

KING ISLAND SCHEELITE LIMITED

ABN 40 004 681 734

Rights Issue Information Booklet

Details of a 1:4 pro rata renounceable rights issue at \$0.26 per Share to raise approximately \$4,054,294 before Offer Costs.

**Underwritten to up to approximately \$3,040,856 by
Patersons Securities Limited ACN 008 896 311
(AFSL 239 052)**

Last date for acceptance and payment: 6:00pm (AEST) on Thursday 7 April 2011

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

Your Rights have value. Please take immediate action in respect of this Offer.

IMPORTANT NOTICES

This Information Booklet is dated 11 March 2011.

This Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Information Booklet is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Information Booklet does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. The information in this Information Booklet does not constitute a securities recommendation or financial product advice.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account, and this Information Booklet has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs of any Shareholder.

Before applying for New Shares or Top Up Shares, each Shareholder should consider whether such an investment, and the information contained in this Information Booklet, is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Neither the Company, nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past share price performance of the Company provides no guidance to its future share price performance.

By returning an Acceptance Form or lodging an Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares or Top Up Shares through BPay in accordance with the instructions on the Acceptance Form, you acknowledge that you have received and read this Information Booklet, you have acted in accordance with the terms of the Offer detailed in this Information Booklet and you agree to all of the terms and conditions as detailed in this Information Booklet.

No overseas offering (other than China and Channel Islands)

This Information Booklet and the accompanying Acceptance Form does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders. No action has been taken to lodge this Information Booklet in any jurisdiction outside of Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia or New Zealand.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia, New Zealand, China and the Channel Islands. The distribution of this Information Booklet in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Definitions, currency and time

Definitions of certain terms used in this Information Booklet are contained in section 8. All references to currency are to Australian dollars and all references to time are to Australian Eastern Daylight Savings Time (AEDST) or Australian Eastern Standard Time (AEST), unless otherwise indicated.

Entire Agreement

Subject to this paragraph, the terms contained in this Information Booklet constitute the entire agreement among the Company, the Underwriter and you as to the Offer and your participation in the Offer to the exclusion of all prior representations, understandings and agreements among the Company, the Underwriter and you.

Governing law

This Information Booklet, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Information Booklet. Any information or representation in connection with the Offer not contained in the Information Booklet may not be relied upon as having been authorised by the Company or any of its officers.

Continuous reporting and disclosure obligations

The Company is a 'disclosing entity' (as defined in the Corporations Act) and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's Shares. ASX maintains records of company announcements for all companies listed on ASX. The announcements of the Company are available for inspection at ASX and may be viewed on the ASX website at www.asx.com.au.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. The Company also lodges a Quarterly Commitments Report which sets out the Company's quarterly cash position. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

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1 Chairman's Letter

Dear Shareholder

On behalf of the Directors of King Island Scheelite Limited ('KIS' or the 'Company'), I am pleased to invite you to participate in the Offer announced by the Company to advance the Dolphin Project, our tungsten project on King Island, Tasmania.

This capital raising will primarily fund the completion of the Dolphin Tailings Definitive Feasibility Study, drilling at Dolphin South, amending approvals and acquisition of land in connection with the Dolphin Project.

The Company now has a 100% interest in the Dolphin Project, and in an environment of strong demand for tungsten, our focus is to become a significant tungsten producer.

Our plan is to commence production in stages to reduce the risk profile. Subject to the outcome of the feasibility study, processing the Dolphin Tailings ahead of reopening the Dolphin and Bold Head underground operations will then generate early cash flow reducing project funding requirements.

The Company has appointed Patersons Securities Limited as Lead Manager and Underwriter for this Offer. The Offer is underwritten to up to approximately \$3,040,856.

Certain Directors and Eligible Shareholders have indicated to the Company that they will take up their rights. Those rights represent approximately 25% of the total Rights. The remaining portion of the Offer is underwritten.

The Offer provides Eligible Shareholders with the right to purchase 1 new fully paid ordinary share for every 4 Shares they currently hold, at an issue price of \$0.26 per share to raise approximately \$4,054,294. Shareholders may apply for additional Shares under the Top Up Facility (in addition to their entitlement) or may elect to sell their Rights on market. For you to subscribe to this Offer, please note the following important dates:

Announcement	11 March 2011
Rights Trading commences	16 March 2011
Record date	22 March 2011
Rights trading ends (4pm AESDT)	31 March 2011
Closing date	7 April 2011

Information about the Offer and the key risks of investing in the Company are set out in this Information Booklet including, an update on the company and its projects and instructions on how to accept this offer.

I encourage you to read it in its entirety before making your investment decision.

On behalf of the Board I encourage you to take up this Offer and look forward to your continuing support.

Yours sincerely

Tony Haggarty
Chairman

2 About the Offer

2.1 Key financial data

This offer will comprise a 1:4 pro rata renounceable rights issue to Eligible Shareholders.

	Underwritten Amount ¹	Total Rights Issue ²
New Share Offer Price	\$0.26	\$0.26
Approximate number of New Shares to be issued	11,695,600	15,593,440
Approximate amount to be raised under the Offer	\$3,040,856	\$4,054,294
Approximate maximum number of shares on issue following the Offer	74,069,358	77,967,198

¹Indicates the position if the Underwritten Amount is raised

²Indicates the position if the Offer is fully subscribed

2.2 Key Dates

Event	Date
Announcement of the Offer	11 March 2011
Rights trading commences and Ex Date	16 March 2011
Record Date for determining rights (7:00pm AEDST)	22 March 2011
Despatch of Information Booklet and Acceptance Form	24 March 2011
Rights trading ends (4:00pm AEDST)	31 March 2011
New Shares quoted on a deferred settlement basis	1 April 2011
Closing Date (last date for acceptance and payment of Applications) (6:00pm AEST)	7 April 2011
Company notifies ASX of under subscriptions	11 April 2011
Allotment and issue of New Shares	13 April 2011
Despatch of holding statements in respect of New Shares	14 April 2011
Trading of New Shares expected to commence on ASX	15 April 2011

Note: Australian Eastern Daylight Saving Time, (AEDST) is the time applicable in Sydney, New South Wales.

Note: Australian Eastern Standard Time, (AEST) is the time applicable in Sydney, New South Wales, outside of the period in which AEDST applies.

Note: This Timetable is indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice, in accordance with the Listing Rules and the Underwriting Agreement. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

3 About the Company and Projects

3.1 Corporate and Project summary

Board	<ul style="list-style-type: none"> • Tony Haggarty, Chairman • Robin Morrirt • Andy Plummer • Zeng Shao Xiong • Jeff Fan (Alt for Zeng Shao Xiong)
Management	<ul style="list-style-type: none"> • Simon Bird (CEO) • Ian Morgan (Co Secretary) • Sue Jolliffe (Project Accountant)
Project Team	<ul style="list-style-type: none"> • Tim Callaghan (Geology) • Alan Fudge (Mining) <i>former King Island mine manager</i> • Nick Moony (Metallurgy)

Board and Management team with substantial project development, exploration and mine management experience.

