

**KING ISLAND SCHEELITE LIMITED**  
**ABN 40 004 681 734**

# **Rights Issue Information Booklet**

**Details of a 2:5 pro rata non-renounceable Rights Issue at \$0.051 per Share to raise approximately \$1,969,000 before Offer Costs.**

The following Shareholders will take up their Rights and underwrite the remainder of this Offer:

Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick, Chrysalis Investments, FinMin Solutions and Mr Giuseppe Coronica.

Last date for acceptance and payment: **5:00pm (AEST) on Thursday 4<sup>th</sup> July 2013**

**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.**

**Please take immediate action in respect of this Offer.**

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## **IMPORTANT NOTICES**

This Information Booklet is dated 29 May 2013.

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 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, 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, 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 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 Underwriters 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 Underwriters 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](http://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

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Dear Shareholder

On 16 May 2013 the Company announced that it had completed a value engineering review to improve the economics of the Dolphin Project. A copy of that announcement is attached to this booklet.

Further to this announcement, the Company is seeking to raise approximately \$1,969,000 via a non-renounceable Rights Issue. This raising will fund working capital for the Company for at least the next 12 months, during which the Company will undertake some exploration drilling, update the definitive feasibility study and approvals required for the amended development plan as well as progress funding arrangements 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 FinMin Solutions, an entity associated with myself and Chrysalis Investments an entity associated with Chris Ellis who is a fellow Director and substantial shareholder. The Offer is underwritten up to approximately \$1,640,000, this being the total capital being raised less those Rights held by the Underwriters.

This Offer provides Eligible Shareholders with the right to purchase 2 New Shares for every 5 Shares they currently hold, at an issue price of \$0.051 per New Share. This will raise approximately \$1,969,000.

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

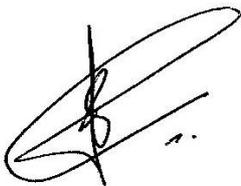
This Offer is non-renounceable. Consequently, you are not able to sell your Rights on market or otherwise transfer your Rights. For you to subscribe to this Offer, please note the following important dates:

Announcement	Wednesday 29 May 2013
Record date (7:00pm AEST)	Friday 7 June 2013
Closing date (5:00pm AEST)	Thursday 4 July 2013

Information about this Offer, the key risks of investing in the Company and instructions on how to accept this Offer are set out in this Information Booklet. Further information, including, an update on the Company and its projects as well as financial information relevant to the Offer is included in the investor presentation lodged with ASX in conjunction with this Information Booklet on Wednesday 29 May 2013.

Please read this Information Booklet and the information contained in the investor presentation lodged with the ASX 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



**Johann Jacobs**  
Chairman

## 2. About the Offer

### 2.1. Key Financial Data

This Offer comprises a 2:5 pro rata non-renounceable rights issue to Eligible Shareholders<sup>1</sup>.

	Total Rights Issue
Volume weighted average market price for the Shares on the thirty trading days preceding this Offer	\$0.064
Offer discount	20%
New Share Offer Price	\$0.051
Approximate number of New Shares to be issued	38,614,916 <sup>1</sup>
Approximate amount to be raised under the Offer	\$1,969,000
Approximate maximum number of shares on issue following the Offer	135,152,207

### 2.2. Key Dates

Event	Date
Announcement of the Offer	Wednesday 29 May 2013
Send letter to Shareholders containing the timetable and information required by Appendix 3B (lodge with ASX)	Friday 31 May 2013
Ex date	Monday 3 June 2013
Record Date for determining rights (7:00pm AEST)	Friday 7 June 2013
Despatch of Information Booklet and Acceptance Form	Wednesday 12 June 2013
Closing date (last date for acceptance and payment applications) (5:00pm AEST)	Thursday 4 July 2013
New Shares quoted on a deferred settlement basis	Friday 5 July 2013
Company notifies ASX of under subscriptions	Tuesday 9 July 2013
Allotment and issue of New Shares	Thursday 11 July 2013
Despatch of holding statements in respect of New Shares	Friday 12 July 2013
Normal trading of New Shares expected to commence on ASX	Tuesday 16 July 2013

This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriters, subject to the Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Offer 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.

<sup>1</sup> 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

## 3. Description and Effect of the Offer

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### 3.1. Overview

The Company is making a pro rata non-renounceable offer of New Shares to Eligible Shareholders who are on the register of Shareholders on the Record Date, being 7:00pm (AEST) on Friday 7 June 2013, to acquire 2 New Shares for every 5 Shares held on the Record Date, at an Offer price of \$0.051 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 20% to the volume weighted average market price for the Shares on the thirty 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, 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, (however, they may be issued New Shares as Underwriters to the Offer and only after all applications for Top Up Shares have been satisfied).
- 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 Underwriters will purchase these Shortfall Shares.

