KING RIVER COPPER LIMITED

VANADIUM METALLURGY UPDATE

Australian Securities Exchange Announcement **9 October 2017**

Highlights

- Positive results obtained in leaching up to 97.7% Vanadium into solution from V-Ti magnetite concentrate.
- A titanium dioxide product assaying **94.5% TiO2** was obtained from initial precipitation tests.
- The next step is aiming to produce high purity vanadium pentoxide and titanium dioxide products.

King River Copper Limited (ASX: KRC) is pleased to provide this update on hydrometallurgical testwork completed by TSW Analytical Pty Ltd ("TSW Analytical"), a team of chemists and analysts with experience in the development and assay of high purity products.

As previously reported, KRC is undertaking a Vanadium Concept Study into the production of high purity (99.5-99.9%) Vanadium Pentoxide (V_2O_5) and Titanium Dioxide (TiO_2) products from the Central vanadium deposit at Speewah (KRC ASX: 21 April 2017). The major objective of the Concept Study will be to identify a base framework for a new Scoping Study into the production and marketability of vanadium electrolyte products used in vanadium flow batteries (VFB).

Metallurgical Testwork by TSW Analytical

TSW Analytical has been asked to investigate a method of producing Vanadium Electrolyte for use in VRB and also Titanium products from the Speewah vanadiferous titaniferous magnetite concentrate. TSW Analytical has commenced acid leach and hydrothermal and chemical precipitation testwork to initially produce Vanadium Pentoxide and Titanium Dioxide products.

Acid Leach Testwork

TSW Analytical received a 500g sample of the vanadiferous titano-magnetite concentrate previously produced by Nagrom the Mineral Processor that assayed 2.15% V_2O_5, 12.72% TiO_2 and 71.42% Fe_2O_3 (refer KRC ASX announcement 21 August 2017).

TSW Analytical completed 27 diagnostic microleach tests on 5g samples of the vanadium concentrate using hydrochloric acid (HCl) as the leaching agent at three different acid strengths (4, 6 and 10 mol/L), three leach temperatures (40, 70 and 90°C), three pulp densities (5, 10 and 20%wt./wt.), with a set leach time of 3 hours and stirred continuously. Vanadium (V), Titanium (Ti) and Iron (Fe) extraction recoveries were recorded. The following represents a summary of the observations and outcomes of these tests:

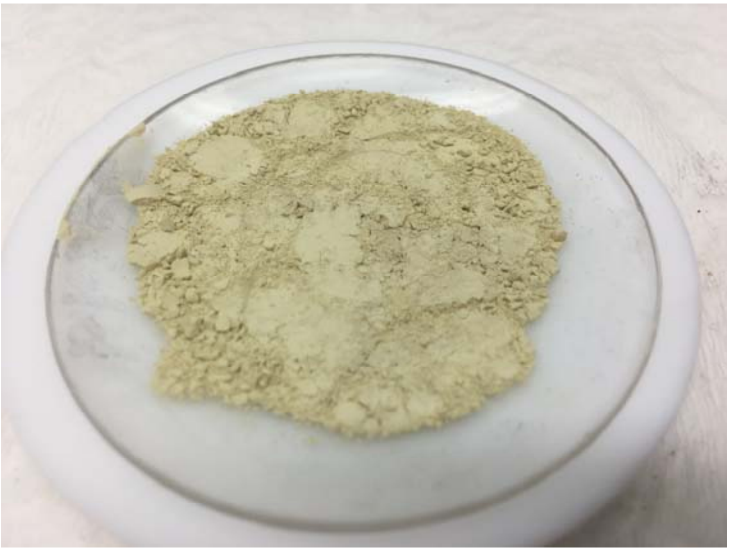
- Vanadium and Titanium are effectively leached between 6 and 10 mol/L of HCl.
- At 70 and 90 ^{O}C Vanadium and Titanium are almost completely taken into solution within 3 hours.
- The leach efficiency of Vanadium and Titanium degrade as the pulp density is increased above 10 %wt./wt.
- At 4 mol/L HCl, pulp density less than or equal to 10 %wt./wt and elevated temperature (70–90^{O}C) Vanadium is effectively leached (>95 %) and Titanium remains with the residue.

A 22g concentrate sample was leached under near optimal conditions (8M HCl acid strength, 10% pulp density and 80°C for 3 hours) sampling at short time intervals to understand the leaching kinetics. The results included:

- The leach efficiency for Titanium, Vanadium and Iron were 75.7%, 97.7% and 92.2% respectively.
- A high percentage of vanadium and iron was taken into solution during the first minute of the leach process. This rapid dissolution is attributed to the small particle size (80% <45 microns) of the concentrate.
- Leaching for longer than 2 hours only increased the leach efficiency of Titanium slightly.