3.2 Dolphin Tungsten Project

Ownership	100% owned and controlled by KIS
Location	On King Island, Tasmania, Australia
History	<ul style="list-style-type: none"> • Operated as an open pit between 1917 and 1975, then as an underground mine until 1990. • Gravity and flotation processes produced high grade WO₃ concentrates. • Closed and site rehabilitated in 1990 due to low tungsten prices. • Rio Tinto asset acquired in 2005 and feasibility study conducted by KIS. • KIS entered into a 50/50 JV with Hunan Nonferrous Metals ('HNC') in 2008. • JV terminated in December 2010 with KIS regaining 100% of the project. • HNC forgave KIS debt, in exchange for a 2% royalty on future gross revenue, capped at \$3.9m.
Current Project	Re-opening the former underground mines to feed a new processing facility producing 3,600 tonnes of contained tungsten per annum.

Assumes ministerial consent is obtained.

3.3 Balfour Project

Ownership	70% ownership in joint venture with Pleiades Resources Pty Ltd
Location	North-West Tasmania, Australia
History	<ul style="list-style-type: none"> • Conducted a ground-based gravity survey in 2009. • Undertook a diamond drilling programme for Tin & Tungsten at Specimen Hill in 2009. • Drilled Copper & Gold targets at Roaring 41 South in 2010.
Current Project	Reviewing the potential for further exploration in these tenements.

3.4 Tungsten

3.4.1 Applications



Turbine blades contain up to 10% tungsten. (Siemens AG, Germany).



Cemented carbide coated drills improve productivity (Mitsubishi Materials Cooperation & Hitachi Tool Engineering Ltd).

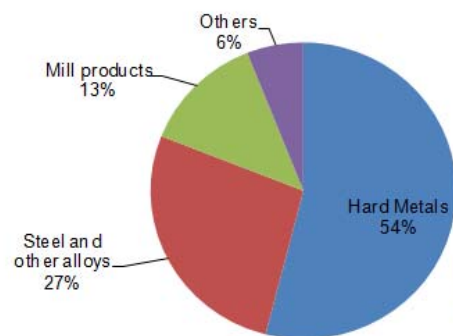
Properties

- Highest melting point & lowest vapour pressure of all metals.
- Highest tensile strength at high temperatures.
- Tungsten carbide products are the hardest of all metals.
- Among the heaviest of all metals.
- Brilliant sheen, is scratch and corrosion resistant and conducts electricity well.

Applications

- Cutting tools.
- Mining / oil / gas drilling equipment.
- Nuclear reactors.
- Specialty chemicals.

The main global uses of tungsten



Source: World Mineral Statistics Database, British Geological Survey JAN 2011

3.4.2 Market

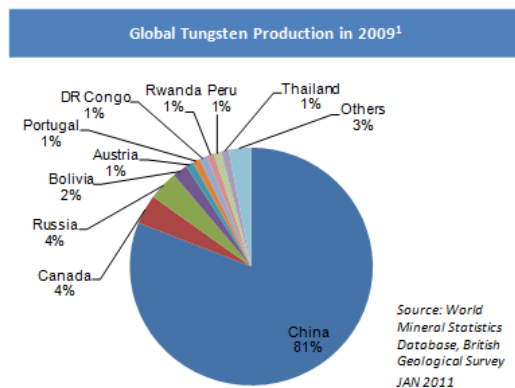
China is the dominant global supplier and restricts exports of this strategic metal.

Key Supply Issues¹

- Primary tungsten production in 2009 estimated at 62,000t.
- Recycling can make up 30% of total supply.
- Non-Chinese production recovering from oversupply in the 1980s.
- China dominates production but restricts exports to processed WO₃.
- USA, Russian and Japanese stockpiles have been depleted.
- Tungsten declared a US "conflict metal" in 2010.

Key Drivers of Demand¹

- Primarily driven by industrial output.
- 60% of consumption relates to cemented carbides.
- China expected to account for 37% of world consumption in 2010.
- World reliance on Chinese supply.
- Few substitutes and increasing numbers of tungsten applications.
- Industrial output has accelerated post Global Financial Crisis.



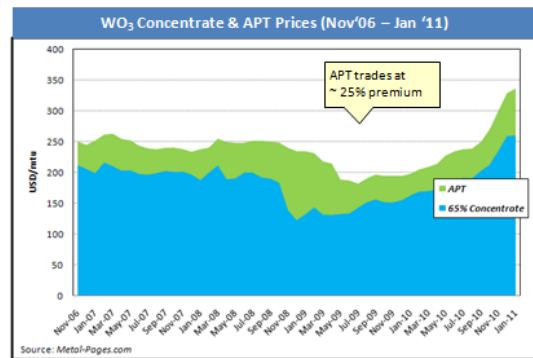
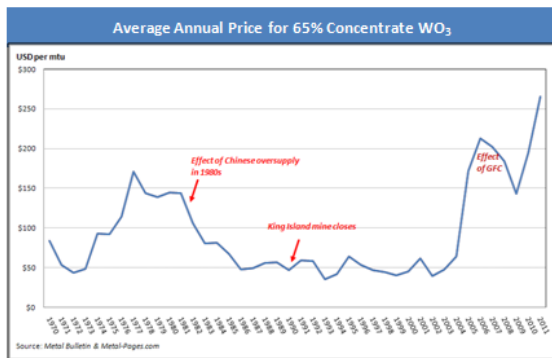
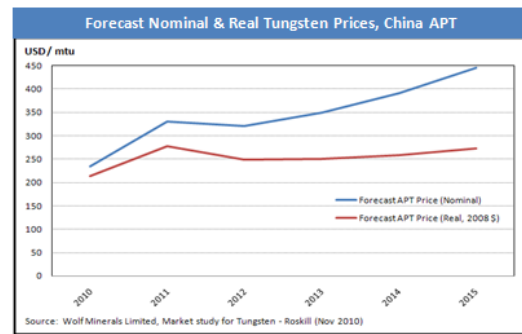
Source: World Mineral Statistics Database, British Geological Survey JAN 2011



Source Roskill as cited in Heemskirk presentation June 2010.