#### Dispersion strategy

It is envisaged that Eligible Shareholders applying for Top Up Shares 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.

### 3.2. Use of Proceeds

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

	<b>Total Rights Issue</b>
Pay Offer Costs	\$100,000
Update the Definitive Feasibility Study including exploration drilling	\$1,200,000
Fund general working capital requirements	\$669,000
<b>Total (approximate amount to be raised under the Offer)</b>	<b>\$1,969,000</b>

### 3.3. Effect on Capital Structure

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

	<b>Total Rights Issue</b>
Existing Shares on issue at the date of this Information Booklet	96,537,291
Approximate new Shares issued under this Information Booklet	38,614,916
Approximate total number of Shares after issue of New Shares under this Information Booklet	135,152,207
Approximate amount to be raised under the Offer (before Offer Costs)	\$1,969,000
Approximate market capitalisation of Shares and New Shares at the Offer Price	\$6,893,000
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 FinMin Solutions (an entity associated with Director and Chairman Johann Jacobs) and Chrysalis Investments (an entity associated with Director Chris Ellis) will underwrite this Offer up to \$1,640,000 on the terms set out in the Underwriting Agreements. Each of the Underwriters has committed to take up their Rights and this underwritten amount represents the balance of the Offer. A list of the Underwriters is set out in section 6.6.

The Underwriters will, collectively, receive an underwriting fee of \$52,110 (which represents approximately 3-4% of the Underwritten Amount). The fees will be allocated among the Underwriters in the manner set out in section 6.6.

The Directors who are not associated with 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 Chris Ellis (and his associates) increasing his voting power in the Company to a maximum of 17.84%. Further details on the underwriting and details of the potential voting power of each Underwriter based on a range of outcomes are set out in section 6.6.

### **3.5 Minimum Application**

Applications for New Shares must be the lesser of 14,000 New Shares and the Shareholder's Rights.

### **3.6 Ineligible Shareholders**

The Offer is not being extended to any Shareholder as at the Record Date whose registered address is situated outside Australia, New Zealand, or the Channel Islands 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 New Shares (or Rights) 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.

### **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.

## 4. What Eligible Shareholders may do

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### 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 lapse; 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 for the amount shown on the Acceptance Form to the Share Registry so that it is received no later than 5:00pm (AEST) on Thursday 4 July 2013 at the address set out below:

#### **By post**

King Island Scheelite Limited  
C/-Computershare Investor Services Pty Limited  
GPO Box 505  
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 5:00pm (AEST) on Thursday 4 July 2013.

### 4.3 Taking up part of the Rights allow the balance to lapse

If you wish to take up part of the Rights complete the Acceptance Form for the number of New Shares you wish to take up. Return your completed Acceptance Form together with your Application Monies for the amount shown on the Acceptance Form to the Share Registry so that it is received no later than 5:00pm (AEST) on Thursday 4 July 2013 at the address set out below:

### **By post**

King Island Scheelite Limited  
C/-Computershare Investor Services Pty Limited  
GPO Box 505  
Sydney, NSW, 2001

Alternatively, arrange for payment through BPay in accordance with the instructions on the Acceptance Form. The balance of your Rights, over and above the Application will lapse.

### **4.4 Allow all of the Rights to lapse**

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

### **4.6 Payment**

The Offer Price for the New Shares is payable in full on application by a payment of \$0.051 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' 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.

### **4.7 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.

### **4.8 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.

## **5. Principal Risk Factors**

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### **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:

### Approval for an extension to the Company's existing tenements

Exploration, mining and retention licences held by the Company will require renewal or extension from time to time. There is no guarantee that renewals or extensions will be granted to the Company on terms that are acceptable or at all.

### 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 and environmental matters for its tenements as well as responsibilities to various government entities and any landowners affected by its activities. 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 for any land the Company does not own.

### 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.

## 6. Additional Information

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### 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 dispatched in accordance with the Timetable. It is expected that allotment and issue of New Shares will take place on or about Thursday 11 July 2013. It is expected that holding statements for the New Shares will be dispatched on Friday 12 July 2013. 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 Details of the Underwriters and Underwriting Agreements

Up to \$1,640,000 of the Offer is underwritten by the Underwriters pursuant to an underwriting agreement entered into on or about Tuesday 28 May 2013 by the Company and the Underwriters. This amount represents the balance of the Offer after the Underwriters have taken up their Rights.

