

Australian Securities Exchange Announcement

4 October 2018

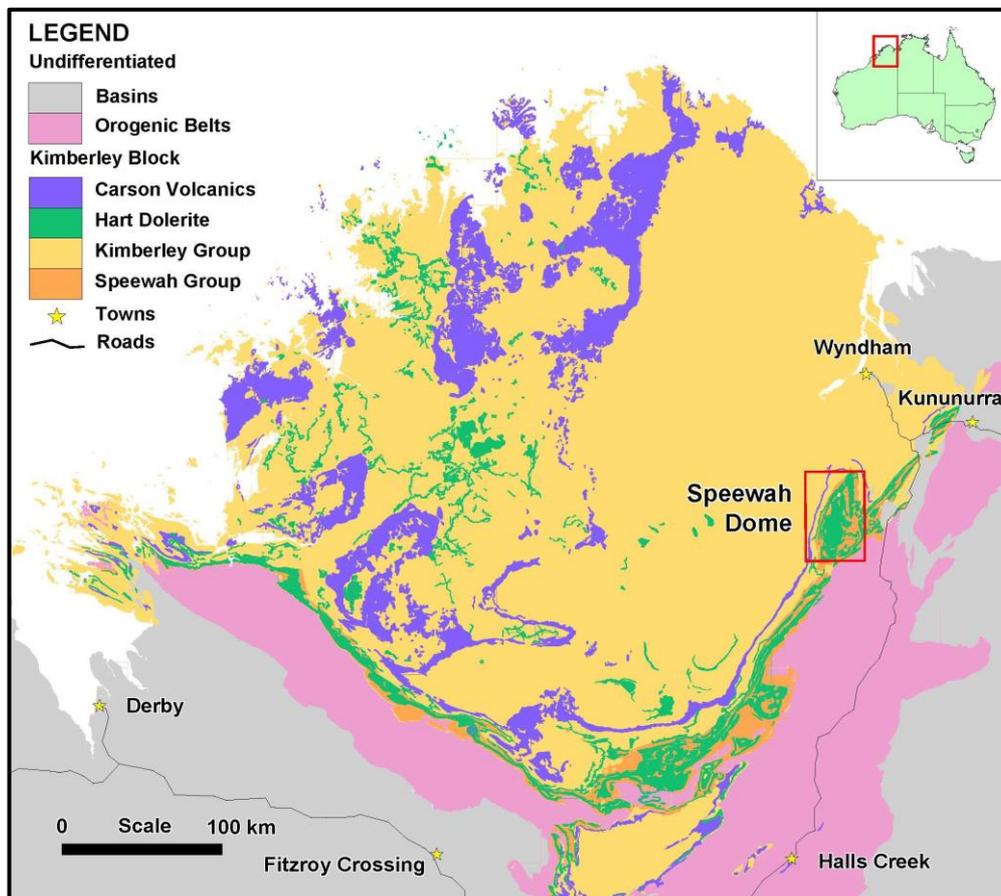
King River Copper Limited (ASX: KRC) is pleased to provide this Scoping Study update on its 100% owned Fluorite project at Speewah, located in the East Kimberley of Western Australia.

HIGHLIGHTS

- ❖ Scoping Study outlines path forward for the development of the Fluorite Project.
- ❖ Positive business case supports progression of the study to the PFS stage.
- ❖ Indicated Mineral Resources 100% of planned mining scenario on existing mining leases.
- ❖ KRC will now pursue the selection of an optimised project development plan.

FLUORITE PROJECT

KRC owns the Windsor fluorite deposit at Speewah with a combined Indicated and Inferred Mineral Resource of 6.7 million tonnes at 24.6% CaF₂ (at 10% CaF₂ cut-off grade), comprising Indicated Resource of 4.1 million tonnes at 25.3% CaF₂ and Inferred Resource of 2.6 million tonnes at 23.6% CaF₂ (refer KRC ASX release 23 February 2018). The deposit is located on existing King River Copper mining leases.