3.4.3 Price

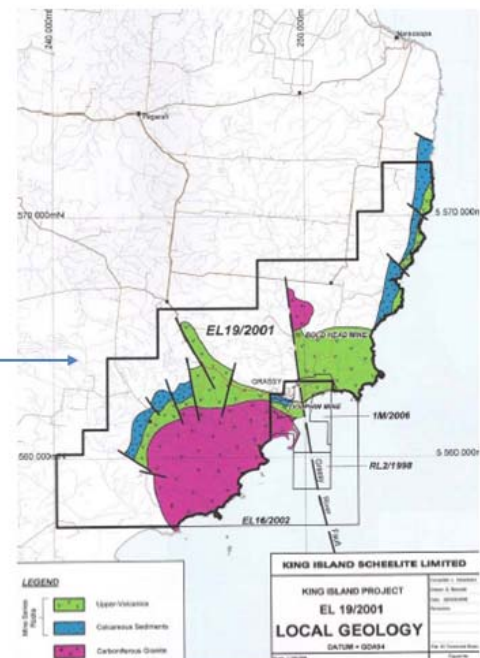
- Total consumption of tungsten metal forecast to grow from approx 62,000t in 2009 to 80,000t in 2013.
- Positive market outlook for Tungsten.
- Tungsten APT prices increased 70% in 12 mths to Dec 2010.
- APT trades at a premium to 65% WO₃ concentrate.



3.4.4 Project location and tenements



- The project is located on King Island, off the coast of Tasmania.
- Tenements are 100% owned by KIS and in good standing.
- Strong local support to restart mining operations.
- Development approvals to be upgraded to reflect new plan.
- Access to existing infrastructure: port, water, camp, roads etc.



3.4.5 Project overview

	Mine		Mill	Production	Process Description
	Reserve Tonnes	Grade	Recovery	WO ₃ Tonnes	
Tailings	2.8Mt	0.18%	65%	3,229t	<ul style="list-style-type: none"> Tailings tonnes and grade estimate to be completed by April 2011. Recover tailings by water monitoring or dredge at 900,000tpa. Construct processing facility. Pre-concentration and flotation used to recover WO₃. Recovery rate based on sample tests. Further testing required. Production from mid 2012 at 1,000tpa metal contained.
Bold Head	0.6Mt *	0.76%*	91%	4,213t	<ul style="list-style-type: none"> Dewater former mines and rehabilitate declines. Contractor to operate underground mines producing 350,000tpa. Post-pillar stoping with classified tailings for hydraulic fill. Construct plant utilising tailings flotation circuit. Whole-ore-flotation process used to recover WO₃. Recovery rate based on extensive flotation test work. Production from early 2015 at 3,600tpa metal contained.
Dolphin	1.63Mt *	1.30%*	91%	19,351t	
Total				26,793t	

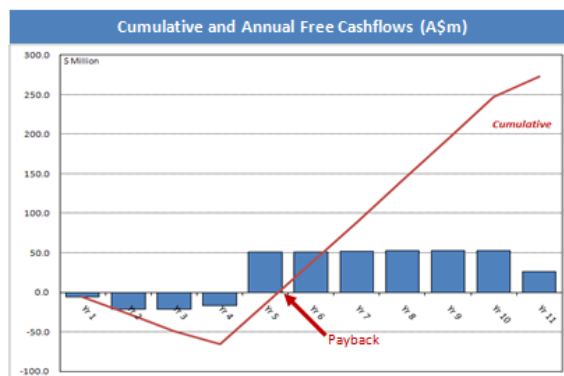
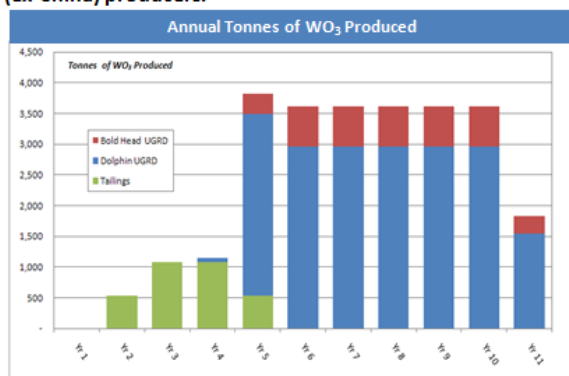
*Bold Head and Dolphin Reserve details are consistent with previous announcements in accordance with JORC Code 2004.

Refer section 3.4.10

3.4.6 Base case outcomes

- Will account for approximately 6% of current global primary production.
- To become largest producing mine outside China.
- 10 year mine life before additional ore at Dolphin South.
- Total capital expenditure estimated at \$117 million.
- Staged approach means a peak outlay of \$65 million.
- Payback after first year's production from Dolphin.
- Generates free cashflow after capital (before interest & tax) of \$270 million.

See Appendices for comparison with current and potential (ex-China) producers.



Base Case Project

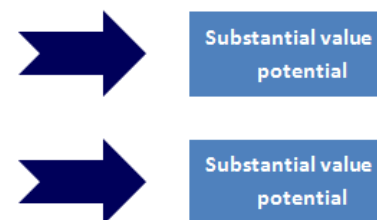
Financial	Measure	
WO ₃ contained in 65% concentrate	mtu	2,679,000
Price (at Jan 2011)#	per mtu	USD 270#
Foreign exchange rate	AUD:USD	1.00
Total revenue	AUD	\$715 million
Net cashflow (before tax & interest)	AUD	\$270 million
Peak cash outlay	AUD	\$65 million
IRR		35%



As of 3 March 2011 price is USD 305/mtu

Upside

Dolphin South
Independent geologist reports indicate potential for substantial additional tonnes down-plunge (no drilling since 1980's).
> \$40 million free cashflow for every additional year of mine life
APT Plant
Potential value uplift of 25% on WO ₃ if sold as APT.
> \$40 margin/ mtu of WO ₃ with outlay of \$20-25 million for APT plant



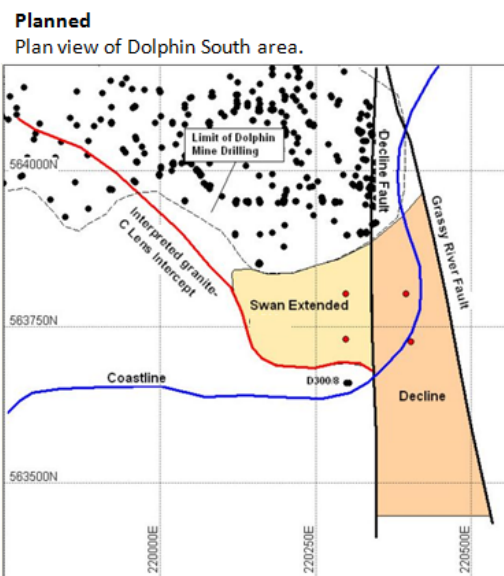
3.4.7 Staged plan and funding

Stage	Goal	Activities	Timing	Funding Required
1	<ul style="list-style-type: none"> Increase high grade resource Evaluate project tailings 	<ul style="list-style-type: none"> Completion of Dolphin tailings DFS Drilling at Dolphin South Amend approvals and required land 	Feb 2011 to Dec 2011	A\$4 million
2	<ul style="list-style-type: none"> Develop Tailings Project De-risk Dolphin Project 	<ul style="list-style-type: none"> Build the Tailings project Dewater the Dolphin area 	Jan 2012 to Dec 2012	A\$20-25 million
3	<ul style="list-style-type: none"> Develop Dolphin & Bold Head U/G mines 	<ul style="list-style-type: none"> Construct the Dolphin project 	Jan 2013 to Jun 2014	A\$45-50 million
Beyond	<ul style="list-style-type: none"> A. Add further value to the project B. Develop Dolphin South C. Additional exploration 	<ul style="list-style-type: none"> Consider APT plant Further drilling and DFS work Balfour, other targets 		

