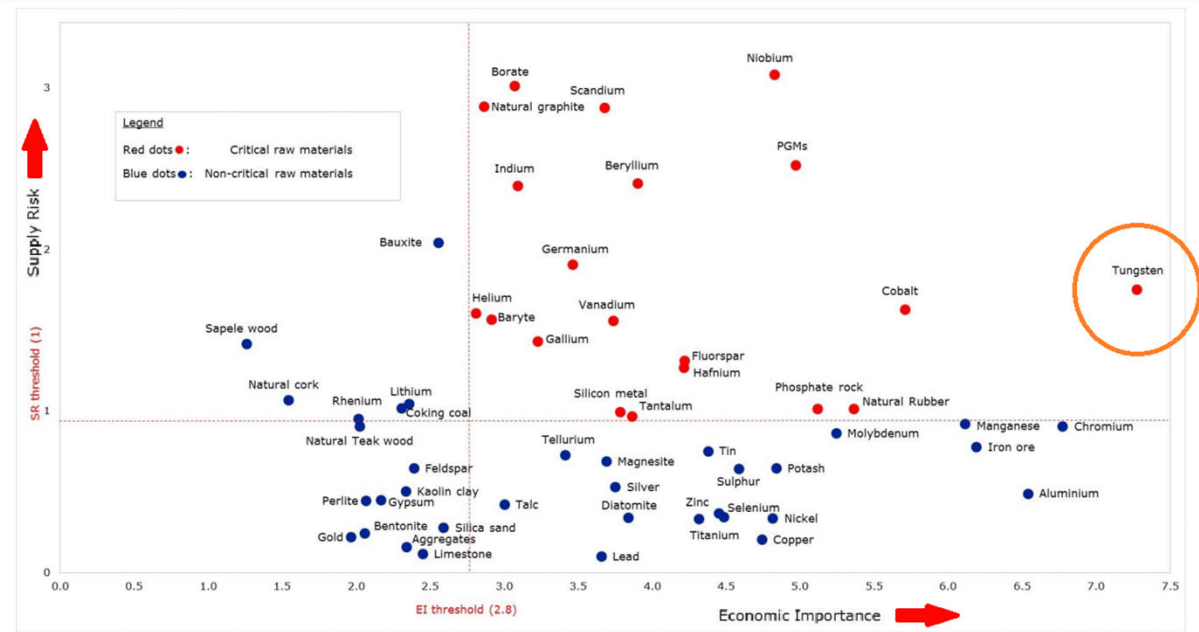
# *The Dolphin Tungsten Project*

Investor Presentation  
October 2020

# Tungsten: A Strategic Industrial Metal



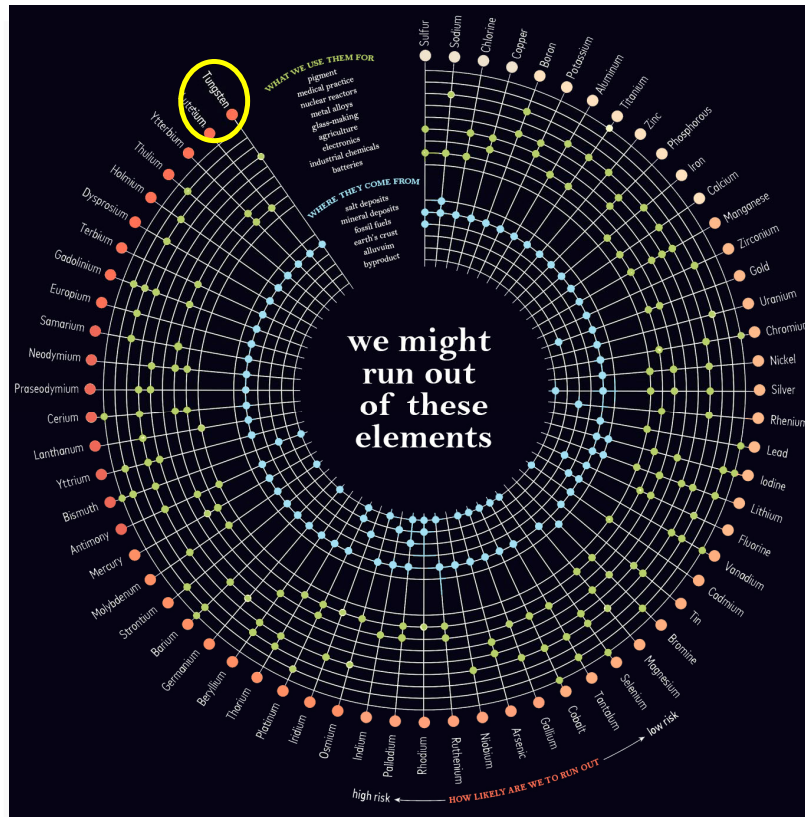
- Tungsten is ranked by the British Geological Surveys, US Department of Defence, the European Commission, Japan, Russia and Australia as a **'critical'** mineral:
  - Due to its **economic importance**
  - **Supply risk** – dominance of China in the market
  - **Inability to be substituted**
- Tungsten is a key input to industries vital to national security:
  - With hardness second only to that of diamonds
  - The highest melting point of all metallic elements
- Diverse commercial, industrial and military applications:
  - Steel hardening, aeronautical and automobile manufacturing, armaments, **semiconductors**, electronics, lighting, rail, chemicals and **high technology**