Location of the Speewah Dome

SCOPING STUDY

Key components of the Scoping Study comprise:

- JORC (2012) Mineral Resource
- Open pit mining study
- Preliminary process flowsheet to produce acid grade fluorspar
- Operating cost estimate
- Capital cost estimate
- Project development program highlighting milestones towards implementation
- Pre-Feasibility Study (PFS) scope of work

- **Scoping Study Cautionary Statement**

- *This Scoping Study has been undertaken to determine the potential viability of an open pit mine with a crushing, DMS, milling, and flotation circuit to produce acid grade fluorspar concentrates to provide King River Copper with the confidence to continue with its ongoing studies. The results discussed in this announcement should not be considered a profit forecast or a production forecast.*
- *In accordance with the ASX Listing Rules, the Company advises that the study it is based upon low-level technical and economic assessments (+/- 35%) that are not sufficient to support the estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised.*
- *The Scoping Study is based on JORC Mineral Resources which are classified as 100% Indicated.*
- *The Study is based upon material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While King River Copper considers all of the material assumptions to be based upon reasonable grounds, there is no certainty that they will prove to be correct or that the outcomes indicated by the Study will be achieved.*
- *Investors should note that there is no certainty that King River Copper will be able to raise funding when needed. It is also possible funding may only be available on terms that may be dilutive to or otherwise affect the value of existing shares. It is also possible that King River Copper could pursue other "value realisation" strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce the company's proportionate ownership of the Project.*
- *Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Study.*

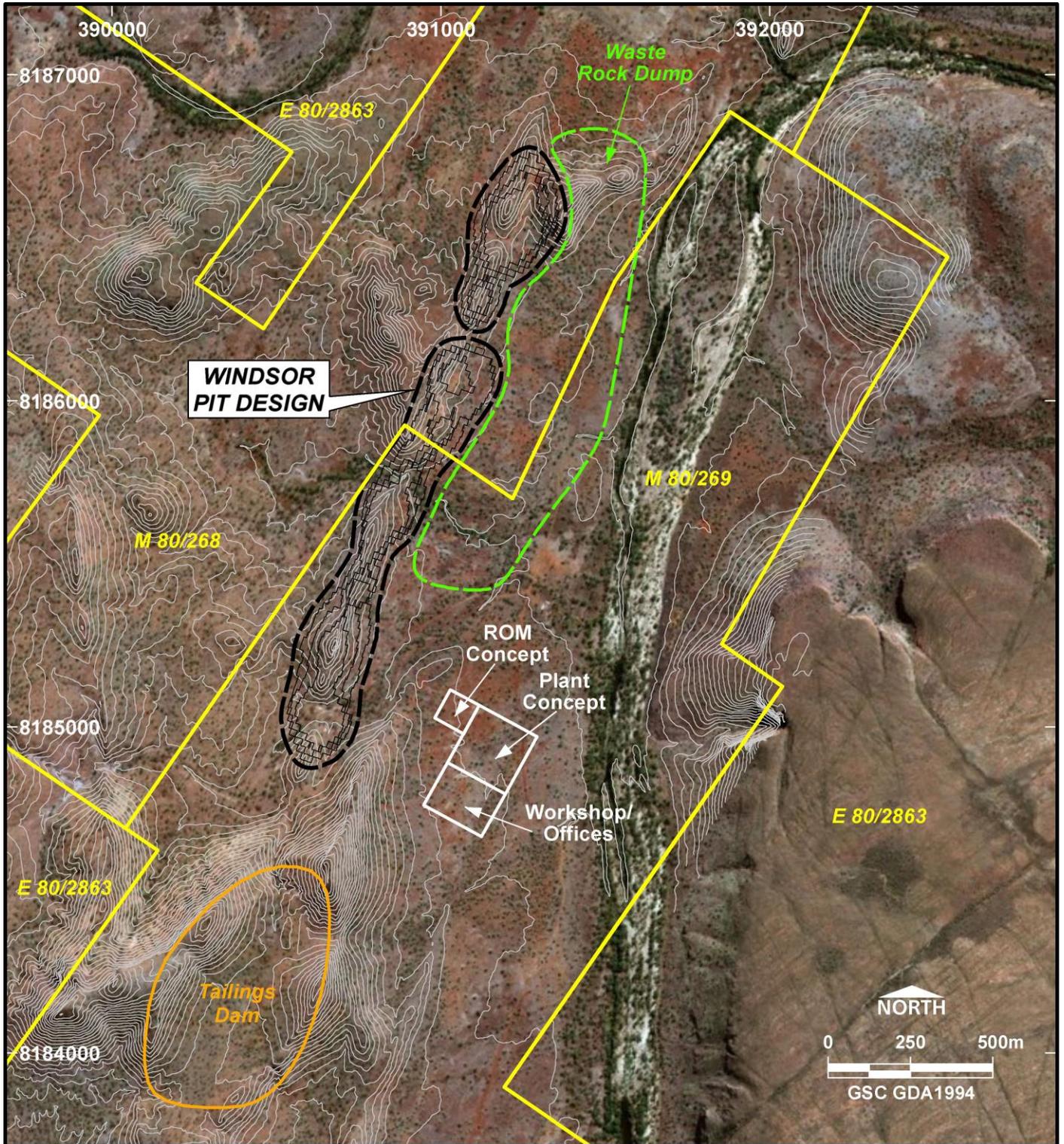
Findings of the study include:

At a product price of AU\$625/t acid grade fluorspar, the project comprises an open-pit mining operation with a stripping ratio of 4.0, to support a dense medium separation and flotation processing plant operating at a rate of 800,000 tonnes per year.

The study demonstrates a project cashflow that supports continued investment in developing the project. When testing for sensitivity, it was found that after a 20% reduction in product price to AU\$500/t acid grade fluorspar, the project returned a positive cashflow and an acceptable return on investment.

The scope of work for the PFS includes appointment of a project manager; confirmation of processing options and optimisation; geotechnical analysis; optimum production rate selection; completion of environmental and social studies; hydrology study; capital and operating cost estimation, and market analysis including a memorandum of understanding (MOU) or an offtake agreement with potential buyers.

The project layout showing the open pits, provision for waste dumps, process plant and tailings storage is illustrated in the following figure.



Preliminary project layout

Mineral Resource

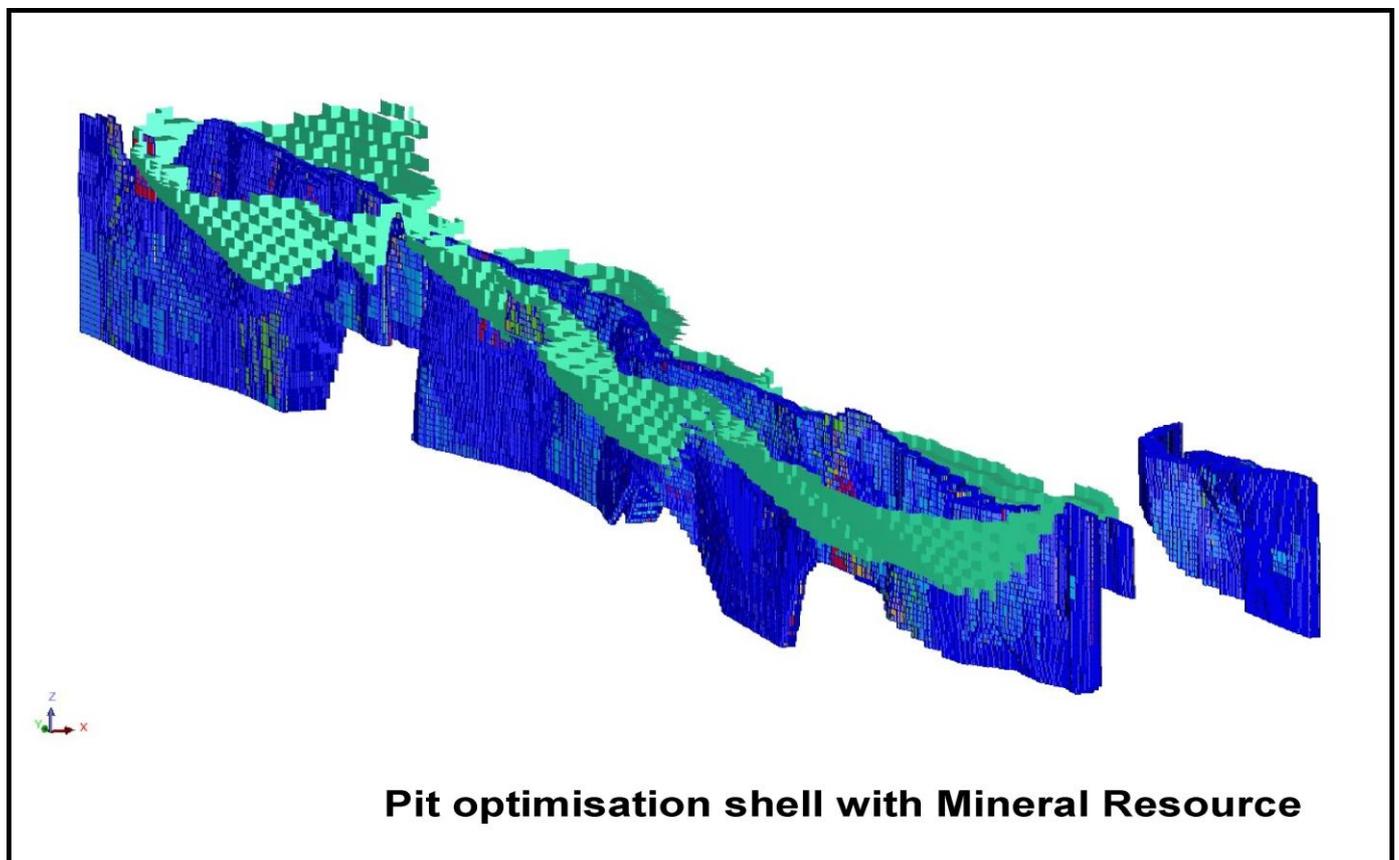
The JORC (2012) Mineral Resource is on existing KRC mining leases. For full details of the Mineral Resource, Competent Person's statement and Table-1, please refer to the company's announcement dated 23rd February 2018.

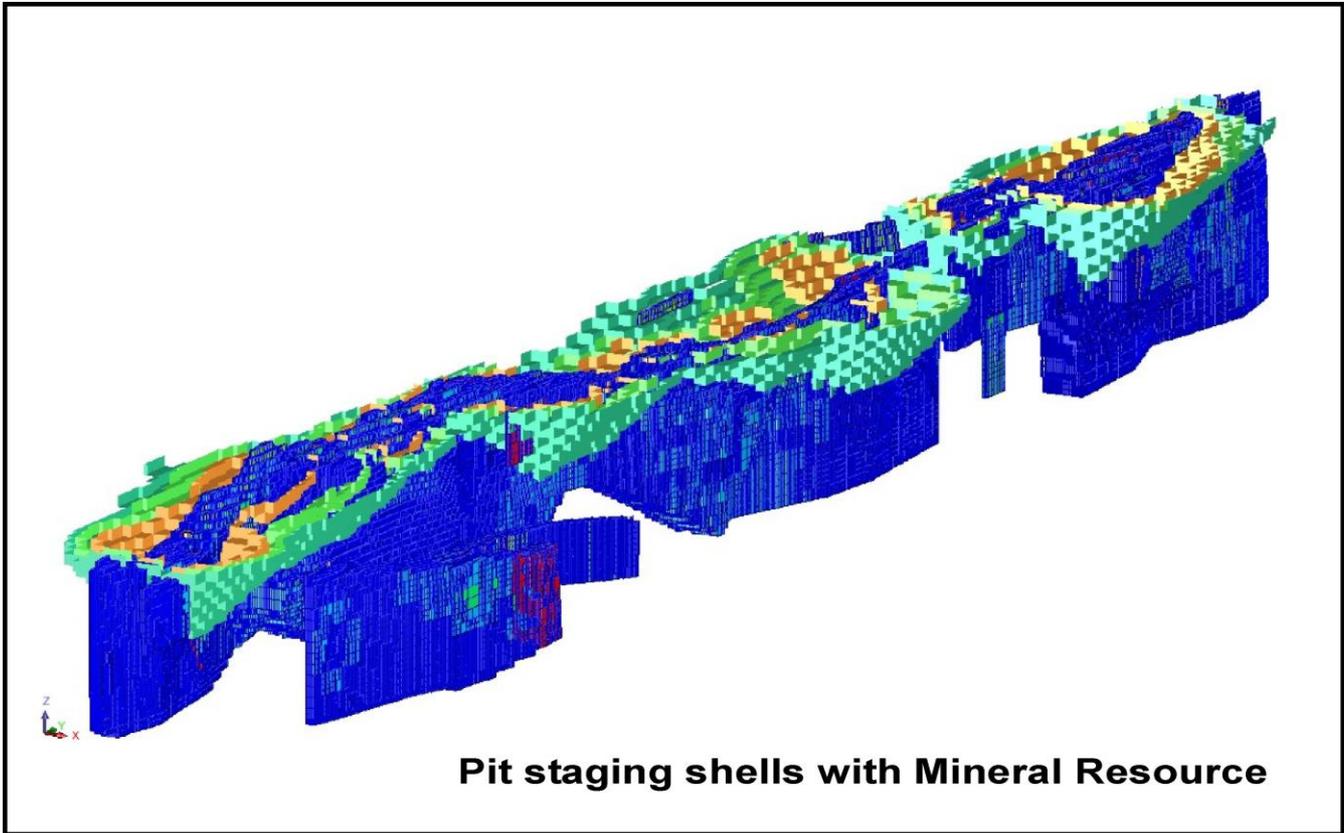
Mining:

The mining study comprising open pit mine design and sequencing has been undertaken by leading global mining consultancy CSA Global Pty Ltd in Perth, Western Australia.

Pit shell optimisations using Whittle software were undertaken on the deposit as defined by the Mineral Resource. An optimum pit shell was selected where maximum cashflow was generated for the project. The detailed design of the pit will be refined in the next stages of the study after comprehensive geotechnical analysis and application of the key project modifying factors.

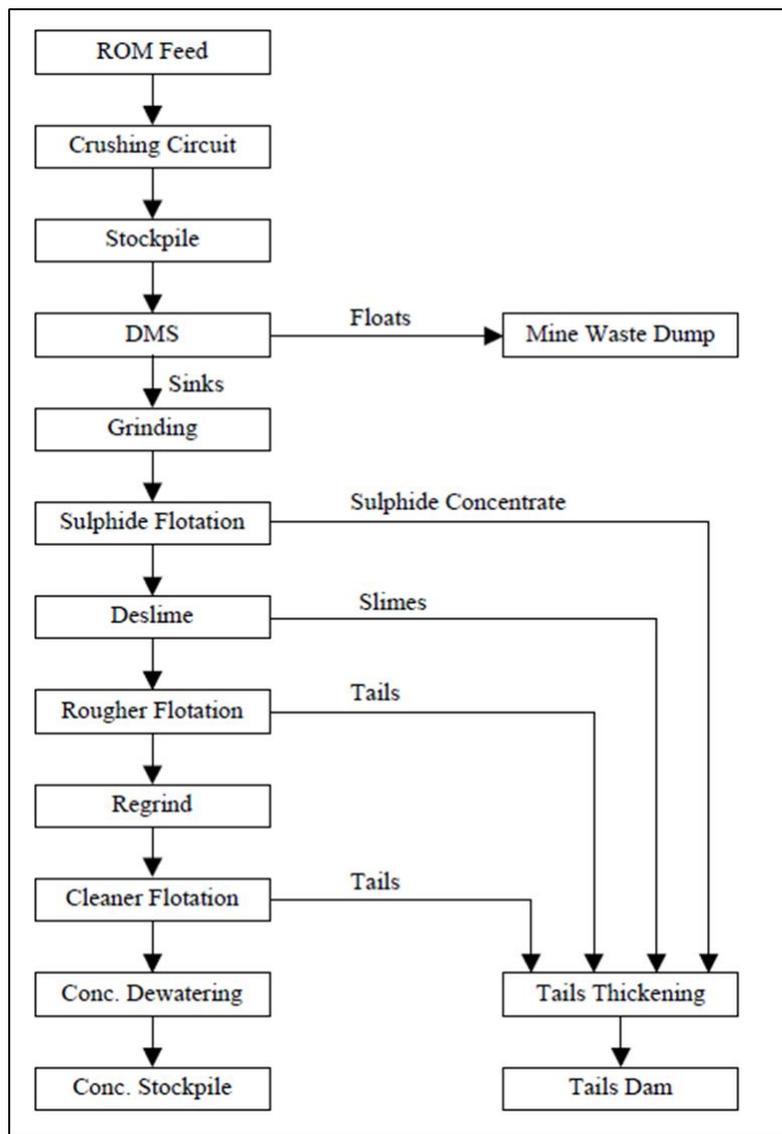
Figures showing the optimised pit shell are below.





