

INITIAL OFF-TAKE AGREEMENT SIGNED WITH LEADING EUROPEAN TUNGSTEN REFINER



ASX: KIS

Market Capitalisation	\$17.0 million
Shares on Issue	261.6 million
52 Week High	13.5 cents
52 Week Low	3.8 cents
Share Price	6.5 cents

Board of Directors

Johann Jacobs	Chairman
Chris Ellis	Director
Greg Hancock	Director

**Tungsten APT US\$ 275/mtu
(1 April 2019)**

King Island Scheelite Limited (KIS)

through its 100% Dolphin Project on King Island, Tasmania is one of the world's richest tungsten deposits.

King Island Scheelite Limited

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HIGHLIGHTS

- **Off-take Agreement executed with Wolfram Bergbau und Hutten AG (Wolfram), a world leading supplier of Tungsten powders based in Austria**
- **Agreement for a total of 140,000 mtu's of WO₃ in concentrate to be delivered over a four-year period**
- **Contract is based on take or pay principles**
- **Price is referenced to the APT price reported by Fastmarkets MB**
- **Off-take contract accounts for approximately 20% of proposed annual production from King Island Scheelite's 100% owned Dolphin Mine**
- **Further off-take contracts with other APT producers are at an advanced stage of negotiations**

**For more information contact:
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8 April 2019

The Board of King Island Scheelite Limited (**ASX: KIS**) is pleased to advise that the KIS Group has entered into an Off-take Agreement for tungsten concentrate with Wolfram Bergbau und Hutten AG, a wholly owned subsidiary of Sandvik AB (**Wolfram Agreement**). The Sandvik Group is an international engineering group in mining and rock excavation, metal-cutting and materials technology.

The Wolfram Agreement is for the delivery of 140,000 mtu's (metric tonne units), or 1,400 tonnes of WO₃, over a four-year period. This equates to the export of approximately 2,200 tonnes of concentrate, produced by the redeveloped Dolphin Mine over that period.

The Wolfram Agreement embodies contractual take or pay principles and is subject to the seller (KIS Group) achieving certain financial and operational milestones leading up to 31 March 2021.

Milestones are commencement of groundworks after placement of orders for longer lead time items, commencement of dry commissioning, and completion of ramp up.

The price to be received for the concentrate, is referenced to the APT price as quoted by Fastmarkets MB, previously known as London Metal Bulletin. APT (Ammonium Paratungstate) is an intermediate product, containing 88.5% WO₃, and is the internationally accepted benchmark price for tungsten products.

Traditionally, concentrate producers receive between 75% and 80% of the quoted APT price per mtu of WO₃ delivered. Currently the APT price is in the range US\$265 to US\$285 per mtu.

The tungsten price is predicted to rebound in coming years, with Roskill stating that *"Global tungsten markets are returning to growth following several years of oversupply and low prices. Tungsten market fundamentals have changed as demand from defence, industrial, and oil and gas applications has picked up, just as environmental policies in China have curbed supply and added cost pressures for producers."*

At full production, the redeveloped Dolphin Mine is expected to produce approximately 2,000 tonnes of WO₃ per annum, contained in 3,100 tonnes of concentrate. The Wolfram Agreement therefore represents approximately 20% of its annual production.

Johann Jacobs, Chairman commented, *"It is extremely pleasing to have attracted the internationally renowned Wolfram Group as our first customer, in what is a highly competitive market."* As regards the international market, he commented *"The price of APT has stabilised over the last few months and is starting to firm following the implementation of environmental policies in China and the continued growth of world economies."*

Negotiations with other international APT producers are at an advanced stage for the balance of the annual production.

Wolfram Bergbau und Hutten AG

Wolfram is a world leading supplier of high-quality powders based on the metal Tungsten. Their products are used in the manufacture of high-tech components in the tooling, automotive, aerospace, energy, infrastructure, electronics & mining industry.

Sandvik AB

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 as well as products in advanced stainless steel & special alloys as well as products for industrial heating. Sandvik is a publicly traded company with a market cap of US \$18 B.

About Tungsten

Tungsten is one of the raw materials identified by the British Geological Survey, US Department of Defense and European Commission as a 'critical' & 'strategic' raw material due to its economic importance and supply risk. Tungsten is described as 'being essential for maintaining and improving our quality of life' and as a result, securing reliable access is of a concern across all of these jurisdictions and around the world.