

KING ISLAND SCHEELITE LIMITED
ABN 40 004 681 734

Rights Issue Information Booklet

Details of a 1:6 pro rata renounceable rights issue at \$0.072 per Share to raise \$1,000,000 before Offer Costs.

Fully underwritten

The following individual Shareholders or their related parties will take up their entitlements and underwrite the remaining \$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.

Last date for acceptance and payment: **6:00pm (AEST) on Friday 31 August 2012**

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.**

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IMPORTANT NOTICES

This Information Booklet is dated 2 August 2012.

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, New Zealand, China and the Channel Islands.

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 7. All references to currency are to Australian dollars and all references to time are to 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

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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 Company also lodges a quarterly report (Appendix 5B) with ASX, which sets out the Company's quarterly cash position. 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. 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 the 5th of July 2012 the Company announced that it is implementing significant cost-cutting measures as it is likely to take some time to secure funding for the Dolphin Project.

Further to this announcement, the Company is seeking to raise approximately \$1,000,000 via a renounceable rights issue. This raising will fund working capital for the Company for at least the next 12 months, during which the Company will continue to progress development funding for the Dolphin Project.

The rights issue will be underwritten by several existing Shareholders, each of whom will take up their own rights. They include HFTT and Ranamok both of whom are substantial Shareholders. HFTT is associated with me and my family interests while Ranamok is associated with my fellow director Andy Plummer and his family interests. The Offer is underwritten up to approximately \$692,930, this being the total capital being raised less those rights held by the Underwriters.

This Offer provides Eligible Shareholders with the right to purchase 1 new fully paid ordinary share for approximately every 6 Shares they currently hold, at an issue price of \$0.072 per share. This will raise approximately \$1,000,000.

There is also a facility for you to apply for additional Shares, in addition to your Rights entitlement, under the Top Up Facility.

This Offer is renounceable. You may elect to sell your Rights on market. For you to subscribe to this Offer, please note the following important dates:

Announcement	Thursday 2 August 2012
Rights trading commences	Tuesday 7 August 2012
Record date (7:00pm AEST)	Monday 13 August 2012
Rights trading ends (4:00pm AEST)	Friday 24 August 2012
Closing date (6:00pm AEST)	Friday 31 August 2012

Information about this 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.

Please read this Information Booklet 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 comprises a 1:6 pro rata renounceable rights issue to Eligible Shareholders¹.

	Total Rights Issue
Volume weighted average market price for the Shares on the five trading days preceding this Offer	\$0.092
Offer discount	22%
New Share Offer Price	\$0.072
Approximate number of New Shares to be issued	13,888,889 ¹
Approximate amount to be raised under the Offer	\$1,000,000
Approximate maximum number of shares on issue following the Offer	96,634,797

1. For the purposes of calculating each Eligible Shareholder's entitlement, fractions of entitlements will be rounded up to the nearest whole number of New Shares

2.2. Key Dates

Event	Date
Announcement of the Offer	Thursday 2 August 2012
Send letter to Shareholders containing the timetable and information required by Appendix 3B (lodge with ASX)	Friday 3 August 2012
Rights trading commences and Ex-Date	Tuesday 7 August 2012
Record Date for determining rights (7:00pm AEST)	Monday 13 August 2012
Despatch of Information Booklet and Acceptance Form	Friday 17 August 2012
Rights trading ends (4:00pm AEST)	Friday 24 August 2012
New Shares quoted on a deferred settlement basis	Monday 27 August 2012
Closing date (last date for acceptance and payment applications) (6:00pm AEST)	Friday 31 August 2012
Company notifies ASX of under subscriptions	Tuesday 4 September 2012
Allotment and issue of New Shares	Thursday 6 September 2012
Despatch of holding statements in respect of New Shares	Friday 7 September 2012
Normal trading of New Shares expected to commence on ASX	Monday 10 September 2012

3. Description and Effect of the Offer

3.1. 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 (AEST) on Monday 13 August 2012, to acquire 1 New Share for approximately every 6 shares held on the Record Date, at an Offer price of \$0.072 per New Share. Fractional Rights will be rounded up to the nearest whole number of New Shares.

The Offer Price represents a discount of approximately 22% to the volume weighted average market price for the Shares on the five trading days preceding this Offer.

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 apply for additional New Shares over and above their Rights. The Top Up Share pool will be limited to the amount of shortfall available under the Offer, so there is no guarantee they will receive the amount applied for, or any, of Top Up Shares.