Source: European Commission Study on the Review of the List of Critical Raw Materials, 2017



# Supply and Demand Dynamics



Source: Popular Science, Summer 2019

King Island Scheelite is ideally positioned to supply the most at-risk critical element: **Tungsten** (circled yellow at left)

This chart represents how select elements power and enrich our lives, how we get hold of them, and how ready we should be to live without them...

## DEMAND

- Global Tungsten market was valued at US\$3.46 Bn in 2017 and is projected to reach US\$6.71 Bn by 2026 at a **CAGR of 8.63%**, with Chinese consumption accounting for ~60%
- Continued growth in end use with transport, mining and oil & gas
- US and European end-users are looking to reduce their dependence on Chinese production**

## SUPPLY

- China remains the world's **largest supplier** of tungsten (83% of global production)
- Environmental crackdowns in China have caused a tightening in the market
- High grade (above 0.5%) deposits are rare
- Historically, Tungsten deposits have had long lead times from exploration to production

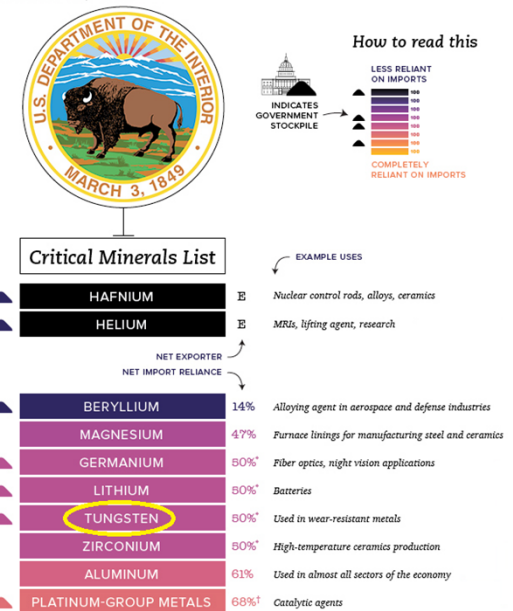
# US Critical Minerals Supply Emergency



- On 30 September 2020, US President Donald Trump declared an **Executive Order** (EO) regarding the supply of critical minerals.
- The EO singles out America’s undue **reliance on China for multiple critical minerals**, in processed or unprocessed form, as “an unusual and extraordinary threat to the national security, foreign policy, and economy of the US”.
- To address the national emergency, President Trump has directed an urgent, **multi-departmental investigation** into risks and opportunities around the US’s reliance on critical minerals from “foreign adversaries”.
- This follows the passing in 2018 of the John McCain National Defense Authorization Act, which prohibits the Department of Defense from purchasing weapon systems that contains Tungsten from China, Russia, North Korea and Iran.
- **North America has no Tungsten mines** currently in production.

