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15th March 2011

KING ISLAND
SCHEELITE



KING ISLAND SCHEELITE LIMITED ("KIS")

Dear Shareholder

1:4 RENOUNCEABLE RIGHTS ISSUE OFFER

This letter is to notify you that on 11th March 2011, King Island Scheelite Limited (**KIS**) lodged an Information Booklet with the ASX.

The Information Booklet and accompanying Entitlement and Acceptance Form (**Offer Documents**) are for a 1:4 renounceable rights issue of ordinary shares in KIS, which will raise approximately \$4,054,294 (**Offer**).

Patersons Securities Limited has agreed to underwrite up to \$3,040,856 of the Offer.

Entities associated with KIS directors and certain other shareholders have agreed they will take up their entitlements. These entitlements represent approximately 25% of the total entitlements under the Offer. All entitlements other than these are underwritten.

Shareholders are being offered one (1) new ordinary share (**New Share**) in KIS for every four (4) existing shares held at an issue price of \$0.26 per share.

The Offer Documents will be despatched on 24th March 2011 to shareholders. Copies of the Offer Documents are available for review on ASX's website, www.asx.com.au, as well as on the KIS website www.kingislandscheelite.com.au.

These Offer Documents are important and will require your immediate attention.

USE OF PROCEEDS

The proceeds of the Offer 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.

IMPORTANT DATES

Event	Date
Announcement of the Offer and lodgement of Offer Documents	11 March 2011
Rights trading commences and Ex Date	16 March 2011
Record Date for determining entitlements (7.00pm AEDST)	22 March 2011
Lodgement of s 708AA(2)(f) cleansing notice	23 March 2011
Despatch of Offer Documents	24 March 2011
Rights trading ends (4.00pm AEDST)	31 March 2011
New Shares are 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
KIS 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

This offer closes at 6.00pm (AEST) on 7th April 2011.

RENOUNCEABLE PRO RATA ISSUE

The new shares issued under the Offer Documents will rank equally with the ordinary shares currently on issue.

Eligible shareholders may take up their entitlement in full or in part. Your entitlement will be determined as at 7.00pm (AEDST) on 22nd March 2011, being the Record Date. Applications can be made only in accordance with a personalised Entitlement and Acceptance Form.

Fractional entitlements to shares are rounded up to the nearest whole number of shares.

Your entitlement will be shown in a personalised Entitlement and Acceptance Form.

The rights issue is renounceable and rights may be traded.

OVERSEAS HOLDERS

The Offer is not being made to shareholders with registered addresses outside Australia, New Zealand, Channel Islands and China.

Your Board of Directors commends this Offer for your consideration.

Yours sincerely

Tony Haggarty
Chairman

For further information, please contact:

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