Processing:

The scoping study has assessed a processing route based on previously completed metallurgical testwork and fluorspar processing studies. The modelled processing flowsheet comprises crushing, dense medium separation (DMS) followed by semi-autogenous grinding (SAG) and flotation to produce a high purity fluorite concentrate (acid grade fluorspar). The conceptual process flowsheet is shown below



Conceptual process flowsheet

Schedule:

The mining and processing schedule has been generated using strategic planning software to deliver consistent feed to the plant and manage cashflow by mining waste rock on a just in time basis. The schedule is based on 100% Indicated Mineral Resources for the life of mine. The projected payback period based on the analysis in the Scoping Study is between three to four years.

Cost estimates:

The capital and operating cost estimates used in the scoping study are preliminary in nature and are based on values for similar operations and activities in the CSA Global database of benchmark costs. The next stage of study will address increasing confidence in the accuracy of the project cost estimates to typical PFS levels of (+/-25%).

The current Fluorite scoping study does not assume any synergies and cost savings from the development of other deposits controlled by KRC in close vicinity to the Fluorite project. Coordination and optimisation of the collective development of these projects will be addressed in future studies.

Marketing

Fluorite is sold as metallurgical lump (60-96% CaF₂) or acid grade fluorspar powder (+97% CaF₂). Acid grade fluorspar is used in the manufacture of hydrofluoric acid and aluminium fluoride. KRC is targeting the higher value higher purity acid grade fluorspar (acid spar) market which currently totals about 3.7 million tonnes per annum. The major producers are China, Mexico, Mongolia and South Africa.

Acid grade fluorspar prices have improved steadily since 2016 and are currently US\$410-500/tonne (based on wet filtercake FOB China, Industrial Minerals Magazine, 28th September 2018). This is equal to AU\$512-625/tonne based on 0.80 exchange rate.

DIRECTOR'S COMMENT

The Board of KRC is pleased that this initial study had demonstrated a positive business case for its Fluorite project at Speewah. This positive outcome may be improved by drilling of several known fluorite occurrences to define additional fluorite resources and also possible synergies with other project developments in the Speewah area including KRC's vanadium resources.

The Board have been encouraged by the results of this Scoping Study to authorise the commencement of a PFS which will be completed at a standard to allow reporting an Ore Reserve and an economic analysis.

Key additional studies and testwork include metallurgical testwork to refine the process flowsheet and produce market samples at required specifications, geotechnical drilling and pit optimisation studies to finalise the pit design, confirm the operating and capital costs, update heritage, hydrology and environmental studies, and finalise a memorandum of understanding (MOU) or an offtake agreement with potential buyers.

KRC will update shareholders on the progress of these PFS outcomes.

STATEMENT BY COMPETENT PERSON

The information in this report is based on information compiled by Ken Rogers (BSc Hons) 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), and a Chartered Engineer of the IMMM. 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 consents to the inclusion in this report of the matters based on information in the form and context in which it appears.