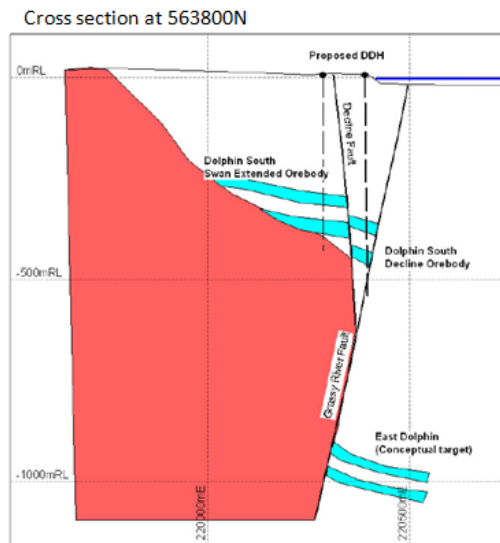
3.4.8 Current & potential producers

	Project information WO ₃ production			Owner
Current producers (ex-China/Russia)	Cantung	2,900tpa	(off-line 2009-10)	North American Tungsten
	Mittersill	1,200tpa		
	Panasqueira	1,000tpa	(off-line 2004-07)	Sandvik
	Los Santos	900tpa	(off-line 2009/10)	
	Pasto Bueno	900tpa		Heemskire
				Malaga
	King Island - Dolphin	3,600 tpa 6.4 Mt @ 1.21% WO ₃	(commencing 2015) Resource	
Potential producers (ex-China/Russia)				
➤ Australia	O'Callaghans	59Mt @ 0.29% WO ₃	Resource (Indicated)	Newcrest
	Big Hill	9.5Mt @ 0.16% WO ₃	"	Hazelwood
➤ Canada	Mactung	33Mt @ 0.88% WO ₃	"	North American
➤ Korea	Sangdong	103Mt @ 0.35% WO ₃	"	Woulfe
➤ Spain	Barruecopardo	6.5 Mt @ 0.46% WO ₃	"	Ormonde
➤ United Kingdom	Hemerdon Ball	71Mt @ 0.18% WO ₃	"	Wolf
➤ Vietnam	Nui Phao	56Mt @ 0.2% WO ₃	Reserve	Masan

3.4.9 Dolphin South drilling programme



- The Swan Extended area is separated from mine workings by a fault on the northern boundary.
- Mineralisation has been demonstrated in several holes drilled from the former mine workings.



- Mineralisation has long been thought to exist between the Grassy River and Decline faults.
- Rio Tinto planned to develop an exploration drive on the -260RL level. Low tungsten prices in the early 1980's halted further exploration.

3.4.10 Resources & Reserve

Dolphin						
Classification	Tonnes '000	WO ₃ %	Tonnes WO ₃	Tonnes '000	WO ₃ %	Tonnes WO ₃
Resource	0.25% WO ₃ cut off			0.70% WO ₃ cut off		
Indicated	8,419	0.95	79,980	4,752	1.29	61,300
Inferred	524	0.50	2,620	7	0.73	50
Total	8,943	0.92	82,600	4,759	1.29	61,350
Reserve				0.70% WO ₃ cut off		
Probable				1,630	1.30	21,150

Bold Head						
Classification	Tonnes '000	WO ₃ %	Tonnes WO ₃	Tonnes '000	WO ₃ %	Tonnes WO ₃
Resource	0.25% WO ₃ cut off			0.50% WO ₃ cut off		
Indicated	2,300	0.73	16,800	1,500	0.93	13,950
Inferred	170	1.13	1,900	150	1.22	1,830
Total	2,470	0.76	18,700	1,650	0.96	15,780
Reserve				0.70% WO ₃ cut off		
Probable				609	0.76	4,630

Explanatory Notes for Resource Statement: Competent Person and JORC Code

The resource report was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Consultant Geologist Mr Tim Callaghan of Resource and Exploration Geology, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"); has a minimum of twenty years experience as a geologist, five of which are in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the resource report in the form and context in which it appears.

Explanatory Notes for Reserves Statement: Competent Person and JORC Code

The reserves report was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Consultant Mining Engineer Mr Alan Fudge of Polberro Consulting, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM") and has a minimum of five years experience in the estimation, assessment and evaluation of Mineral Reserves of this style and is a Competent Person as defined in the JORC Code (2004). This announcement accurately summarises and fairly reports his estimations and he has consented in writing to the reserve report in the form and context in which it appears.

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4 Description and effect of the Offer

4.1 Overview

The Company is making a pro rata renounceable offer of New Shares to Eligible Shareholders who are on the register of Shareholders on the Record Date, being 7:00pm (AEDST) on Tuesday 22 March 2011, to acquire 1 New Share for every 4 Shares held on the Record Date, at an Offer Price of \$0.26 per New Share. Fractional Rights will be rounded up to the nearest whole number of New Shares.

The Offer Price represents a discount of 18.75% to the Closing Price on Tuesday 8 March 2011, being the last trading day before the Offer was announced.

Your Rights

An Acceptance Form setting out your Rights to New Shares accompanies this Information Booklet. As a result of this Offer, Eligible Shareholders who do not take up all of their Rights will have their percentage shareholding in the Company diluted.

Eligible Shareholders have the opportunity to subscribe for all, part or none of their Rights to New Shares.

Top Up Facility and Shortfall

In addition, certain Eligible Shareholders may, under the Top-Up Facility, apply for additional New Shares over and above their Rights. There is no guarantee they will receive the amount applied for, or any, Top Up Shares.

There is no cap on the number of additional New Shares Eligible Shareholders may apply for, although the Top Up Share pool will be limited to the amount of shortfall available under the Offer. The Directors have the discretion, in consultation with the Underwriter, to reject any application for Top Up Shares and to determine how the Shortfall Shares will be allocated.

The Directors will not, in the exercise of their discretion, issue any Top Up Shares to:

- Related Parties, other than those described in section 4.5 and 7.7, which have agreed to sub-underwrite a portion of the Offer.
- Any Shareholder that, as a result of the issue of Top Up Shares, would contravene section 606 of the Corporations Act.

Any New Shares not taken up by the Closing Date will comprise the pool of Top Up Shares. If Applications for the Top Up Shares do not utilise the available pool, the Company will work with the underwriter in placing these Shortfall Shares.

