

ASX RELEASE

Thursday 2<sup>nd</sup> August 2012

KING ISLAND  
**SCHEELITE**



**Rights Issue Cleansing Notice under section 708AA(2)(f) Corporations Act (Notice)**

King Island Scheelite Limited (**KIS**) is announcing later today on Thursday 2<sup>nd</sup> August 2012 that it will undertake a renounceable rights issue of, subject to rounding, 13,888,889 fully paid ordinary KIS shares to its shareholders (**Issue**) on the basis of an entitlement to subscribe for 1 ordinary KIS share (**New Shares**) for approximately every 6 ordinary KIS shares held at the Record Date, being Monday 13<sup>th</sup> August 2012 with each such share being issued at an issue price of \$0.072 to raise approximately \$1,000,000 (**Offer**).

The Company states that it will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (**Corporations Act**) as notionally modified by ASIC Class Order 08/35 (**CO 08/35**).

Further details regarding the Offer are set out in the Information Booklet to be lodged later today on Thursday 2<sup>nd</sup> August 2012 with the ASX.

For the purposes of section 708AA(7) Corporations Act, KIS advises:

- (a) the New Shares will be offered for issue without disclosure under Chapter 6D of the Corporations Act as notionally modified by CO 08/35;
- (b) this Notice is given under section 708AA(2)(f) Corporations Act as notionally modified by CO 08/35;
- (c) as at the date of this Notice, KIS has complied with the provisions of:
  - (i) Chapter 2M Corporations Act as they apply to KIS; and
  - (ii) section 674 Corporations Act,
- (d) as at the date of this Notice, there is no excluded information of the type referred to in section 708AA(8) and 708AA(9) Corporations Act as notionally modified by CO 08/35;
- (e) the issue of New Shares pursuant to the Offer is not expected to have any material effect or consequence on the control of KIS. Shareholders should be aware that:
  - (i) if all shareholders take up their entitlements under the Offer then the Issue will have no effect on the control of KIS;
  - (ii) however, to the extent that any shareholders fail to take up their entitlement under the Offer, those shareholder's percentage holdings in KIS will be diluted by those other shareholders who take up some, all or more than their entitlement (i.e. by subscribing for shortfall shares).

The following individual shareholders will take up their entitlements and underwrite approximately \$692,930: HFFT Pty Ltd, Mr Richard Willmot Chadwick and Ms Gwenda Ann Chadwick, Chrysalis Investments Pty Ltd, Ranamok Pty Ltd, Pacific Road Provident Fund and Mr Allan Davies.

Entities associated with the KIS directors and certain other shareholders have agreed they will take up their entitlements. These entitlements represent approximately 30% of the total entitlements under the Offer. All entitlements other than these are underwritten.

Further details regarding the Offer are set out in the Information Booklet.

Yours sincerely

Tony Haggarty

Chairman

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