

# Investor Update

## July 2014



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## Recent Highlights...



- De-watering equipment on site – to be commissioned week commencing 14 July - completion in approximately 4 months
- Mining lease granted mid June 2014 to allow the commencement of de-watering
- Recent Indicated Resource statement confirms increase in Indicated Resources – compliant with JORC 2012
- The Company has engaged consultants to re-calculate reserves to be compliant with JORC 2012



## Our company...



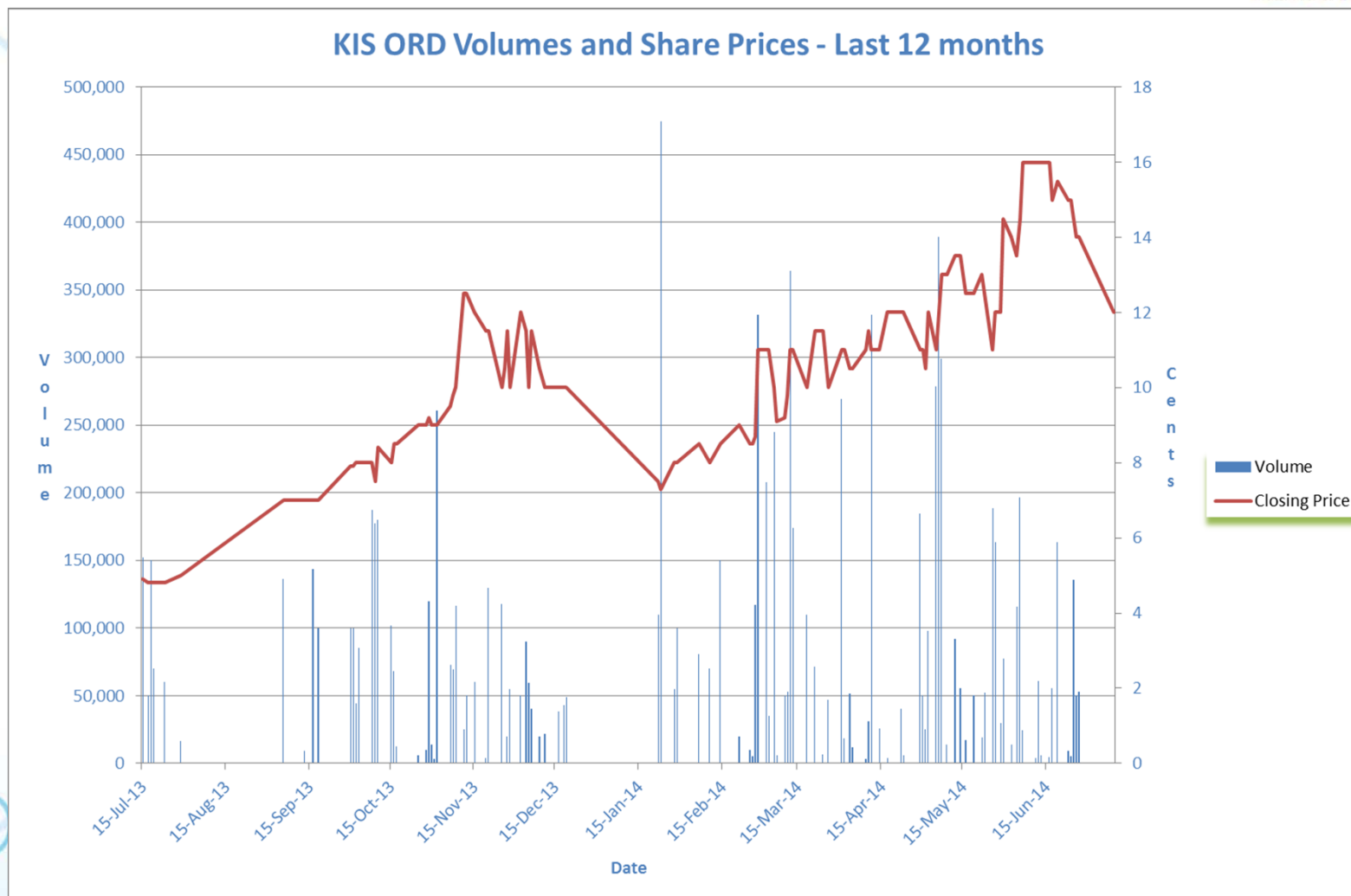
ASX: (KIS)	Market Capitalisation \$16.2 million @ \$0.12	Shares on issue 135.2 million
Board	Johann Jacobs Allan Davies Chris Ellis Ian Morgan	Non Exec Chairman Non Exec Director Non Exec Director Company Secretary