The Directors have the discretion, in consultation with the Underwriter, to reject any Top Up Application and to determine how the Top Up pool will be allocated among Applicants or other parties.

Rights Trading

The Offer is renounceable, meaning that Eligible Shareholders may sell their Rights to third parties if they do not wish to take them up. A market will be established on ASX to facilitate this Rights trading.

Rights trading commences on ASX on Wednesday 16 March 2011 and will cease trading at 4:00pm (AEDST) on Thursday 31 March 2011.

4.2 Use of proceeds

The table below provides an indication of the proposed use of the proceeds of the offer.

	Underwritten Amount ¹ A\$	Total Rights Issue ² A\$
Complete the Dolphin tailings feasibility study	700,000	700,000
Amend approvals and acquire council land	180,000	660,000
Undertake drilling at Dolphin South	1,550,000	1,550,000
Pay Offer Costs	270,000	280,000
Fund general working capital requirements	340,856	864,294
Total	3,040,856	4,054,294

1 Proposed use of proceeds if the Underwritten Amount is raised.

2 Proposed use of proceeds if the Offer is fully subscribed.

4.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company is set out below:

	Underwritten Amount ¹	Total Rights Issue ²
Existing Shares on issue at the date of this Information Booklet	62,373,758	62,373,758
Approximate new Shares issued under this Information Booklet	11,695,600	15,593,440
Approximate total number of Shares after issue of New Shares under this Information Booklet	74,069,358	77,967,198
Amount to be raised under the Offer (before Offer Costs)	\$3,040,856	\$4,054,294
Market capitalisation of Shares and New Shares at the Offer Price	\$19,258,033	\$20,271,472
Options on issue at the date of this Information Booklet	4,500,000	4,500,000

1 Indicates the position if the Underwritten Amount is raised.

2 Indicates the position if the Offer is fully subscribed.

The above figures assume that no existing Options over the Company's Shares will be exercised prior to the Record Date. There are 4,500,000 existing Options, comprising:

- 1,000,000 Tranche 1 Options vested on 1 January 2010 with an exercise price of \$0.25
- 1,500,000 Tranche 2 Options vested on 1 January 2011, with an exercise price of \$0.50
- 2,000,000 Tranche 3 Options vesting on 1 January 2012, with an exercise price of \$1.00

All of the Options are held by the Company's chief executive officer, Simon Bird, and lapse if Mr Bird does not continue to be employed at the vesting date. All options expire on 31 December 2013.

The Board considers it is unlikely that any existing Options will be exercised prior to the Record Date. In the event that any existing Options are exercised, however, any proceeds raised will be applied to the general working capital of the Company.

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4.4 Effect on the Company's financial position

Set out below is the consolidated balance sheet of the Company as at 31 December 2010 and a pro-forma balance sheet as at 31 December 2010.

	Half Year Reviewed 31 Dec 2010	\$3,040,856 raised		\$4,054,294 raised	
		1 Net proceeds of offer	2 Unaudited Proforma 31 Dec 2010	3 Net proceeds of offer	4 Unaudited Proforma 31 Dec 2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash and cash equivalents	2,134	2,771	4,905	3,774	5,908
Trade and other receivables	46		46		46
Inventories	28		28		28
Total current assets	2,208		4,979		5,982
Non-current assets					
Trade and other receivables	14		14		14
Property, plant and equipment	481		481		481
Intangible assets	30,409		30,409		30,409
Total non-current assets	30,904		30,904		30,904
Total assets	33,112	2,771	35,883	3,774	36,886
Current liabilities					
Trade and other payables	57		57		57
Provisions	74		74		74
Total current liabilities	131		131		131
Non-current liabilities					
Loans and borrowings	-		-		-
Deferred tax liabilities	2,403		2,403		2,403
Total non-current liabilities	2,403		2,403		2,403
Total liabilities	2,534		2,534		2,534
Net assets	30,578	2,771	33,349	3,774	34,352
Equity					
Issued capital	43,955	2,771	46,726	3,774	47,729
Reserves	328		328		328
Accumulated losses	(13,705)		(13,705)		(13,705)
Total equity	30,578	2,771	33,349	3,774	34,352

1 Net proceeds of the Offer if the Underwritten Amount is raised and estimated Offer Costs of \$270,000 are incurred.

2 The pro-forma balance sheet represents the 31 December 2010 half year Balance Sheet of the Company reviewed by auditor KPMG inclusive of the net proceeds of the Offer if the Underwritten Amount is raised.

3 Net proceeds of the Offer if the Offer is fully subscribed and estimated Offer Costs of \$280,000 are incurred.

4 The pro-forma balance sheet represents the 31 December 2010 half year balance sheet of the Company reviewed by auditor KPMG inclusive of the net proceeds of the Offer if the Offer is fully subscribed.

4.5 Underwriting and management

Patersons Securities Limited is Lead Manager to the Offer and has underwritten up to \$3,040,856 of the Offer on the terms set out in the Underwriting Agreement. The Underwriter will not underwrite that proportion of the Offer attributable to certain Directors and Eligible Shareholders that have indicated to the Company that they will take up their Rights. Those Rights represent approximately 25% of the total Rights. If these shareholders do not take up their Rights, that proportion of the Offer will not be underwritten and the Company may raise less than the Underwritten Amount.

As Lead Manager and Underwriter, Patersons will receive the following fees:

- an underwriting fee of \$152,042.80 (being 5% of the Underwritten Amount);
- a management fee of 1% of the gross proceeds of the Offer; and
- a corporate advisory fee of \$30,000.

In addition, the Underwriter is entitled to reimbursement of expenses.

A summary of the principal terms of the Underwriting Agreement is set out in section 7.6.

HFTT Pty Ltd (an entity associated with Director, Anthony Haggarty) has entered into a sub-underwriting agreement with the Underwriter to sub-underwrite \$100,000 of the Offer and will receive a sub-underwriting fee from the Underwriter equal to 1.25% of the amount sub-underwritten.

Ranamok Pty Ltd (an entity associated with Director, Andrew Plummer) has entered into a sub-underwriting agreement with the Underwriter to sub-underwrite \$100,000 of the Offer and will receive a sub-underwriting fee from the Underwriter equal to 1.25% of the amount sub-underwritten.

A summary of the principal terms of the sub-underwriting agreements is set out in section 7.7.

4.6 No minimum subscription

The Offer is underwritten up to \$3,040,856. Entities associated with certain Directors and Eligible Shareholders have indicated that they will take up their Rights in full. This represents approximately 25% of the total Rights. If these shareholders do not take up their Rights, that proportion of the Offer will not be underwritten and the Company may raise less than the Underwritten Amount.

Therefore, there is no minimum subscription amount.

4.7 Ineligible Shareholders

The Offer is not being extended to any Shareholder as at the Record Date whose registered address is situated in the outside Australia, New Zealand, China or the Channel Islands (**Ineligible Shareholders**) because of the small number of such Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in those jurisdictions.