## MINERALS CRITICAL TO U.S. NATIONAL SECURITY

This draft list of minerals deemed essential to economic and national security was released Feb 16, 2018



“...our nation’s mission [is] to reduce our vulnerability to disruptions in the supply of critical minerals. Any shortage of these resources constitutes a strategic vulnerability for the security and prosperity of the United States.”

—Dr. Tim Petty, Assistant Secretary of the Interior for Water and Science

Source: Visual Capitalist, US Dept of Interior, Bureau of Land Mgmt

# The Dolphin Project



## ALL APPROVALS GRANTED

Mining license, environmental approval (EPA) and further exploration licences

## LOW COST

Low OPEX & CAPEX compared to peers

## STABLE JURISDICTION

One of the few high quality Tungsten deposits remaining in the Western World

## HIGH GRADE

One of the world's highest grade tungsten deposits

## SUBSTANTIAL UPSIDE

Potential for expansion/extension both underground and at Bold Head - MGS

## INFRASTRUCTURE

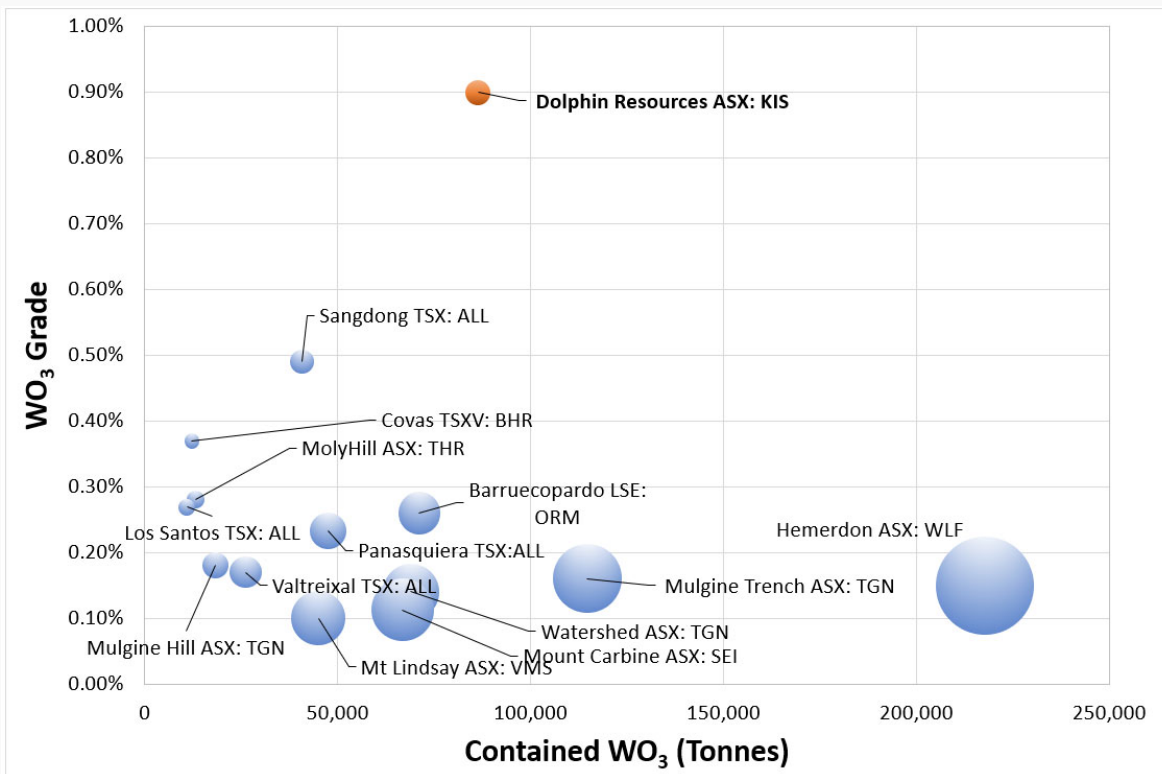
Owns all associated land and is 1km from the Port of Grassy and existing infrastructure, substantially reducing CAPEX

