

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

KING ISLAND SCHEELITE LIMITED

ABN

40 004 681 734

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 15,593,440 ordinary shares under the rights issue announced on 11 March 2011 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares issued at \$0.26 per share |

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<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>					
<p>5 Issue price or consideration</p>	<p>\$0.26 per ordinary share</p>					
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To provide working capital for additional drilling at Dolphin South and the Dolphin Tailings Project, and for completion of the Tailings Dam Definitive Feasibility Study</p>					
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>14 April 2011</p>					
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th>Number</th> </tr> </thead> <tbody> <tr> <td>77,967,198</td> </tr> </tbody> </table>	Number	77,967,198	<table border="1"> <thead> <tr> <th>⁺Class</th> </tr> </thead> <tbody> <tr> <td>Ordinary shares</td> </tr> </tbody> </table>	⁺ Class	Ordinary shares
Number						
77,967,198						
⁺ Class						
Ordinary shares						

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	4,500,000	<p>Options granted under the King Island Scheelite Limited Employee Share Option Plan</p> <p>Each option provides the right for the option holder to acquire one fully paid ordinary share upon payment of each exercise price for each ordinary share, as follows:</p> <p>i) 1,000,000 options vesting on 1 January 2010, after continuous employment of one year and for an exercise price of A\$0.25 each;</p> <p>ii) 1,500,000 options vesting on 1 January 2011, after continuous employment of two years and for an exercise price of A\$0.50 each; and</p> <p>iii) 2,000,000 options vesting on 1 January 2012, after continuous employment of three years and for an exercise price of A\$1.00 each</p> <p>The Expiry Date of all options is 31 December 2013</p>

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There has been no change in the dividend policy of the Company
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Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	No
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12	Is the issue renounceable or non-renounceable?	Renounceable
13	Ratio in which the +securities will be offered	1 new share for every 4 shares held
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	22 March 2011
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	United States of America, Canada, United Kingdom, Singapore, Malaysia, Netherlands, Japan
19	Closing date for receipt of acceptances or renunciations	7 April 2011
20	Names of any underwriters	Patersons Securities Limited
21	Amount of any underwriting fee or commission	5% of the total amount underwritten
22	Names of any brokers to the issue	Patersons Securities Limited
23	Fee or commission payable to the broker to the issue	\$30,000 plus 1% of the gross amount raised under the rights issue
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable

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26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	24 March 2011
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	11 March 2011
28	Date rights trading will begin (if applicable)	16 March 2011
29	Date rights trading will end (if applicable)	31 March 2011
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	Security holders must contact their broker to sell their entitlements. See section 5.2 of the offer document
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Security holders must contact their broker to sell part of their entitlements. To accept the balance, security holders must complete the entitlement and acceptance form. See section 5.3 of the offer document
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	Security holders may trade their entitlement on ASX or must complete the standard renunciation form and the entitlement and acceptance form. See section 5.4 and 5.5 of the offer document
33	⁺ Despatch date	14 April 2011

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Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end of
restriction period

(if issued upon conversion of
another security, clearly identify that
other security)

		Number	+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

[Sent electronically without signature]

Date: 11th March 2011

Print name: Ian Morgan, Company Secretary

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