Hydrothermal Precipitation of Titanium Dioxide

The initial focus of product generation testwork has been to precipitate a Titanium Oxide (TiO_2) product without the addition of any reagents. The leach liquor was heated under reflux and distillation conditions to promote the hydrolysis of Titanium. Sighter precipitation tests confirmed that over 80% of the available Ti precipitated with nearly all the V and most of the Fe remaining in solution. A larger leach sample was heated using the distillation process only and produced a Titanium Dioxide precipitate that assayed 94.1% TiO_2. The purity of the produced product was improved slightly by a single acid wash step that removed some Fe contaminants and generated a Titanium Dioxide product that assayed 94.5% TiO_2 (see below).



Washed Titanium Dioxide Precipitate assaying 94.5% TiO_2

Further hydrothermal Titanium Dioxide precipitation testwork is now underway, combining both reflux and distillation methods to improve the Ti recovery to >95%. Additional purification steps will be completed to further remove contaminants to generate a high purity Titanium Dioxide product.

Chemical Precipitation of Vanadium Pentoxide

Vanadium product generation testwork is underway trialling several selective chemical precipitation methods. If this approach is unsuccessful in producing a Vanadium product suitable for further test-work then a solvent extraction (SX) approach will be investigated. An update of these results will be reported by the end of October.

About TSW Analytical

TSW Analytical was established in 2006 to offer research-based scientific services. These scientific services are focused on solving problems which cannot be addressed by the suppliers of routine laboratory analytical service. Since inception, the company has grown to become one of the leading suppliers of forensic and analytical chemistry in Australia and abroad. The highly diverse expertise of the TSW Analytical team has enabled the business to provide services to almost any client; from those involved in mining and exploration, to food regulators, producers and distributors, law enforcement agencies (domestically and internationally), consultants to the oil and gas industry as well as those pursuing academic endeavours. TSW Analytical is actively involved in cutting-edge scientific research which enables the delivery of a unique scientific service and facilitates an exceptional, highly applied research and training environment (http://www.tswanalytical.com.au/about.html).

Statement by Competent Person

The information in this report that relates to Exploration Results, Mineral Resources and Metallurgy is based on information compiled by Ken Rogers (B.Sc.Hons.) and Dr. John Watling (Ph.D.) and fairly represents this information. Mr. Rogers is the Chief Geologist and an employee of King River Copper Ltd and a Member of both the Australian Institute of Geoscientists (AIG) and The Institute of Materials Minerals and Mining (IMMM). Dr. Watling is the Chief Scientist at TSW Analytical Pty Ltd, and former Professor of Forensic Chemistry at the University of Western Australia, he is a Fellow of both the Royal Australian Chemical Institute (RACI) and the Royal Society of Chemistry (RSC) (London), he is a Chartered Scientist and Chartered Chemist and a Registered Analytical Chemist with the Royal Society of Chemistry, he supervised the hydrometallurgical test work, analytical procedures and chemical studies reported in this announcement. Mr. Rogers has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Rogers and Dr. Watling consent to the inclusion in this report of the matters based on information in the form and context in which it appears.

Appendix 1: King River Copper Limited Speewah Project JORC 2012 Table 1

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of exploration results:

SECTION 1 : SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling Techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	This ASX Release dated 9 October 2017 reports on further metallurgical test work programmes on the Vanadium deposits at the Company's Speewah Project. *Metallurgical Sample:* A 500g sample of the vanadiferous titano-magnetite concentrate previously produced by Nagrom the Mineral Processor (refer KRC ASX announcement 21 August 2017).
Sampling Techniques (continued)	*Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	*Metallurgical Sample:* 27 diagnostic microleach tests were completed on 5g samples of the vanadium concentrate.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	*Metallurgical Sample:* 27 diagnostic microleach tests were completed on 5g samples of the vanadium concentrate using hydrochloric acid (HCl) as the leaching agent at three different acid strengths (4, 6 and 10 mol/L), three leach temperatures (40, 70 and 90°C), three pulp densities (5, 10 and 20%wt./wt.), with a set leach time of 3 hours and stirred continuously. A 22g concentrate sample was leached under near optimal conditions (8M HCl acid strength, 10% pulp density and 80°C for 3 hours) sampling at short time intervals to understand the leaching kinetics.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	No drilling was undertaken.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling was undertaken.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	No drilling was undertaken.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No drilling was undertaken.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No drilling or logging was undertaken.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	No drilling or logging was undertaken.
	The total length and percentage of the relevant intersections logged.	No drilling or logging was undertaken.

Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No diamond core drilling was undertaken.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	No drilling was undertaken.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	No drilling was undertaken.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	No drilling was undertaken.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	No drilling was undertaken.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	No drilling was undertaken.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The initial focus of product generation testwork has been to precipitate a Titanium Oxide (TiO2) product without the addition of any reagents. The leach liquor was heated under reflux and distillation conditions to promote the hydrolysis of Titanium. Further hydrothermal Titanium Dioxide precipitation testwork is now underway, combining both reflux and distillation methods to improve the Ti recovery to >95%. Additional purification steps will be completed to further remove contaminants to generate a high purity Titanium Dioxide product. Vanadium product generation testwork is underway trialling several selective chemical precipitation methods.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical data was collected.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	TSW Analytical - concentrations are reported as micrograms per gram (µg/g) in the solid unless otherwise stated, Instrumental response is measured against AccuTrace High Purity multi-element standards (Choice Analytical) to achieve quantitation. Data are subjected to in-house QA and QC procedures where an independent analyst recalculates instrumental output and compares the newly generated data set with the original. Lack of equivalence between the two data sets triggers an internal review and if necessary re-analysis of the entire data set. Under these circumstances a third independent analyst will assess all generated data prior to sign off. Initial equivalence between the two data sets, generated by the analyst and reviewer, will clear data for remittance to the customer. All reports are reviewed by an independent analyst prior to submission to the customer and where necessary relevant changes, such as wording that may give rise to possible ambiguity of interpretation, will be modified prior to the final report being sent to the customer.

Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	No drilling or other sampling was undertaken.
	The use of twinned holes.	No twinned holes have been completed.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	No drilling or other sampling was undertaken.
	Discuss any adjustment to assay data.	No adjustments or calibrations will be made to any primary assay data collected for the purpose of reporting assay grades and mineralised intervals.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	No drilling or other sampling was undertaken.
	Specification of the grid system used.	No drilling or other sampling was undertaken.
	Quality and adequacy of topographic control.	No drilling or other sampling was undertaken.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	No drilling or other sampling was undertaken.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	No drilling or other sampling was undertaken.
	Whether sample compositing has been applied.	No drilling or other sampling was undertaken.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	No drilling or other sampling was undertaken.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No drilling or other sampling was undertaken.
Sample security	*The measures taken to ensure sample security.*	Chain of Custody is managed by the Company until samples pass to a duly certified metallurgical laboratory for subsampling, assaying, beneficiation and hydrometallurgical test work. The RC assay pulp bags are stored on secure sites and delivered to the metallurgical laboratory by the Company or a competent agent. The chain of custody passes upon delivery of the samples to the metallurgical laboratory.
Audits or Reviews	*The results of ay audits or reviews of sampling techniques and data.*	No external audits have been completed.

SECTION 2 : REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Speewah Project comprises 16 exploration licences. Details are listed in Table 2 Schedule of Tenements held at 30 June 2017 reported previously in the June Quarterly Report. The Speewah test work reported in this announcement are from samples collected entirely within E80/2863. The tenements are 100% owned by Speewah Mining Pty Ltd (a wholly owned subsidiary of King River Copper Limited), located over the Speewah Dome, 100km SW of Kununurra in the NE Kimberley. The tenements are in good standing and no known impediments exist. No Native Title Claim covers the areas sampled and drilled. The northern part of the tenements (but not E80/2863) is in the Kimberley Heritage Area.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Prior work carried out by Elmina NL in the Windsor area included rock chip sampling and RC and DC drilling to delineate the ABC fluorite deposit in 1988-1993. Mineral Securities Ltd in joint venture with Doral Mineral Industries completed further drilling of the ABC fluorite deposit, a new resource estimate, heritage, environmental and hydrology studies, and a prefeasibility study into the development of an acid grade fluorspar operation.
Geology	*Deposit type, geological setting and style of mineralisation.*	The ferrovanadium titanium (Ti-V-Fe) deposits occur within the Palaeo-Proterozoic Speewah Dome, which is an elongated antiform trending N-S in the East Kimberley Region of Western Australia. The dome is about 30 km long and attains a maximum width of about 15 km. It comprises sediments and minor volcanics of the Speewah Group, intruded by the Hart Dolerite sill, a large layered, mafic intrusive complex which forms the core of the dome. The vanadium-titanium mineralisation is hosted within a magnetite bearing gabbro unit of the Hart Dolerite, outcropping in places and forming a generally flat dipping body that extends over several kilometres of strike and width. The layered sill is up to 400m thick containing the magnetite gabbro unit which is up to 80m thick. Exposure is limited and fresh rock either outcrops or is at a shallow depth of a few metres. Ti-V-Fe mineralisation occurs as disseminations of vanadiferous titano-magnetite and ilmenite. Within the tenement the layered deposit has been divided into three deposits – Central, Buckman and Red Hill. The test work reported in this announcement was sampled from the Central vanadium deposit.

Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	No drilling or other sampling was undertaken.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No drilling or other sampling was undertaken.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	No drilling or other sampling was undertaken.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used for reporting.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	No drill results reported.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	No drill results reported.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Reports on previous metallurgical results can be found in ASX Releases that are available on our website., including announcements 1 April 2010, 15 July 2010, 9 November 2010, 8 February 2012, 21 April 2017, and 21 August 2017.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Updated vanadium resource estimates in accordance with the JORC 2012 guidelines were reported in KRC ASX announcement 26 May 2017.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further metallurgical optimization tests are planned to increase metal recoveries, shorten leach times and reduce acid consumption, and trialing selective precipitation, solvent extraction and thermal hydrolysis methods to precipitate vanadium pentoxide and titanium dioxide.