There is no cap on the number of additional New Shares Eligible Shareholders may apply for. The Directors have the discretion, 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 which have agreed to underwrite the Offer and only after all applications for Top Up Shares have been satisfied.
- Any Shareholder other than an Underwriter 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 Underwriters will purchase these Shortfall Shares.

It is envisaged that Eligible Shareholders applying for a number of Shares over and above their Rights will each receive the lower of their applications and \$15,000 worth of New Shares (to the extent this number of New Shares is available) and then any further allocation of New Shares will be on a pro rata basis.

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 the ASX to facilitate this Rights trading. Rights trading will commence on the ASX on Tuesday 7 August 2012 and will cease trading at 4:00pm (AEST) on Friday 24 August 2012.

3.2. Use of Proceeds

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

	Total Rights Issue
Pay Offer Costs	A\$60,717
Fund general working capital requirements	A\$939,283
Approximate amount to be raised under the Offer	A\$1,000,000

3.3. Effect on Capital Structure

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

	Total Rights Issue
Existing Shares on issue at the date of this Information Booklet	82,745,908
Approximate new Shares issued under this Information Booklet	13,888,889
Approximate total number of Shares after issue of New Shares under this Information Booklet	96,634,797
Amount to be raised under the Offer (before Offer Costs)	\$1,000,000
Market capitalisation of Shares and New Shares at the Offer Price	\$6,957,705
Options on issue at the date of this Information Booklet	4,500,000

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.

3.4. Underwriting

Several existing Shareholders including HFTT (an entity associated with the Chairman, Anthony Haggarty) and Ranamok (an entity associated with Director, Andrew Plummer) will underwrite this Offer up to \$692,930 on the terms set out in the Underwriting Agreements. A list of the Underwriters is set out in Appendix 1. The Underwriters have agreed to take up their rights and consequently will not underwrite that proportion of the Offer attributable to their Rights. Those Rights represent approximately 30% of the total Rights.

The Underwriters will receive an underwriting fee of \$27,717 (being 4% of the gross proceeds of the Offer).

The members of the Board, who are not related parties to the Underwriters, believe that this Underwriting structure provides the Company with the most efficient method for successfully completing the Offer.

If there is a shortfall, it would result in HPTT and Ranamok increasing their shareholdings in the Company to a maximum of 11.5% and 6.8% respectively. Details of the potential final shareholding based on a range of outcomes are set out in Appendix 1.

Dispersion Strategy

The Top Up Facility enables Shareholders to apply for additional shares over and above their Rights. Shareholders applying for additional shares will initially receive the lower of their applications or \$15,000 worth of New Shares. To the extent that the number of Shortfall Shares is not large enough to allow for this amount, then an amount less than \$15,000 worth of New Shares will be allocated. To the extent that the number of Shortfall Shares exceeds this amount, a further allocation of New Shares will be made on a pro rata basis.

3.4. Minimum Application

Applications for New Shares must be at least the lesser of 14,000 New Shares for \$1,008 and the Shareholder's entitlements.

3.5. 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.

3.6. 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.

3.7. 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.

3.8. 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 three 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.

Any Application Monies received for more than each Applicant's final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded.

No interest will be paid on Application Monies.

3.9. No brokerage or stamp duty

No brokerage or stamp duty will be payable by Shareholders.

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4. What Eligible Shareholders may do

4.1. 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;
- take up part of the Rights and elect for the balance to be sold or to lapse;
- sell their Rights on ASX;
- transfer their Rights other than on-market via ASX; or
- allow all of their Rights to lapse.

Ineligible Shareholders may not take any of the steps set out in sections 4.2 and 4.3. Further, certain Eligible Shareholders are not entitled to apply for Top Up Shares as described in section 3.1.

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.

4.2. 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 3.1, 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 4.9 for the amount shown on the Acceptance Form to the Share Registry so that it is received no later than 6:00pm (AEST) on Friday 31 August 2012 at the address set out below:

By delivery (not to be used if mailing)

King Island Scheelite Limited
Level 1, 101 Sussex Street
Sydney, NSW, 2000

By post

King Island Scheelite Limited
C/-Computershare Investor Services
GPO Box 253
Sydney, NSW, 2001

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 Friday 31 August 2012.

4.3. 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.

4.4. 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 Tuesday 7 August 2012. You must deal with that part of your Rights which you do not wish to accept by no later than 4:00pm (AEST) on Friday 24 August 2012.