## OFFTAKE

Agreements signed with WBH and Noble Group for approx. 70% of annual production



# A World-Class Quality Deposit



Source: Company reports and announcements

# Geology – Dolphin and Bold Head



## OPEN CUT RESERVES

3.0M tonnes @ 0.73%  $WO_3$   
(0.20% cut-off)

## RESOURCE

Dolphin - 9.6M tonnes @ 0.90%  
 $WO_3$  (0.20% cut-off)  
Bold Head – 1.6M tonnes @ 0.91%  
 $WO_3$  (0.50% cut-off)



## UNDERGROUND OPERATIONS\*

A desktop study completed in 2015 indicates 8 year underground mine life, after the open-cut reserves are depleted

## HISTORICAL PRODUCTION

10M tonnes @ 0.67%  $WO_3$

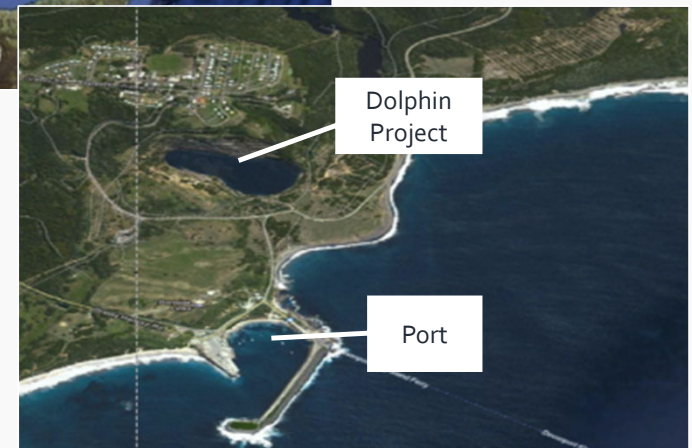


Source: Updated Feasibility Study and Revised Mineral Resource 3 June 2019  
\*Underground Resource currently under review, with upgrade due Q4 2020

## Location and Infrastructure



- The Dolphin Project is near the town of Grassy, on the south east coast of King Island, the most western large island in Bass Strait
- KIS recently acquired an adjacent property (Portside Links) which has strategic relevance, providing the mine direct access to the Port of Grassy (**less than 1km away**)
- The Port of Grassy accommodates 5,000 tonne vessels and is serviced weekly from Victoria and Tasmania

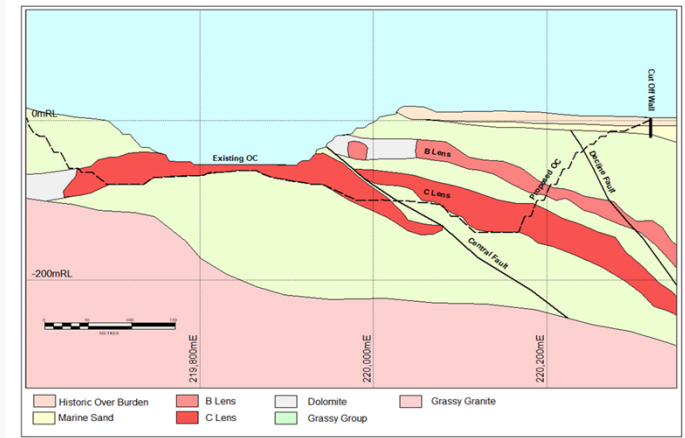




# Development Plan












- Fully approved open-cut mine producing 400,000 tonnes of ore per annum, yielding around 215,000 mtu of  $WO_3$  for 8 years (1 mtu of  $WO_3$  = 10 kg of tungsten trioxide)
  - Ore to be crushed and processed, primarily through a gravity circuit supplemented with a simple concentrate dressing circuit
  - Opportunity to significantly increase mine life by mining the remnant underground resource from the final open-cut highwall
- 
- **Shovel Ready Project**
    - ✓ Mining lease valid to 2029 and extendable
    - ✓ Environmental approval granted
    - ✓ Mining economic grade ore from day one



