6 September 2021

KIS - Confirms additional $33 Million Debt Funding for Redevelopment of its Dolphin Tungsten Project

Highlights:

- **A group of lenders comprising KIS major shareholders and an external party have committed to provide $33 million in debt funding to advance the redevelopment of the Dolphin Tungsten Project (subject to satisfaction of financing conditions)**
- **The new funding is in addition to the previously advised $10 million Tasmanian Government loan, which the Company is in the process of renegotiating to accommodate the further debt funding**
- **A further $10 million leasing facility on mobile equipment is currently being negotiated**
- **The Company is on track for commencement of Dolphin redevelopment in Q4 2021**

King Island Scheelite Limited (**ASX: KIS**) ("**KIS**" or "**the Company**") is pleased to provide shareholders with an update on recent progress with regard to funding the redevelopment of its 100% owned Dolphin Tungsten Project on King Island, Tasmania.

Debt Facilities

A group of four of the Company's major shareholders, together with an external financier have agreed to provide loan funding amounting to $33 million (the "**Debt Facilities**"), subject to satisfaction of financing conditions.

The parties providing the Debt Facilities are:

- Abex Limited
- Chrysalis Investments Pty Ltd
- D.A.CH.S Capital AG
- Elphinstone Holdings Pty Ltd
- PURE Asset Management Pty Ltd

The Debt Facilities are repayable between 3 and up to 6 years after drawdown and are at annual interest rates varying between 6.5% ($19.0 million) and 8.25% ($14.0 million). The Debt Facilities will be subject to shareholder approval, (to be sought at the AGM scheduled for October 2021), and be secured by a first ranking registered security over the assets of the Company and its wholly owned subsidiaries.

The key financing conditions include:

- Obtaining shareholder approval under ASX Listing Rule 10.1 for the proposed security arrangements;
- Finalisation of the terms of proposed warrants to be issued to each lender (which will also be subject to any required shareholder approval);
- The Company achieving financial close for the Project with further funding of at least $20 million (in addition to the facilities referred to in this announcement); and
- Finalisation and execution of the security and warrant documentation.

The Debt Facilities are subject to market standard events of default, warranties, undertakings and covenants.

Tasmanian Government Loan

KIS is in the process of renegotiating certain aspects of the $10 million Tasmanian Government Loan announced in February 2021. The renegotiations are necessary to accommodate the other Debt Facilities.

Leasing Facility

The Company intends to fund its mobile mining fleet through a leasing arrangement with a specialist leasing company. Discussions with this party are ongoing, with the anticipation that agreements will be reached within the next month.

Commenting on the development, Executive Chairman, Johann Jacobs said:

"We have been very encouraged by the support we have achieved in forming the lending group and thank our existing and incoming investors for the confidence they have shown. This important step brings us much closer to achieving financial close on the Dolphin Project, which hosts one of the few high quality tungsten deposits remaining in the Western world. The Company remains confident in targeting financial close for the Project in the next two months."

This announcement has been authorised for release by the Directors of King Island Scheelite Ltd.

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