4.5. 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
Level 1, 101 Sussex Street
Sydney, NSW, 2000

By post

King Island Scheelite Limited
C/-Computershare Investor Services
GPO Box 253
Sydney, NSW, 2001

to be received not later than 6:00pm (AEST) on Friday 31 August 2012. 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.

4.6. 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.

4.7. Payment

The Offer Price for the New Shares is payable in full on application by a payment of \$0.072 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.

4.8. 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.

4.9. 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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5. 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 securities 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 a securities market. In addition to the general risks associated with investing in a securities 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:

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.

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 and the Australian dollar exchange rate could have a material effect on the financial and operating performance of the Company.

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 effect 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.

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6. Additional Information

6.1. Rights Attaching to New Shares

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

6.2. Interests of Directors

Directors are entitled to take up their Rights to New Shares, however, Related Parties will not be issued any Top Up Shares.

6.3. ASX quotation

The Company will make 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.

6.4. 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 6 September 2012. It is expected that holding statements for the New Shares will be despatched on Friday 7 September 2012. Application Monies will be held in trust in a subscription account until allotment and issue of the New Shares.

Any Application Monies received for more than each Applicant's final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded.

No interest will be paid to Applicants.

6.5. 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.

6.6. Underwriting Agreements

Up to \$692,930 of the Offer is underwritten by the Underwriters pursuant to an underwriting agreement entered into on or about Wednesday 1 August 2012 by the Company and the Underwriters.

Obligation to Underwrite

Pursuant to the Underwriting Agreements, the Underwriters 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.

Conditions

This underwriting obligation is conditional on the Company informing the Underwriters of the number of Shortfall Shares two Business Days after the close of the Offer. Further, the Underwriters have 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 Underwriters:

- 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 Underwriters acting bona fide after consultation with the independent Directors, will have a material adverse effect on the success of the Offer; or
- is an event which, in the reasonable opinion of the Underwriters 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 Agreements, 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 Underwriters, conducting the Offer in accordance with the timetable specified in the Underwriting Agreement (which largely reflects the Timetable); and
- informing the Underwriters of any material breach of, or default under, the Underwriting Agreements.

The Company also provides various representations and warranties to the Underwriters relating to, inter alia, the conduct of the Offer and the ability of the Company to enter into the Underwriting Agreements and conduct the Offer. The Company indemnifies the Underwriters for losses incurred by it, its directors, agents and staff arising in connection with the Offer.

Moratorium

The Company agrees that other than with the Underwriters' 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 Agreements contain 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 underwriters the following fee:

- a total underwriting fee of \$21,717 (being 4% of the gross proceeds under the Offer);

6.7. 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.

6.8. 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.

6.9. 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.

7. Definitions

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

\$ means Australian dollars.

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 ABN 98 008 624 691 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 ABN 49 008 504 532.

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

CHESS Clearing House Electronic Subregister System, operated by ASX Settlement Pty Ltd ABN 49 008 504 532.

Chrysalis Investments means Chrysalis Investments Pty Ltd ABN 74 640 925 989 as trustee for the Ellis Family Trust.

Company means King Island Scheelite Limited ABN 40 004 681 734.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director 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.

HFTT means HFTT Pty Ltd ACN 100 848 842 as trustee for the Haggarty Family Trust, an Underwriter and an entity associated with Anthony Haggarty a Director.

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.

Listing Rules means the official listing rules of ASX.

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

Nominee means CCZ Statton Equities Pty Ltd ABN 16 104 843 370 (AFS Licence 239946).

Offer means a pro rata renounceable offer for Shareholders to subscribe for New Shares on the basis of approximately 1 New Share for every 6 Shares of which the Shareholder is the registered holder as at

7:00pm (AEST) on the Record Date at an Offer Price of \$0.072 per New Share to raise \$1,000,000 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 \$0.072 per New Share determined by applying a 22% discount to \$0.092, which is the volume weighted average market price for the Shares on the five trading days preceding this Offer.

Pacific Road Provident Fund means Pacific Road Provident Pty Ltd ACN 067 420 286.

Ranamok means Ranamok Pty Ltd ABN 44 079 167 829 as trustee for the Ranamok Family Trust, an Underwriter and an entity associated with Andrew Plummer a Director.

Record Date means the date set out in the Timetable and has the same meaning given to that term in the Listing Rules.

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

Right means the right to subscribe for New Shares pursuant to this Information Booklet.

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

Shareholders mean holders of Shares.

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

Share Registry means Computershare Investor Services Pty Limited 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 2.2 of the Information Booklet.

Top Up Application means an application for Top Up Shares.