Furthermore, the Rights and the New Shares have not been and will not be registered under the USA Securities Act and may not be offered, sold or resold in, or to persons in, the USA except in accordance with an available exemption from registration. Accordingly, the Offer is not being made in the USA and Rights will not be distributed to Shareholders with registered addresses in the USA.

4.8 Nominee for Ineligible Shareholders

The Company has appointed the Nominee, on normal commercial terms, as nominee for the Ineligible Shareholders to arrange for the sale of the Rights which would have been offered to them. The Nominee will arrange for proceeds (if any), net of expenses, to be sent proportionally to each individual Ineligible Shareholder. The Nominee will have the absolute and sole discretion to determine the timing and the price at which the Rights may be sold and the manner of any such sale. Neither the Company nor the Nominee will be subject to any liability for the failure to sell the Rights or to sell them at a particular price.

If, in the reasonable opinion of the Nominee, there is not a viable market for the Rights or a surplus over the expenses of sale cannot be obtained for the Rights that would have been offered to the Ineligible Shareholders, then the Rights will be allowed to lapse and they will form part of the Shortfall.

4.9 Ranking of New Shares

The New Shares will be fully paid and rank equally with Existing Shares. The rights attaching to the New Shares will be the same as the rights attaching to the Existing Shares issued in The Company.

4.10 Allotment

The Company will make application within seven days from the date of this Offer for quotation of the New Shares on ASX.

It is expected that allotment of the New Shares under the Offer will take place no more than 15 Business Days after the close of the Offer.

If approval of ASX to the official quotation of the New Shares is not obtained within 3 months after the date of this Offer, all Application Monies will be repaid, without interest, in accordance with the Corporations Act.

Application Monies will be held by the Company on trust for Applicants in a trust account until the New Shares are allotted. No interest will be paid on Application Monies.

4.11 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Shareholders.

5 What Eligible Shareholders may do

5.1 Shareholder Rights

The number of New Shares to which Eligible Shareholders are entitled (Rights) is shown on the accompanying Acceptance Form. Eligible Shareholders may:

- take up all of the Rights in full and apply for additional New Shares (Top Up Shares) under the Top Up Facility (refer section 5.2);
- take up part of the Rights and elect for the balance to be sold or to lapse (refer section 5.3);
- sell their Rights on ASX;
- transfer their Rights other than on-market via ASX; or
- allow all of their Rights to lapse (refer section 3.6).

Ineligible Shareholders may not take any of the steps set out in sections 5.2 and 5.3. Further, certain Eligible Shareholders are not entitled to apply for Top Up Shares as described in section 4.1.

The Company reserves the right to reject any Acceptance Form that is not correctly completed or that is received after the Closing Date. An Application for your Rights may be for any number of New Shares but must not exceed your Rights as shown on the Form. If it does, your Application will be deemed to be for your full Rights.

5.2 Taking up all of the Rights and applying for Top Up Shares

If you wish to take up the Rights in full, complete the Acceptance Form in accordance with the instructions set out therein.

If you have applied to take up all of your Rights to New Shares, you may, subject to the limitations set out in section 4.1, also apply for Top Up Shares by completing the relevant section on the Acceptance Form.

Return your completed Acceptance Form together with your Application Monies in accordance with section 5.7 for the amount shown on the Acceptance Form to the Share Registry so that it is received no later than 6:00pm (AEST) on Thursday 7 April 2011 at the address set out below:

By delivery (not to be used if mailing)

King Island Scheelite Limited
C/-Computershare Investor Services
Reserve Bank Building
Level 2, 45 St Georges Terrace
Perth, WA, 6000

By post

King Island Scheelite Limited
C/-Computershare Investor Services
GPO Box D182
Perth, WA, 6000

You may also take up all of your Rights by arranging for payment of the Application Monies through BPay in accordance with the instructions on the Acceptance Form. If payment is being made through BPay, you do not need to return the Acceptance Form. Your payment must be received by no later than 6:00pm (AEST) on Thursday 7 April 2011.

5.3 Taking up part of the Rights and electing for the balance to be sold or lapse

If you wish to take up part of the Rights and sell the balance on ASX, complete the Acceptance Form for the number of New Shares you wish to take up and follow the steps under the section marked 'Sale of your Rights in part by your Stockbroker/agent and acceptance of the balance' and liaise accordingly with your stockbroker.

Alternatively, arrange for payment through BPay in accordance with the instructions on the Acceptance Form. If you take no further action, the balance of the Rights will lapse.

5.4 Sale of your Rights on ASX

If you wish to sell your Rights on ASX, follow the instructions set out on the reverse of your Acceptance Form under the section marked 'Sale of your Rights in full by your Stockbroker/Agent'.

Rights trading commences on Wednesday 16 March 2011. You must deal with that part of your Rights which you do not wish to accept **by no later than 4:00pm (AEDST) on Thursday 31 March 2011.**

5.5 Transfer of Rights other than on-market via ASX

If you wish to transfer all or part of your Rights to another person or party other than on-market using ASX, then you must forward the following:

- completed standard renunciation form (obtainable from your stockbroker or the Company's Share Registry);
- Acceptance Form completed by the transferee; and
- Transferee's cheque for the amount due in respect of the New Shares to the Company's Share Registry at:

By delivery (not to be used if mailing):
King Island Scheelite Limited
C/-Computershare Investor Services
Reserve Bank Building
Level 2, 45 St Georges Terrace
Perth, WA, 6000

By post:
King Island Scheelite Limited
C/-Computershare Investor Services
GPO Box D182
Perth, WA, 6000

by not later than 4:00pm (AEDST) on Thursday 31 March 2011. Cheques should be made payable to '**King Island Scheelite Limited – Share Offer**' and crossed 'not negotiable'.

IMPORTANT: if you do not accept or sell your Rights in accordance with the instructions set out above, any Rights not accepted or sold will form part of the Shortfall.

5.6 Allow all of the Rights to lapse

If you do not wish to accept any part of the Rights and do not intend to sell or transfer your Rights, do not take any further action and the Rights will lapse. You will receive no payment for your lapsed Rights.

5.7 Payment

The Offer Price for the New Shares is payable in full on application by a payment of \$0.26 per New Share. The Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**King Island Scheelite Limited – Share Offer**' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPay in accordance with the instructions on the Acceptance Form.

Do not forward cash or postal notes by mail. Receipts for payment will not be issued.

5.8 Acceptance Form is binding

A completed and lodged Acceptance Form, or a payment made through BPay, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Acceptance Form is final.

5.9 Brokerage

No brokerage fee is payable by Eligible Shareholders who accept their Rights to the New Shares issued by the Company. No stamp duty is payable for subscribing for any Rights.