#### Details of the Underwriters and the potential impact on voting power of the underwriting

The Underwriters are as follows:

<b>Underwriter</b>	<b>Current voting power</b>
Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick	8.38%
Chrysalis Investments (an entity associated with Director Chris Ellis)	5.69%
FinMin Solutions (an entity associated with Director Johann Jacobs)	0.03%
Mr Giuseppe Coronica	2.61%

The table below indicates the potential voting power of each Underwriter assuming that there is a Shortfall of 0%, 50% and 100% respectively:

<i>Shortfall</i>	<i>0%</i>	<i>50%</i>	<i>100%</i>
<b>Underwriter</b>	<b>Voting power</b>		
Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick	8.38%	11.89%	17.84%
Chrysalis Investments	5.69%	11.89%	17.84%
FinMin Solutions	0.03%	0.76%	0.76%
Mr Giuseppe Coronica	2.61%	4.06%	4.06%

The Company's board has determined as follows:

- Where the Shortfall totals up to \$150,000, it would be allocated by pro-rating between FinMin Solutions (1/3) and Mr Giuseppe Coronica (2/3); and
- A Shortfall totalling in excess of \$150,000 will first be allocated to FinMin Solutions (\$50,000) and Mr Giuseppe Coronica (\$100,000). The balance of the Shortfall (after the issue to FinMin Solutions and Mr Giuseppe Coronica) will first be allocated to Chrysalis Investments to the extent required to ensure it holds similar voting power as Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick. Following that allocation, the remainder will be allocated to Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick, and Chrysalis Investments equally, so their respective voting powers are similar after the Offer.

#### Obligation to Underwrite and Fees payable

Pursuant to the Underwriting Agreements, the Underwriters, collectively, 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.

The number of New Shares and amount underwritten by each Underwriter, and the fee each Underwriter will be paid is as follows:

<b>Underwriter</b>	<b>No. of New Shares underwritten</b>	<b>Amount underwritten</b>	<b>Fee payable on amount underwritten</b>
FinMin Solutions	980,392	\$50,000	\$1,562
Chrysalis Investments	16,430,619	\$837,962	\$26,172
Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick	12,792,023	\$652,393	\$20,376
Giuseppe Coronica	1,960,784	\$100,000	\$4,000

#### 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.

### **6.7. Taxation**

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares.

The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares 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 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. Pro-forma Consolidated Balance Sheet

	Statutory Accounts as at 31 Dec 2012 \$	<b>Rights Issue</b> \$	Restated 31 Dec 2012 \$
Current assets			
Cash and cash equivalents	1,078,804	<b>1,869,000<sup>2</sup></b>	2,947,804
Trade and other receivables	127,492	-	127,492
Inventories	28,050	-	28,050
Total current assets	<u>1,234,346</u>	<u><b>1,869,000</b></u>	<u>3,103,346</u>
Non-current assets			
Trade and other receivables	-	-	-
Property, plant and equipment	1,022,640	-	1,022,640
Total non-current assets	<u>1,022,640</u>	<u>-</u>	<u>1,022,640</u>
Total assets	<u>2,256,986</u>	<u><b>1,869,000</b></u>	<u>4,125,986</u>
Current liabilities			
Trade and other payables	61,056	-	61,056
Provisions	7,770	-	7,770
Total current liabilities	<u>68,826</u>	<u>-</u>	<u>68,826</u>
Non-current liabilities	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>68,826</u>	<u>-</u>	<u>68,826</u>
Net assets	<u>2,188,160</u>	<u><b>1,869,000</b></u>	<u>4,057,160</u>
Equity			
Issued capital	49,755,595	<b>1,869,000<sup>2</sup></b>	51,624,595
Reserves	350,000	-	350,000
Accumulated losses	(47,917,435)	-	(47,917,435)
Total equity	<u>2,188,160</u>	<u><b>1,869,000</b></u>	<u>4,057,160</u>

<sup>2</sup> Approximate amount raised under the Offer (\$1,969,000) less estimated Offer costs (\$100,000).

## 8. Definitions

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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.

**CHES** 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, an entity associated with Chris Ellis a Director.

**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.

**FinMin Solutions** means FinMin Solutions Pty Ltd ABN 87 070 381 850 as trustee for the JADS Trust, an entity associated with Johann Jacobs a Director.

**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, 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.

**Offer** means a pro rata non-renounceable offer for Shareholders to subscribe for New Shares on the basis of 2 New Shares for every 5 Shares of which the Shareholder is the registered holder as at 7:00pm (AEST) on the Record Date at an Offer Price of \$0.051 per New Share to raise approximately \$1,969,000 pursuant to the Information Booklet.