# Open Pit Economics



<p><b>A\$146m</b></p> <p>NPV @8% Pre-tax</p> 	<p><b>A\$65m</b></p> <p>Capex</p> 	<p><b>AUD \$129.00/mtu</b></p> <p>Opex <b>WO<sub>3</sub></b></p> 
<p><b>47%</b></p> <p>IRR</p> 	<p><b>400,000 tonnes ore</b></p> <p>Annual Mine Production</p> 	<p><b>AUD\$428/ mtu</b></p> <p>* APT Price – 5 year ave *WO3 concentrate trades at an approx. 23% discount to APT</p> 
<p><b>2.75 years</b></p> <p>Payback Period</p> 	<p><b>215,000 mtu WO<sub>3</sub></b></p> <p>Average Annual WO<sub>3</sub> Production</p> 	<p><b>\$0.70 AUD/USD</b></p> <p>Exchange Rate</p> 

Source: Feasibility Study and Revised Mineral Resource 3 June 2019

## Offtake: Wolfram Bergbau



- Agreement signed with Wolfram Bergbau und Hütten AG, a world leading supplier of tungsten powders and subsidiary of the Sandvik Group
- Sandvik is a high-tech engineering group in tools & tooling system for metal coating, equipment, tools & services for the mining & construction industries products in advanced stainless steel & special alloys. Sandvik is a publicly traded company with a market cap of US \$18 B
- Total of 35,000 mtu of  $WO_3$  per year for 4 years , which accounts for approximately 20% of proposed annual production
- At current tungsten pricing, the agreement represents approx. **A\$33 million over four years**
- The price for the concentrate will be referenced to the APT price and is based on a take or pay principles and has downside protection





## Offtake: Kalon Resources



12

- Agreement signed with industrial metal specialist Kalon Resources, a global leader in supply chain management of raw materials
- Kalon has a global footprint and works in close partnership with mining companies, mining communities, mineral processing facilities and industrial end-users with teams in Singapore, Hong Kong, South Africa, Rwanda, and Brazil.
- Total of 98,000 mtu of  $WO_3$  per year for 3 years, which accounts for approx. 50% of proposed annual production
- At current tungsten pricing, the agreement represents approx. **A\$69 million over three years**
- The price for the concentrate will be referenced to the APT price, is based on take or pay principles and has downside protection



*Kalon Resources is a wholly-owned subsidiary of Noble Group Holdings*

## Discussions Regarding Potential Government Support



13

- The Western world has identified a crisis in the supply chain for critical metals, in particular for metals used in defense applications.
- The Australian government has opened a Critical Minerals Facilitation Office (CMFO) with sole focus to help grow Australia's critical minerals sector, with ***potential to assist in the funding of high priority projects.***
- The CMFO has identified Tungsten as a critical mineral and has placed tungsten in the top 10 of the 24 critical minerals identified. Discussions between the Company and the CMFO, in addition to various other Federal, State and local authorities, commenced earlier this year.
- KIS is ***in advanced discussions*** with various government ministries (both State and Federal) for the redevelopment of the Dolphin Mine given its strategic and regional economic importance.



Australian Government

Department of Industry, Science,  
Energy and Resources

**Critical Minerals  
Facilitation  
Office**



# Corporate Overview



<b>SHARES ON ISSUE</b>	264.7 M	<b>CASH &amp; FACILITIES</b>	~ AU\$0.2 M
<b>MARKET CAP @6.0C</b>	AU\$15.9 M	<b>DEBT</b>	~ AU\$5.2M



