KING ISLAND SCHEELITE
ASX : KIS

2 September 2020

Significant Multi-Year Offtake Agreement Signed

Highlights:

- **KIS secures offtake agreement with industrial metal specialist Kalon Resources, a global leader in supply chain management of raw materials**
- **Offtake agreement is for 1,500 tpa of tungsten concentrate for an initial period of 3 years, representing approximately 50% of annual expected production capacity**
- **Current tungsten pricing would see KIS earn sales revenue of approximately A$69 million over the three-year agreement**
- **Combined with the Wolfram Agreement, KIS now has contracts for nearly 70% of Dolphin's initial annual expected production capacity**
- **This contract materially enhances the capacity to attract funding for production**

King Island Scheelite Limited (**ASX: KIS**) ("KIS" or "the Company") is pleased to announce that it has entered into an offtake agreement ("Agreement") with Kalon Resources Limited ("Kalon") for the supply of 1,500 tonnes, per annum, of tungsten concentrate from the Company's wholly owned Dolphin Tungsten Mine on King Island, Tasmania.

Kalon is a wholly owned subsidiary of Noble Group Holdings, a leading supply chain manager of raw materials with a global footprint. Based in Asia, Kalon specialises in the physical commodity trading and supply chain management of industrial metals including tin, tungsten, tantalum and niobium, as well as special ores such as chrome and manganese.

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, China, Africa and Brazil.

At full production, the redeveloped Dolphin mine is expected to produce approximately 3,100 tonnes of WO_3 concentrate per annum. The Agreement with Kalon therefore represents approximately 50% of Dolphin's expected annual production.

The volumes contemplated by the Agreement, combined with those of the Wolfram Agreement announced to the ASX on 8 April 2019, represent approximately 70% of the annual expected production capacity from Dolphin.

The terms of the Agreement provides for KIS to deliver an average quantity of 125 tonnes of tungsten concentrate (60% WO_3) per month, for a total of 1,500 tonnes per annum for a period of three years, and the parties may agree to extend the Agreement in the future.

The Agreement will commence with the delivery of 75 tonnes per month for two consecutive months, being 3 Full Container Loads (FCLs) per month.

The price the Company will receive each month for the concentrate will be a function of prevailing prices for Ammonium Para Tungstate (APT). Current APT pricing of US$215/mtu would see KIS earn sales revenue under the Agreement of approximately A$23 million per annum.

The Agreement embodies contractual obligations for the Company to deliver product and for Kalon to accept deliveries of product, and is subject to KIS achieving certain financial and operational milestones leading up to commencement of production.

King Island Scheelite Executive Chairman, Johann Jacobs, said:

"We are delighted to have finalised our offtake agreement for the Dolphin Tungsten Mine with Kalon. On a combined basis we now have two agreements to deliver approximately 70% of the annual production that we anticipate from Dolphin.

"Tungsten is increasingly recognised as a mineral of critical national and strategic significance. As reliable supply lines of tungsten become increasingly valuable, we look forward to, achieving our operational milestones and delivering value for all stakeholders as we work towards resuming production in 2021."

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