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

**Offer Price** means \$0.051 per New Share determined by applying a 20% discount to \$0.064, which is the volume weighted average market price for the Shares on the thirty trading days preceding this Offer.

**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 section 6.6 of the Information Booklet.

**Underwriting Agreements** means the underwriting agreements dated on or about Tuesday 28 May 2013 between the Company and the Underwriters.

**Underwritten Amount** means the maximum amount collectively underwritten being approximately \$1,640,000.

**USA** means United States of America.

## 9. Corporate Information

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### Company

King Island Scheelite Limited

ABN 40 004 681 734

[www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

### Principal and Registered Office

Level 26, 259 George 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](mailto:simon.bird@kisltd.com.au)

### Directors

Johann Jacobs

Robin Morritt

Chris Ellis

Simon Bird

### Company Secretary

Ian Morgan

### Share Registry

Computershare Investor Services Pty Limited

GPO Box 7043

Sydney, NSW, 2001

Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 3 9415 4000

[www.computershare.com.au](http://www.computershare.com.au)

### Underwriters

Mr Richard Willmot Chadwick and Mrs  
Gwenda Ann Chadwick

Chrysalis Investments

FinMin Solutions

Mr Giuseppe Coronica

## 10. Acceptance Form

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For personal use only



**For all enquiries:**

**Phone:**



(within Australia) 1300 850 505

(outside Australia) 61 3 9415 4000

000001 000 KIS  
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

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## Non-Renounceable Rights Issue — Entitlement and Acceptance Form

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 **Your payment must be received by 5:00pm (AEST) Thursday 4 July 2013**

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.

### Step 1: Registration Name

Please check the details provided and update your address via [www.investorcentre.com](http://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 Information Booklet dated 12 June 2013.

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. The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip below as indicated. 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

X 9999999991

IND

## 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: 12345678

**Offer Details:** Existing shares entitled to participate as at  
7pm on Thursday 6 June 2013:

1

Entitlement to new shares  
on a 2 for 5 basis:

1

Amount payable on acceptance  
at \$0.051 per share:

\$0.01

## STEP 2 Make Your Payment



Billers Code:  
Ref No:

### Pay by Mail:



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

Return your cheque with the below slip to:  
**Computershare Investor Services Pty Limited**  
GPO BOX 505 Melbourne Victoria 3001 Australia

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

### Lodgement of Acceptance

If you are applying for shares and your payment is being made by **BPAY**, you do not need to return the slip below. Your payment must be received by no later than 5:00pm (AEST) on Thursday 4 July 2013. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor King Island Scheelite Limited accepts any responsibility for loss incurred through incorrectly completed **BPAY** payments. It is the responsibility of the applicant to ensure that funds submitted through **BPAY** are received by this time.

If you are paying by cheque, bank draft or money order the slip below must be received by CIS by no later than 5:00pm (AEST) on Thursday 4 July 2013. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the slip below with cheque attached. Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

### 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](mailto:privacy@computershare.com.au)

Detach here

## Acceptance Payment Details

Entitlement taken up:

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Amount enclosed at \$0.051 per  
new share:

A\$ 

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Entitlement No: 12345678

**Payment must be received by 5:00pm (AEST) Thursday 4 July 2013**

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

## Contact Details

**Contact Name** \_\_\_\_\_ **Daytime Telephone** \_\_\_\_\_

## Cheque Details

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

123456789123456789+0000000001-3051+14

## 11. Announcement on 16 May 2013

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# Dolphin Project – Value Engineering of Definitive Feasibility Study completed

KING ISLAND  
**SCHEELITE**



## ASX: KIS

Market Capitalisation	\$ 7.0m
Shares on Issue	96.5m
52 Week High	\$ 0.126
52 Week Low	\$ 0.052
Share Price (30/04/13)	\$ 0.073

## King Island Scheelite Limited (KIS)

The Dolphin Project on King Island, Tasmania could meet a significant proportion of the world's tungsten requirements. Producing some 3,500 tonnes of tungsten trioxide (WO<sub>3</sub>) per annum in an industry standard 65% tungsten concentrate.

## Tungsten price

Metal Pages APT  
USD35,000-35,500/ tonne  
(30/04/2013)

## Directors

Johann Jacobs	Chairman
Robin Morrill	Director
Chris Ellis	Director
Simon Bird	Director

## Contact

Simon Bird  
Chief Executive Officer

## King Island Scheelite Limited ABN 40 004 681 734

Level 26, 259 George Street  
Sydney NSW 2000

GPO Box 5154  
Sydney NSW 2001

P. +61 2 8622 1400  
F. +61 2 8622 1401

[www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

## HIGHLIGHTS

The value engineering of the Definitive Feasibility Study (“DFS”) confirms significantly improved project economics.