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6 Principal risk factors

A. General market risks

Investors should be aware that the market price of the Company's securities may be influenced by a number of factors. General movements in local and international stock markets, exchange rates, prevailing economic conditions, investor sentiment and interest rates could all affect the market price of the Company's securities. These risks apply generally to any investment on the stock market.

In addition to the general risks associated with investing in the stock market, there are risks specific to investing in any particular entity. Some risks may be outside The Company's control and not capable of mitigation. If in doubt about the general or specific risks associated with the Company's securities, you should seek advice from your professional advisers.

B. Company specific risks

Below is an analysis of some of the specific business risks facing the Company in the conduct of its activities.

Commodity prices and exchange rate risk

If the Company's activities lead to production, future revenue will be derived through the sale of minerals which exposes the Company to commodity price risk. Commodity prices are dependent upon a number of factors which are outside of the Company's control.

Commodity prices are usually denominated in USA dollars whereas the income and expenditure of the Company is denominated in Australian dollars which exposes the company to fluctuations and volatility of the rate of exchange between the USA dollar and the Australian dollar.

Fluctuations in commodity prices or the Australian dollar exchange rate could have a material effect on the financial and operating performance of the Company.

Exploration and Project risk

Minerals exploration and development has significant risk and there is no assurance that the Company's exploration targets will result in discovery of an economically viable mineral deposit.

The Company intends to use the proceeds of the Offer to undertake drilling and feasibility study work at its Dolphin project. The outcomes of the drilling and feasibility study may not be advantageous and there is a risk that the Dolphin Project may not, ultimately, be economically feasible.

Land access and title risk

The Company has obligations in relation to expenditure levels, environmental matters and responsibilities to various government entities and landowners. A contravention of these obligations could affect the right to hold mining tenements in a given area. The Company's mining tenements may be affected by land access issues and native title claims. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Environmental risk

As part of the mining industry the Company is subject to State and Federal legislation regarding environmental obligations and liabilities. The legislative and regulatory requirements impose significant environmental obligations on the Company in relation to its

operations. Compliance with these obligations and any future obligations (such as any carbon tax or carbon pollution reduction scheme imposed by the government) could have a material adverse affect on the financial and operating performance of the Company.

Retention of key employees

The Company is highly dependent upon qualified, scientific, technical and managerial personnel. There is significant competition for qualified personnel in The Company's business.

The Company may not be able to attract and retain the qualified personnel necessary for the development of its business. The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical, managerial and other personnel in a timely manner could harm the Company's business.

The Company may need to raise additional funds

The Company believes the proceeds raised by this Offer will be sufficient to fund the actions described in this Information Booklet. However, the Company is likely to require additional funds to proceed with future stages and development of its projects. Section 3.4.7 contains information regarding the potential funding required.

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7 Additional information

7.1 Rights attaching to New Shares

From allotment and issue, the New Shares will rank equally in all respects with Existing Shares.

7.2 Interests of Directors

Directors are entitled to take up their Rights to New Shares, however, other than under the sub-underwriting agreements described in section 7.7, Related Parties will not be issued any Top Up Shares.

7.3 ASX quotation

The Company has made an application to ASX for the New Shares to be granted quotation on ASX. If permission is not granted for quotation of the New Shares on ASX, then no allotment and issue of any New Shares will take place and Application Monies (without interest) will be returned in full to Applicants.

There will be trading of New Shares on a deferred settlement basis. Trading of New Shares will, subject to ASX approval, occur on or about the date specified in the Timetable.

7.4 Allotment and Despatch of Shareholding Statements

Subject to the New Shares being granted quotation on ASX, the New Shares will be allotted and issued and holding statements despatched in accordance with the Timetable. It is expected that allotment and issue of New Shares will take place on or about Thursday 14 April 2011. It is expected that holding statements for the New Shares will be despatched on Friday 15 April 2011.

Application Monies will be held in trust in a subscription account until allotment and issue of the New Shares. No interest will be paid to Applicants.

7.5 CHESS

The Company will apply to have the New Shares issued under this Offer admitted to participate in CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the principal register of New Shares.

7.6 Underwriting Agreement

Up to \$3,040,856 of the Offer is underwritten by the Underwriter pursuant to an underwriting agreement entered into by the Company and the Underwriter on or about Friday 11 March 2011.

Obligation to underwrite

Pursuant to the Underwriting Agreement, the Underwriter will apply for, or procure applications for the number of New Shares not taken up by Eligible Shareholders under the Offer up to the Underwritten Amount, other than New Shares not taken up by certain Eligible Shareholders and entities associated with the Directors, described in section 4.5. The Underwriter is able to procure any person to sub-underwrite the Offer, and has entered into sub-underwriting agreements with entities associated with the Directors described in section 7.7.

Conditions

This underwriting obligation is conditional on the Company informing the Underwriter of the number of Shortfall Shares two Business Days after the close of the Offer.

Further, the Underwriter has no obligation to lodge applications for the Shortfall Shares if the Company has failed to materially comply with its obligations under the Underwriting Agreement and that failure, in the reasonable opinion of the Underwriter:

- results in a material diminution in the value of the assets or a material increase in the value of the liabilities of the Company which, in the reasonable opinion of the Underwriter acting bona fide after consultation with the Directors, will have a material adverse effect on the success of the Offer; or
- is an event which, in the reasonable opinion of the Underwriter acting in good faith, will have a materially adverse effect on the success of the Offer.

Company's obligations, representations, warranties and indemnity

The Company has various obligations under the Underwriting Agreement, including:

- ensuring the Offer takes place in compliance with the Corporations Act, the Listing Rules and all other applicable legal requirements;
- unless otherwise agreed with the Underwriter, conducting the Offer in accordance with the timetable specified in the Underwriting Agreement (which largely reflects the Timetable); and
- informing the Underwriter of any material breach of, or default under, the Underwriting Agreement.

The Company also provides various representations and warranties to the Underwriter relating to, inter alia, the conduct of the Offer and the ability of the Company to enter into the Underwriting Agreement and conduct the Offer.

The Company indemnifies the underwriter for losses incurred by it, its directors, agents and staff arising in connection with the Offer.

Moratorium

The Company agrees that that other than with the underwriter's consent it will not issue any securities for a period of three months other than in certain limited circumstances.

Further, the Company agrees that, subject to its obligation at law, it will not undertake a capital reduction or dispose or allow security to be taken over the whole or a substantial part of its business or assets.

Termination

The Underwriting Agreement contains standard termination events and conditions relating to matters including the Offer documents being defective and adverse changes in market conditions.

Underwriting and management fee

The Company must pay the underwriter the following fees:

- an underwriting fee of \$152,042.80 (being 5% of the Underwritten Amount);
- a management fee of 1% of gross offer proceeds; and
- a corporate advisory fee of \$30,000.