	TOP 20 KIS Shareholders	Number of KIS Shares	% of total KIS shares on issue
1	Mr Christopher Ellis (Director)	58,813,278	22.2%
2	Mr Richard Chadwick and Mrs Gwenda Chadwick	58,571,359	22.1%
3	Mrs Catherine Morritt	15,920,599	6.0%
4	Mr Anthony Haggarty	14,998,952	5.7%
5	Mr Giuseppe Coronica and Mrs Yvonne Price	8,640,000	3.3%
6	Invia Custodian Pty Limited <Pacific Road Provident A/C>	6,276,237	2.4%
7	Mr Andrew Plummer	5,170,590	2.0%
8	Hunan Nonferrous Metals Corporation Limited	4,450,000	1.7%
9	Mr Johann Jacobs (Director)	3,989,764	1.5%
10	Invia Custodian Pty Limited <AJ & LM Davies Family A/C>	3,986,536	1.5%
11	Citicorp Nominees Pty Limited	3,165,754	1.2%
12	Elphinstone Holdings Pty Ltd <Elphinstone Holdings A/C>	3,125,000	1.2%
13	Serlett Pty Ltd	2,711,241	1.0%
14	Tyson Resources Pty Ltd	2,673,864	1.0%
15	Gekko Systems Pty Ltd	2,439,024	0.9%
16	Mr Scott Gilchrist	2,268,755	0.9%
17	Chelsea Securities Limited <Clients A/C>	2,161,818	0.8%
18	Mr Donald Boyd	2,044,337	0.8%
19	Kesli Chemicals Pty Ltd <Ruane S/F A/C>	1,982,500	0.7%
20	Caridon Pty Ltd <Caridon P/L Super Fund A/C>	1,650,000	0.6%
	<b>Total Held By Top 20</b>	<b>205,039,608</b>	<b>77.5%</b>



# Experienced Board



## JOHANN JACOBS

Executive Chairman

Johann has held a number of executive roles in resource companies, where he's managed acquisitions, expansions or start-ups of mining operations in Australia, Indonesia and South Africa. His exposure in the mining industry includes coal, iron ore, uranium, oil and gas, gold and base minerals.

He is also a non-executive director of a number of private resource focused companies.

## CHRIS ELLIS

Executive Director

Chris has over 30 years' experience in the exploration and mining industry in Australia and overseas. He was a founding member and Executive Director of coal mining company Excel Coal Limited which became Australia's largest independent coal mining company, before being acquired by Peabody Energy Inc. in October 2006 for A\$2 billion.

Chris has core skills in geology, mining engineering and minerals processing, in coal, gold, base metals and diamonds. Chris is a Non-Executive Director of Ausquest Limited.

## GREG HANCOCK

Non-Exec Director

Greg is Managing Director of Hancock Corporate Investments Pty Ltd, a specialist Corporate Advisory practice. He has been a Non-Executive Director of Ausquest since its listing in 2003. He was founding director and first Chairman of Cooper Energy Ltd and Non Executive Director of Zeta Petroleum Plc, Strata-X Energy Ltd and BMG Resources Ltd. Mr Hancock maintains an active and ongoing engagement with capital markets both in Australia and the United Kingdom.

# Tungsten – Uses



## CURRENT

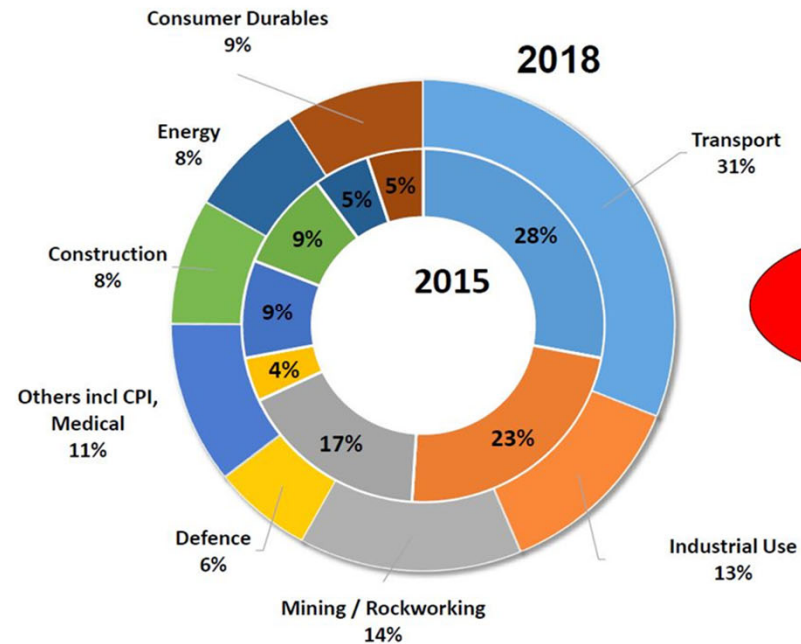
- Cemented carbides used in drilling tools and wear-resistant parts
- Alloy steels and alloys used primarily in tools
- Mill products
- Smart technologies (semiconductors)
- Powders now used in 3d printing and MRI machines

