

13 August 2008

KING ISLAND  
**SCHEELITE**



Dear Shareholder

The Directors of King Island Scheelite Limited ("KIS") are pleased to announce that KIS is making an offer under its share purchase plan ("SPP") to eligible KIS shareholders.

The enclosed documents are important and I urge you to give them your full consideration.

### Invitation to Participate in the King Island Scheelite Limited Share Purchase Plan

This SPP entitles shareholders in KIS, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of ordinary shares in King Island Scheelite free of brokerage.

Each shareholder is entitled to purchase a certain number of KIS ordinary fully paid shares using a total SPP purchase price of \$1,000, \$2,500 or \$5,000 and the discounted average market price per ordinary share.

The issue price of the new shares to be offered under this SPP has been set at 80% of the average market price for KIS ordinary fully paid shares. This average will be calculated over the last 5 days on which sales in the KIS ordinary fully paid shares were recorded before the day the issue is made.

Following is a table of possible number of ordinary shares to be issued to each applicant, depending upon the discounted average market price at the issue date and the total SPP purchase amount:

Average market price	Discounted average market price	Total SPP Purchase		
		\$ 1,000	\$ 2,500	\$ 5,000
60	48	2,083	5,208	10,416
55	44	2,272	5,681	11,363
50	40	2,500	6,250	12,500
45	36	2,777	6,944	13,888
<b>40</b>	<b>32</b>	<b>3,125</b>	<b>7,812</b>	<b>15,625</b>
35	28	3,571	8,928	17,857
30	24	4,166	10,416	20,833

The average market price at the date of this letter is 40 cents per share.

An application form is also enclosed, should you wish to participate.

The right to participate in this offer under this SPP is available exclusively to persons who are registered as holders of fully paid ordinary shares in King Island Scheelite Limited at 5:00pm on the record date of 13 August 2008 and whose registered address is in Australia, New Zealand and any other jurisdiction in which it is lawful for the company to offer shares under this SPP.

From a fundraising viewpoint, placements to large investors can be completed quickly and at a low cost. However, we are conscious that smaller shareholders do not get the opportunity to subscribe equity at the discounted placement price.

We therefore commend this SPP as being fair to smaller shareholders. Not only does it provide a low cost way of raising funds, but it also redresses the bias towards larger investors that is unavoidable in making placements. In fact, this SPP is biased in favour of smaller shareholders, since no shareholder, irrespective of size, can subscribe more than \$5,000.

This SPP will afford shareholders the opportunity to acquire additional shares during an active period for the company. With this in mind, the directors have decided to offer shareholders the opportunity to acquire further shares, at a discount to market price.

The new shares offered under this SPP are of a speculative nature. Applicants should read this letter in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for any new shares. The new shares offered under this SPP carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the new shares.

Shareholders should be aware that there is a risk that the market price of the shares may change between the date of this offer and the date when the new shares are issued to you under this SPP. The value of the new shares you receive may rise or fall accordingly.

#### **Additional information and key dates**

Further information on KIS is contained on its website, <http://www.kingislandscheelite.com.au/>

The timetable for the implementation of this share purchase plan is as follows:

Event	Day	Date
Announce Share Purchase Plan	Wednesday	13 August 2008
Record Date to identify eligible shareholders entitled to participate in the offer under this share purchase plan	Wednesday	13 August 2008
Date of Offer	Monday	18 August 2008
Despatch of Offer to eligible Shareholders	Monday	18 August 2008
Opening Date	Monday	18 August 2008
Closing Date	Wednesday	24 September 2008
Issue and allot Shares by	Monday	29 September 2008
Apply to ASX for quotation of Shares by	Monday	29 September 2008

The Company reserves the right to close the offer early or extend the closing date.

If you would like to participate in this SPP, please return your completed application form, together with your cheque representing the purchase price by 24 September 2008.

Please note that the maximum investment per shareholder is \$5,000. The minimum investment that can be applied for is \$1,000. Shares allotted under this SPP will be issued no later than 29 September 2008.

A full copy of the Terms of the King Island Scheelite Limited Shareholder Share Purchase Plan is available on request from the company. If you have any questions on this SPP, please call (03) 6331 6053 during business hours.

The rights attaching to the SPP Shares are identical in all respects to existing fully paid ordinary shares in the capital of KIS. The total number of issued fully paid shares in the capital of KIS is 40,015,001. KIS has 414 shareholders. If all such shareholders participate in this SPP and the average market price remains 40 cents per share, this can still only result in the issue of approximately 6,468,000 shares, with the non-acceptance and return of late applications. However, realistically, the directors do not expect all shareholders will fully participate in this SPP, so it is not likely that the maximum number of shares will be issued.