7.7 Sub-underwriting agreements with entities associated with the Directors

HFTT Pty Ltd (an entity associated with Director, Anthony Haggarty) has entered into a sub-underwriting agreement with the Underwriter. Mr Haggarty holds a relevant interest in 5,886,589 Shares (representing approximately 9.44% of the Company's Shares). If entities associated with Mr Haggarty take up their Rights in full, the Offer is fully subscribed, and HFTT Pty Ltd is issued Shares under the sub-underwriting agreement, Mr Haggarty will hold a relevant interest in 7,742,852 Shares (representing approximately 9.93% of the Company's Shares).

Ranamok Pty Ltd (an entity associated with Director, Andrew Plummer) has entered into a sub-underwriting agreement with the Underwriter. Mr Plummer holds a relevant interest in 2,734,126 Shares (representing approximately 4.38% of the Company's Shares). If entities associated with Mr Plummer take up their Rights in full, the Offer is fully subscribed, and Ranamok Pty Ltd is issued Shares under the sub-underwriting agreement, Mr Plummer will hold a relevant interest in 3,802,274 Shares (representing approximately 4.88% of the Company's Shares).

Under the terms of the sub-underwriting agreements, each of HFTT Pty Ltd and Ranamok Pty Ltd:

- will be paid a sub-underwriting fee equal to 1.25% of the amount sub-underwritten;
- does not have the ability to terminate the sub-underwriting agreement;
- must not deal with any Shortfall Shares prior to the shares being issued and allotted to them;
- agrees to accept the consequence of any amendments made by Patersons and the Company to the Underwriting Agreement;
- gives warranties and representations to the Underwriter that are standard for a sub-underwriting agreement of this type; and
- indemnifies the Underwriter, its related bodies corporate, directors, officers, employees and agents against any losses they incur due to a breach of the sub-underwriting agreement by the sub-underwriter.

7.8 Taxation

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares and transferring or selling your Rights (whether in whole or in part).

The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares or dealing with Rights under this Information Booklet, or the subsequent disposal of any New Shares allotted and issued under this Information Booklet. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants. The Directors recommend that all Shareholders consult their own professional tax advisers in connection with transferring or selling their Rights or subscribing for, and subsequent disposal of, New Shares allotted and issued under this Information Booklet.

7.9 Privacy

The Company collects information about each Applicant provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Shareholding in the Company.

By submitting an Acceptance Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company holds and will use that information to assess your Application. The Company collects your personal information to process and administer your Shareholding in the Company and to provide related services to

you. If you do not complete the Acceptance Form in full, the Company may reject your Application.

The Company may disclose your personal information for purposes related to your Shareholding, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Share Registry.

7.10 Enquiries

If you have any queries about your Rights please contact the Share Registry, the details for which are set out in the Corporate Information section at the back of this Information Booklet.

Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

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8 Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Information Booklet.

\$ means Australian dollars.

AEDST means Australian Eastern Daylight Saving Time.

AEST means Australian Eastern Standard Time.

Applicant means a person who has applied to subscribe for New Shares by submitting an Acceptance Form or arranging for payment through BPay in accordance with the instructions on the Acceptance Form.

Application means the submission of an Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPay in accordance with the instructions on the Acceptance Form.

Acceptance Form means the acceptance form accompanying this Information Booklet.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Acceptance Form or through BPay.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

ASX Settlement Operating Rules means the official operating rules of ASX Settlement Pty Ltd ACN 008 504 532.

Business Day has the same meaning as in the Listing Rules.

CHESS Clearing House Electronic Subregister System, operated by ASX Settlement Pty Ltd ACN 008 504 532.

Company means King Island Scheelite Limited ACN 004 681 734.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder as at the Record Date who is not an Ineligible Shareholder.

Existing Shares means the Shares already on issue in the Company as at the Record Date.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not located in Australia, New Zealand, China or the Channel Islands

Information Booklet means this document and the Rights Issue Cleansing Notice issued under section 708AA of the Corporations Act.

Lead Manager means Patersons Securities Limited ABN 69 008 896 311.

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be allotted and issued under the Offer.

Nominee means Nefco Nominees Pty Ltd ABN 87 008 687 401.

Offer means a pro rata renounceable offer to the Shareholders to subscribe for New Shares on the basis of 1 New Share for every 4 Shares of which the Shareholder is the registered

holder as at 7:00pm (AEDST) on the Record Date at an Offer Price of \$0.26 per New Share, pursuant to the Information Booklet.

Offer Costs means direct costs of the Offer including fees paid to the Underwriter and advisers and to providers of specific services to cover share registry, printing and postage costs.

Offer Price means \$0.26 per New Share.

Related Party has the meaning given to that term in the Listing Rules.

Rights means the rights to subscribe for New Shares pursuant to this Information Booklet.

Rights Issue means the issue of New Shares offered pursuant to the Offer.

SCH Securities Clearing House.

Shareholders mean holders of Shares.

Shares means fully paid ordinary shares in the capital of the Company.

Share Registry means Computershare Investor Services Pty Ltd ABN 48 078 279 277.

Shortfall Shares means those New Shares not taken up by Eligible Shareholders under the Offer.

Timetable means the indicative table set out on in section 0 of the Information Booklet.

Top Up Application means an application for Top Up Shares.

Top Up Facility means the facility described in section 4.1 under which certain Eligible Shareholders may apply for New Shares in excess of their Rights.

Top Up Shares means extra Shares a Shareholder may apply for in excess of their Rights.

Underwriter means Patersons Securities Limited ABN 69 008 896 311.

Underwriting Agreement means the underwriting agreement dated on or about Friday 11 March 2011 between the Company and the Underwriter.

Underwritten Amount means the maximum amount underwritten being \$3,040,856.

USA means United States of America.

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9 Corporate information

COMPANY

King Island Scheelite Limited
ABN 40 004 681 734

www.kingislandscheelite.com.au

PRINCIPAL OFFICE

Level 1, 101 Sussex Street
Sydney, NSW, 2000

REGISTERED OFFICE

Level 1, 101 Sussex Street
Sydney, NSW, 2000

DIRECTORS

Anthony Haggarty
Robin Morritt
Andrew Plummer
Zeng Shao Xiong
Fan Xue Qiang (as alternate to Zeng Shao Xiong)

COMPANY SECRETARY

Ian Morgan

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Reserve Bank Building
Level 2, 45 St Georges Terrace
Perth, WA, 6000

Phone:

Within Australia: 1300 55 70 10

Outside Australia: 61 (0)8 9323 2000

Fax: 61 (0)8 9323 2000

www.computershare.com.au

UNDERWRITER AND LEAD MANAGER TO THE OFFER

Patersons Securities Limited
Level 48, 264 George Street
Sydney, NSW, 2000

www.psl.com.au

CORPORATE ADVISOR TO THE OFFER

Pacific Road Corporate Finance Pty Ltd
Level 23, 1 Alfred Street
Sydney, NSW, 2000

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10 Acceptance Forms
