



13 September 2021

## King Island Scheelite Enters into New Tungsten Concentrate Offtake Agreement with the Traxys Group

### Highlights:

- KIS has secured an offtake agreement for 90,000 mtu's per annum of  $WO_3$  with the Traxys Group
- The Traxys Group is a leading international physical commodity trader and merchant in the metals and natural resources sectors specializing in supply chain management of critical and technology minerals and metals
- The offtake agreement is for a total quantity of 330,000 mtu's of  $WO_3$  contained in concentrate following commissioning of the processing plant at the Dolphin Tungsten Project
- The Company has given notice of termination of a pre-existing offtake agreement with Kalon Resources, a subsidiary of Noble Group Holdings, due to certain conditions not having been met
- The new agreement with the Traxys Group and KIS's continuing offtake arrangements, 70% of expected production output from the Dolphin Tungsten Project is covered under Offtake Agreements

King Island Scheelite Limited (ASX: KIS) (KIS or the Company) is pleased to announce that it has secured an offtake agreement (Agreement) with Traxys Europe S.A. (Traxys) for the supply of tungsten concentrate from the processing plant at the Dolphin Tungsten Project on King Island, Tasmania.

### Traxys Offtake Agreement

The Agreement is for the supply of 90,000 mtu's (metric tonne units, which equates to 10 kg) of tungsten trioxide ( $WO_3$ ) in concentrate per annum, averaging 7,500 mtu's per month.

This Agreement, together with the Wolfram Agreement (ASX Announcement 8 April 2019), represents approximately 70% of the annual expected production output from the Dolphin Mine.

The Agreement will commence once the processing plant has been commissioned and operating, until 330,000 mtu's of WO<sub>3</sub> contained has been delivered to Traxys in accordance with the terms of the Agreement.

The price the Company will receive each month for the concentrate will be a function of prevailing prices for Ammonium Para Tungstate (**APT**) as quoted in industry journals, which is industry practice. The APT price is currently quoted as US\$310 to US\$315/mtu delivered Rotterdam. This price has seen an increase of approximately 35% since the beginning of 2021, despite the adverse impact of COVID-19 on the automotive and aviation sectors.

The increase in price reflects strong demand for hard metal tools, higher freight levels and delayed shipping schedules. Demand is forecast to remain strong as other tungsten-consuming industry sectors continue to recover.

Current APT pricing would see KIS earn sales revenue over the life of the Agreement of approximately A\$100 million , at current exchange rates.

The contractual obligations on the Parties to ship and accept deliveries of product are subject to KIS meeting certain financial and operational milestones.

### **Kalon Resources Agreement**

The Company had previously entered into an offtake agreement with Kalon Resources, a wholly owned subsidiary of Noble Group Holdings.

The Kalon Agreement was subject to the satisfaction of certain financial milestones by 31 August 2021. As these conditions were not met, KIS elected to serve notice of termination in accordance with the terms of the Kalon Agreement, with termination to take effect from 10 November 2021. There are no fees or any other penalties payable in respect of this termination.

### **About Traxys**

Traxys is a physical commodity trader and merchant in the metals and natural resources sectors. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 450 employees, in over 20 offices worldwide, and its annual turnover is in excess of USD 7 billion.

Headquartered in Luxembourg, Traxys is engaged in the sourcing, trading, marketing and distribution of non-ferrous metals, ferro-alloys, minerals, industrial raw materials and energy. The Traxys Group serves a broad base of industrial customers and offers a full range of commercial and financial services.



Traxys, a privately held company, is owned by Traxys' management team, The Carlyle Group (NASDAQ:CG), and affiliates of Louis M. Bacon, the founder of Moore Capital Management, LP, and Moore Strategic Ventures, LLC, Mr. Bacon's privately held investment company.

To learn more about Traxys, go to: [www.traxys.com](http://www.traxys.com).

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

**For further information, please contact:**

W: [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

Executive Chairman  
Johann Jacobs  
King Island Scheelite Limited  
E: [kis@kisltd.com.au](mailto:kis@kisltd.com.au)  
T: +61 416 125 449

Investor Relations  
Tim Dohrmann  
NWR Communications  
E: [tim@nwrcommunications.com.au](mailto:tim@nwrcommunications.com.au)  
T: +61 468 420 846

**Compliance Statement**

This report contains no new exploration results. The work referred to here can be found in numerous announcements available at [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au).

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

**Forward Looking Statements**

This announcement contains certain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside of the control of King Island Scheelite Limited (KIS). These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay, approvals and cost estimates. Actual values, results or events may be materially different to those contained in this announcement. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement reflect the views of KIS only at the date of this announcement. Subject to any continuing obligations under applicable laws and ASX Listing Rules, KIS does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement to reflect changes in events, conditions or circumstances on which any forward-looking statements is based.