## FUTURE

- Nickel-Tungsten alloys could replace chrome plating & nickel-tungsten alloys could replace gold-nickel plating
- Deep drilling

### Comparison of First Estimates in 2015 and Final Results for 2018

*First Estimates have been made before the AGM Meeting in Stockholm 2016*

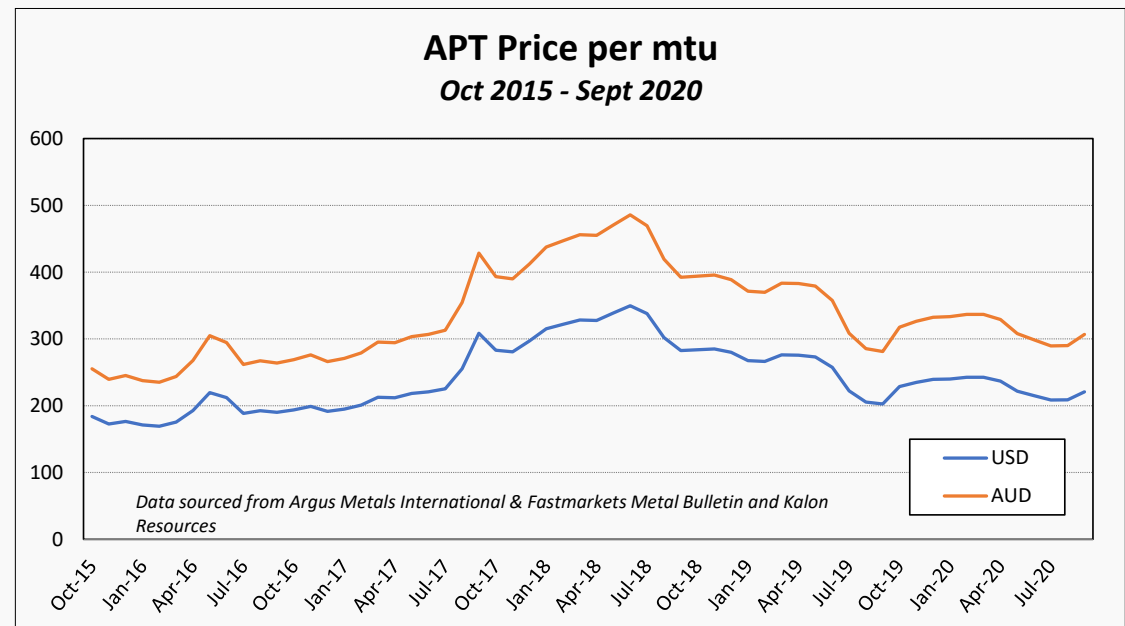


**The W-World looks different than previously assumed!**

# Tungsten – Price History



- 2017 saw prices rise significantly with expectations of stronger global growth and reduced supply from China
- 2018/19 saw prices remain stable in the H1 of the year while prices pulled back in H2 due to seasonal recess
- “China auctioned Fanya APT stocks in mid-September” - Argus Media, 30 August 2019
- Analysts expect long term prices to track back to above US\$280/mtu
- The average cost of production for Chinese producers is estimated to be US\$230/mtu





## Get in touch

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Executive Chairman

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# Disclaimer



19

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## Competent Person’s Statement

The Information in this presentation relating to Mineral Resources and Exploration Results are extracted from the following reports lodged as market announcements and available to view on the Company’s web-site [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au):

- “Updated Resources Statement April 2015” released 24 April 2015
- “Updated Reserve Statement” released 21 September 2015
- “Updated Reserve Statement released 21 September 2015” released 20 October 2015
- “Dolphin Project Drilling Results April 2018” released 23 April 2018
- “Exploration Drilling Results May 2018” released 17 May 2018
- “Updated Feasibility Study and Mineral Resource” released 3 June 2019

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 Person’s findings are presented have not been materially modified from the original market announcements.