Top Up Facility means the facility described in section 3.1 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 each entity set out in Appendix 1, or their related party.

Underwriting Agreements means the underwriting agreements dated on or about Wednesday 1 August 2012 between the Company and the Underwriters.

Underwritten Amount means the maximum amount underwritten being \$692,930.

USA means United States of America.

8. Corporate Information

Company

King Island Scheelite Limited

ABN 40 004 681 734

www.kingislandscheelite.com.au

Principal and Registered Office

Level 1, 101 Sussex Street

Sydney, NSW 2000

Contact

Simon Bird

Chief Executive Officer

Phone: +61 2 8622 1400

Fax: +61 2 8622 1401

Email: simon.bird@kisltd.com.au

Directors

Anthony Haggarty

Robin Morritt

Andrew Plummer

Li Li

Fang Wu (alternate to Li Li)

Company Secretary

Ian Morgan

Share Registry

Computershare Investor Services Pty Limited

GPO Box 253

Sydney, NSW, 2001

Phone (within Australia): 1300 329 136

Phone (outside Australia): +61 3 9415 4317

www.computershare.com.au

Underwriters

HFTT Pty Ltd

Mr Richard Willmot Chadwick and Ms
Gwenda Ann Chadwick

Chrysalis Investments Pty Ltd

Ranamok Pty Ltd

Pacific Road Provident Fund

Mr Allan Davies

Corporate Advisor to the Offer

Pacific Road Corporate Finance Pty Ltd

Level 23, 1 Alfred Street

Sydney, NSW, 2000

www.pacroad.com.au

9. Appendix 1

The Underwriters are as follows:

Underwriter	Shareholding
HFTT	9.1%
Mr Richard Willmot Chadwick and Ms Gwenda Ann Chadwick	7.8%
Chrysalis Investments	4.9%
Ranamok	4.6%
Pacific Road Provident Fund	2.4%
Mr Allan Davies	1.9%

The table below indicates the potential shareholdings for each Underwriter assuming that there are shortfalls of 0%, 50% and 100% respectively:

	<i>Shortfall</i>	<i>0%</i>	<i>50%</i>	<i>100%</i>
Underwriter	Shareholding			
HFTT	9.1%	10.3%	11.5%	
Mr Richard Willmot Chadwick and Ms Gwenda Ann Chadwick	7.8%	8.7%	9.6%	
Chrysalis Investments	4.9%	6.0%	7.1%	
Ranamok	4.6%	5.7%	6.8%	
Pacific Road Provident Fund	2.4%	2.8%	3.1%	
Mr Allan Davies	1.9%	2.2%	2.6%	



For all enquiries:

Phone:



(within Australia) 1300 329 136

(outside Australia) 61 3 9415 4317

000001 000
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See over for details of the Offer and how to make your payment

Renounceable Rights Issue — Entitlement and Acceptance Form

 **Your payment must be received by 6:00pm (AEST) Friday 31 August 2012**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser. ASX will quote a market for rights between 7 August 2012 and 24 August 2012. Please refer to the for details on how to renounce your rights.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of new shares you wish to apply for and the amount of payment for those shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Booklet dated 2 August 2012.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the slip with **BPAY** payment.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to King Island Scheelite Limited Share Offer. The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.


Turn over for details of the Offer →

Entitlement and Acceptance Form with Additional Shares

X 9999999991

I ND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 00005856

Offer Details: Existing shares entitled to participate as at
13 August 2012:

4,000

Entitlement to new shares
on a 1 for 6 basis:

1

Amount payable on acceptance
at \$0.072 per share:

\$0.01

STEP 2 Make Your Payment



Bill Code: 999999
Ref No: 1234 5678 9123 4567 89

Pay by Mail:



Make your cheque, money order or bank draft payable to King Island
Scheelite Limited Share Offer.

Return your cheque with the below slip to:

Computershare Investor Services Pty Limited

GPO BOX 253 Sydney New South Wales 2001 Australia

Contact your financial institution to make your
payment from your cheque or savings
account.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS) as registrar for the securities issuer (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 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 using the details provided above or email privacy@computershare.com.au

Detach here

Acceptance Payment Details

Entitlement taken up:

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Number of additional shares
applied for:

--	--	--	--	--	--	--	--	--	--

Amount enclosed at \$0.072 per
new share:

A\$

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Entitlement No: 00005856

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 6:00pm (AEST) Friday 31 August 2012

Contact Details

Contact Name _____ **Daytime Telephone** _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-2054+15