If fully subscribed, the offer under this SPP could raise \$2,070,000. The intended use of the funds raised, pursuant to the issue of the SPP Shares, is for working capital.

Yours sincerely

King Island Scheelite Limited



Tony Haggarty  
Chairman

For personal use only

# KING ISLAND SCHEELITE

ABN 40 004 681 734



**Please return completed form to:**  
 Computershare Investor Services Pty Limited  
 Locked Bag 2508 Perth  
 Western Australia 6001 Australia  
 Enquiries (within Australia) 1300 557 010  
 (outside Australia) 61 3 9415 4000  
 Facsimile 61 8 9323 2033  
 web.queries@computershare.com.au  
 www.computershare.com

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SAM

MR JOHN SAMPLE  
 FLAT 123  
 SAMPLE STREET  
 SAMPLE STREET  
 SAMPLE STREET  
 SAMPLETOWN VIC 3030



Securityholder Reference Number (SRN)



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Entitlement Number:

Record Date: 13 August 2008

Offer Closes: 5pm WST on 24 September 2008

## SHARE PURCHASE PLAN APPLICATION FORM

### IMPORTANT:

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser.

Pursuant to the terms and conditions of the King Island Scheelite Limited Share Purchase Plan (SPP) contained in the letter to King Island Scheelite Limited securityholders dated 13 August 2008, King Island Scheelite Limited is offering eligible securityholders the opportunity to purchase Shares up to a maximum value of A\$5,000.00 per eligible securityholder, subject to a minimum application of A\$1,000.00.

**If you do not wish to purchase additional shares under this offer there is no need to take action.**

By making your payment, you agree to be bound by the Constitution of King Island Scheelite Limited and agree that the submission of this payment constitutes an irrevocable offer to you by King Island Scheelite Limited to subscribe for King Island Scheelite Limited Shares on the terms of the SPP. In addition, by submitting this Application Slip you certify that the aggregate of the application price paid by you for:

- the Shares the subject of this Application Slip; and
- any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of this Application Slip, does not exceed \$5,000.00.

### METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

King Island Scheelite Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by King Island Scheelite Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. King Island Scheelite Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where King Island Scheelite Limited does not notify you of that event.

**This offer is Non-Renounceable - no Signature is required**  
**Applications can only be accepted in the name printed on this form**

K I S

S P R B

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Please see overleaf for Payment Options



Billers Code: 413286

Ref No: 123412341234123412



Paperclip  
cheque(s)  
here.

I/We wish to purchase:

A\$1,000.00 or  A\$2,500.00 or  A\$5,000.00

\* These share amounts may be subject to scale-back in accordance with the terms of the SPP.

### Payment Details

Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque or bank draft payable to King Island Scheelite Limited – SPP Offer

### Contact Details

Please provide your contact details in case we need to speak to you about this slip

Name of contact person

Contact person's daytime telephone number

1234567890123456+1234567890-1234+12

# How to accept the Share Purchase Plan

## Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return this slip if you are paying by electronic means.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions of the Share Purchase Plan as enclosed with this form;

Your cheque, bank draft or money order payable to King Island Scheelite Limited – SPP Offer in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

**If paying by cheque, return the Application Slip and Cheque, Bank Draft or money order in the envelope provided.**

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Share Purchase Plan Application Slip where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.**

## Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

## Lodgement of Application

If you are applying for shares and your payment is being made by BPay, you do not need to return this form. Your payment must be received by no later than 5pm WST on 24 September 2008. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time.

If you are paying by cheque, bank draft or money order, your Application Slip must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5pm WST on 24 September 2008. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. Return your Application Slip with cheque, bank draft or money order attached.

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

## Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

**If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 557 010.**

This form may not be used to notify your change of address. For information, please contact CIS on 1300 557 010 or visit [www.computershare.com](http://www.computershare.com) (certificated/issuer sponsored holders only).

**CHES holders must contact their Controlling Participant to notify a change of address**

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## Payment Options:



Bill Code: 413286

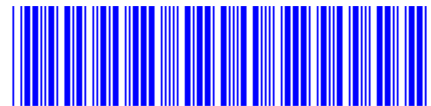
Ref No: 123412341234123412

Telephone & Internet Banking – BPay

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: [www.bpay.com.au](http://www.bpay.com.au)



**By Mail**  
King Island Scheelite Limited  
Computershare Investor  
Services Pty Limited  
Locked Bag 2508  
Perth, Western Australia 6001  
AUSTRALIA



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN TAS 7000

SPRB

KIS