Rank	Shareholder	Shares	% of issued capital
1.	Chrysalis Investments Pty Ltd	18,472,225	13.7%
2.	Mr Richard Willmot Chadwick + Mrs Gwenda Ann Chadwick	18,024,464	13.3%
3.	Mrs Catherine Morritt	13,972,014	10.3%
4.	HFTT Pty Ltd (Haggarty Family A/C)	13,159,148	9.7%
5.	Invia Custodian Pty Limited (Pacific Road Provident A/C)	5,625,548	4.2%
6.	Mr Giuseppe Coronica	5,546,375	4.1%
7.	Ranamok Pty Ltd <Ranamok Family A/C>	5,170,590	3.8%
8.	Hunan Nonferrous Metals Corporation Limited	4,450,000	3.3%
9.	Serlett Pty Ltd <Diligent Super Fund A/C>	3,111,453	2.3%
10.	Invia Custodian Pty Limited (AJ & LM Davies Family A/C)	2,887,367	2.1%





## KIS ORD Share Price...



## Dolphin project...



- ☐ 100% ownership
- ☐ World class tungsten deposit
- ☐ Freehold land acquired
- ☐ Current leases and tenements
  - Exploration
  - Mining lease granted June 2014 to allow the commencement of de-watering
- ☐ Environmental approvals
- ☐ Development approvals subject to appropriate Management plans and additional rehabilitation bonds
- ☐ Significant infrastructure in place
- ☐ Definitive Feasibility Study (DFS) completed in 2012
- ☐ Value Engineering complete May 2013 enhanced by New Development Plan April 2014



## Key elements of 2012 DFS...



### ❑ Development plan to

- Re-treat tailings in year 1
- De-water former workings and re-open underground operations
- Construct process plant based on 'whole ore flotation' flow sheet

### ❑ Project funding

- High initial capital costs - \$133 million
- Deteriorating equity market conditions
- Low margin on tailings retreatment
- Hindered off-take & funding negotiations

### ❑ Value engineering study to

- Mine additional ore from open pit
- Reduce capex and opex
- Improve the project economics





## New Development Plan...



- ❑ **Study completed in April 2014 resulting in:**
  - **Potential Movable Resources** containing 1.97 Mt of ore at 0.55% WO<sub>3</sub> in the existing pit floor and walls to be recovered over 4 years
  - Resources extracted from this cut-back are likely to increase the current mineable reserve
  - Low strip ratio will ensure costs remain low during the initial years of operation
  - **Capex Savings / Deferrals**
    - Deferring high grade tailings so that treatment is self-funded (\$14M saving)
    - Deferring Dolphin underground mine and associated capex (\$33M deferral)
    - Deferring Bold Head underground and associated costs (\$9.5M deferral)
    - Other significant reductions in capital identified in procurement of plant





## New Development Plan - cont'd...



### ❑ Operating Costs

- Open cut ore substantially cheaper than underground ore
- First 4 years operations will fund development of underground mine
- Investigating various alternatives to reduce power costs
- Reduction in labour costs due to fewer people and changed roster

### ❑ Approvals

- Existing regulatory approvals are not expected to require significant amendment



## Resource Statement...



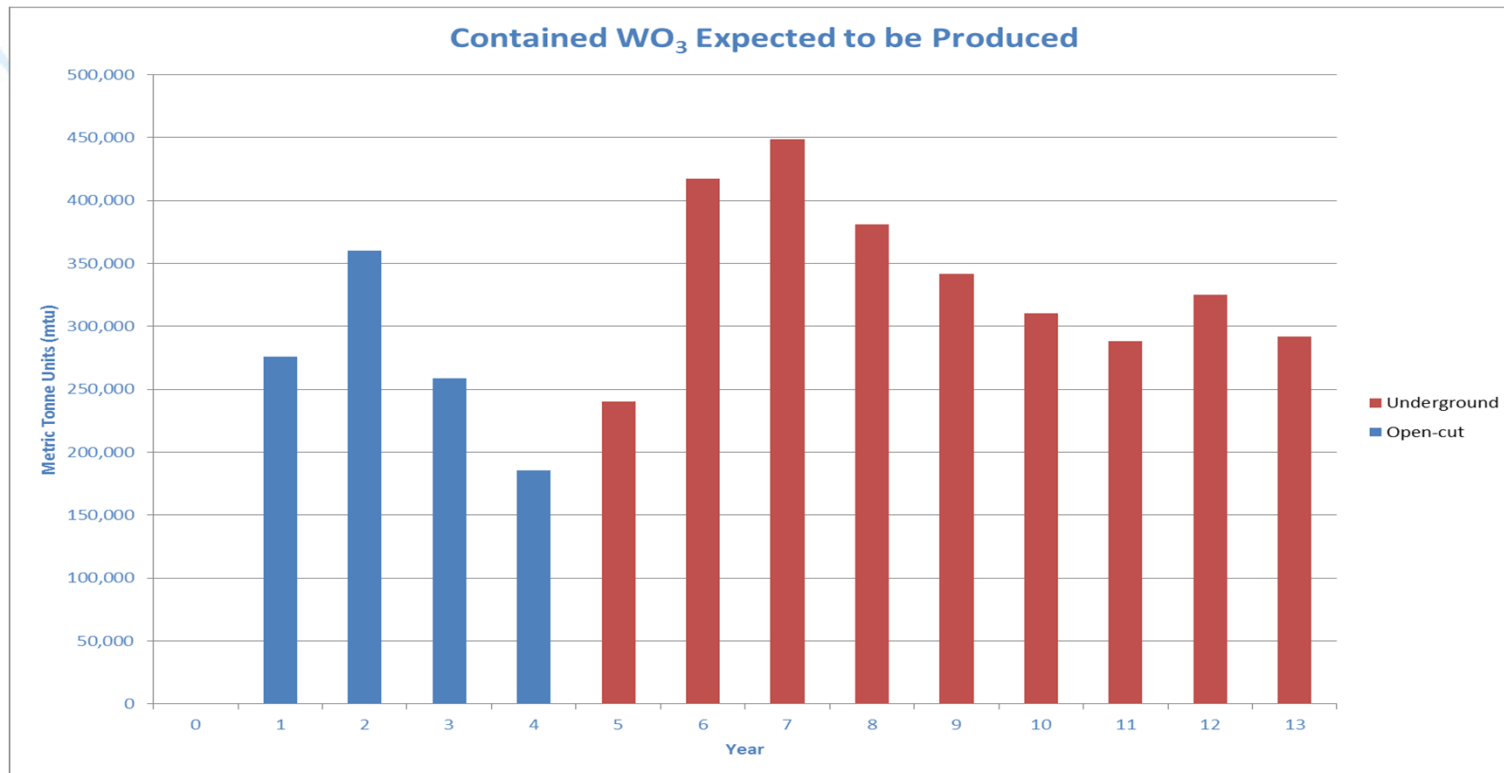
The latest resource statement issued July 2014 has following Indicated Resources stated, compliant with JORC 2012:

0.2% WO <sub>3</sub> cut off			0.5% WO <sub>3</sub> cut off		
Mt	WO <sub>3</sub>	Tonnes WO <sub>3</sub>	Mt	WO <sub>3</sub>	Tonnes WO <sub>3</sub>
10.82	0.81	87,630	7.06	1.06	74,890

The Company has engaged consultants to re-calculate reserves to be compliant with JORC 2012



## Production profile...



Contained  $WO_3$  expected to be produced is based on the Company's detailed mine plan





## Project metrics...



DFS outcomes (updated)		New Development Plan	
Tonnes of WO <sub>3</sub> concentrate	48,366t	Add tonnes from cut-back expected to more than off-set removing tailings	67,357t
Mine life	10 years	Cut-back to increase the overall mine life	13 years
Up front capital	\$133 million	Savings or deferral of substantial up-front capital expected	\$45 million
Production cost	\$16,900/t WO <sub>3</sub>	Expect a reduction through lower mining costs associated with cut-back	\$13,700/t WO <sub>3</sub>
NPV after tax	\$69 million	Potential expect a substantial improvement	To be confirmed
IRR after tax	21%	Expect a corresponding improvement	To be confirmed



## Next steps...



- ❑ **complete \$2,027,000 capital raising**
- ❑ **update the DFS with new development plan**
  - confirm JORC Reserve for cut-back
  - complete confirmatory drilling after dewatering
  - confirm flow-sheet based on metallurgical testing
  - revise plant and infrastructure costs
  - update operating costs and financial model
- ❑ **update environment and development approvals**
- ❑ **secure off-take arrangements**
- ❑ **engage with potential project financiers/ partners**





## Dewatering open-cut void...





## Capital raising...



- ❑ \$2,027,000 rights offer
- ❑ Partially underwritten to \$922,000 plus existing shareholder commitments of \$1,105,000
- ❑ 1 for 8 non renounceable offer at 12 cents per share
- ❑ Issued at 19% discount to the 15 day VWAP (volume weighted average market closing price)
- ❑ Opportunity for existing shareholders to take up all rights plus top up facility
- ❑ timetable
  - Announce 14<sup>th</sup> July
  - Record date 18<sup>th</sup> July
  - Offer opens 23<sup>rd</sup> July
  - Offer closes 1<sup>st</sup> August
  - New share trading expected 12<sup>th</sup> August



## Capital raising-cont'd...

### □Use of funds

	\$
Pay Offer Costs	100,000
Drilling programme	180,000
Metallurgical test work	70,000
Prepare detailed design and specifications of plant	250,000
Initial site works	300,000
Fund general working capital requirements	1,127,000
Total	2,027,000

### □Risks include

- General market risks
- Exploration , evaluation and development
- Estimation
- Single project
- Commodity prices and exchange

For an analysis of some of the specific risks facing the Company in the conduct of its activities, see Section 6 of the Rights Issue Information Booklet dated 14 July 2014



## Compliance Statements...



The information in this Report that relates to JORC Mineral Resources estimate was prepared in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Tim Callaghan. Mr Callaghan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserve. Mr Callaghan consents to the inclusion in the report of matters based on his information in the form and context it appears.





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