Key elements include:

- shelving tailings retreatment plans thereby removing substantial upfront costs;
- accessing additional resources at the base of the former open pit to generate strong early cash flow and increase the mine life;
- deferring the underground mine re-opening and associated costs by several years; and
- identifying further potential to remove or defer other significant expenditure.

King Island Scheelite Limited (KIS) is pleased to announce the completion of a value engineering study to further optimise the redevelopment of its world class tungsten mine on King Island, Tasmania.

This study has successfully confirmed the potential to improve on the DFS completed in 2012. The original plan involved reprocessing tailings for the first year while re-establishing access to the former underground mine. The current market conditions make reprocessing former tailings marginal at best.

The study identified a resource of 1.25Mt of ore at 0.67% WO<sub>3</sub> in the existing pit floor and walls which can be mined during the first 3 years. This production will be in addition to the original underground mine plan, which can now be deferred until year 4.

Shelving the retreatment of tailings and deferring the underground production substantially improves the economics of this project. While the metallurgical process remains unchanged, certain cost savings have also been identified. Incorporating these changes into a revised DFS is expected to be completed in around six months.

## Dolphin Project - Value Engineering study

The Dolphin Project is focused on reopening the tungsten mine on King island, Tasmania.

A DFS to process former tailings and reopen the underground mine was completed in 2012. Once reopened, the underground mine would produce 350,000 tonnes of tungsten ore per annum at an average grade of 1.04% WO<sub>3</sub>. A process using 'whole ore flotation' would recover 91% WO<sub>3</sub> into an industry standard 65% tungsten concentrate. This could provide up to 25% of the world's current non-Chinese supply over a 10 year mine life with scope from down-dip exploration to substantially extend this.

Market conditions required a review of the DFS resulting in a value engineering study being undertaken.

This study has now been completed, confirming a significant improvement in the project economics and a reduction in the risk profile. Key outcomes of the study are outlined below.

### **1. Shelve the tailings retreatment plan**

At current prices the economics of reprocessing this material are marginal. A focus on high grade ore in the former open pit and underground will provide better returns and save some \$14M of capital associated with the original tailings retreatment plan.

### **2. Cut-back the existing pit wall**

Significant tungsten ore remains in the existing pit floor and down dip from the toe of the Eastern and Northern high-walls. A review of geotechnical data and cut-back designs confirmed the potential to recover this ore, with negligible extension of the existing pit at surface.

JORC Resources within the proposed cut-back are 1.25Mt of ore at 0.67% WO<sub>3</sub>. Detailed mine planning will be undertaken in the short term to convert these into a JORC Reserve.

This ore is included in the current Dolphin Mine Resource of 4.76Mt at 1.29% WO<sub>3</sub>, however it is not included in the DFS mine plan and is therefore not part of the Dolphin Mine Reserve of 2.69Mt at 1.04% WO<sub>3</sub>.

It is expected that the open-cut ore can be mined with minimal dilution and a waste to ore ratio of 3.6:1 (tonne:tonne) over a period of 3 years.

### **3. Defer the underground re-opening**

Re-opening the former underground will now be deferred while the cut-back is mined. Capital costs (\$33M) associated with this re-opening (including a paste plant) will be deferred accordingly. While certain modifications to the current underground plan and schedule will be required, these are not expected to be substantial.

### **4. Other cost savings**

Costs associated with bringing Bold Head, a deposit approximately 2kms from the Dolphin Mine, into production (\$9.5M) can be substantially deferred.

The flow sheet and recovery process remain as proposed in the original DFS; however areas have been identified through procurement and contractual arrangements for further reductions in capital costs on the project.

Through recent developments, additional reductions to infrastructure and operating costs (power in particular) have also been targeted.

**The next steps include:**

- Update the DFS to incorporate the revisions, in particular:
  - develop a detailed cut-back mine plan and confirm associated JORC Reserves;
  - update the underground mine plan and production schedule;
  - update the plant design, schedule and associated costs; and
  - obtain environmental and development approval for these amendments where necessary; and
- Secure off-take arrangements and re-engage with potential financiers to ensure the project is adequately funded.

This work is expected to take approximately six months.

**FOR FURTHER INFORMATION**

**Simon Bird**  
Chief Executive Officer  
**King Island Scheelite Limited**

Level 26, 259 George Street  
Sydney NSW 2000  
Phone (02) 8622 1400  
Fax (02) 8622 1401  
Email [simon.bird@kisltd.com.au](mailto:simon.bird@kisltd.com.au)

**For further information go to the company's website [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)**

***Competent Person***

*Information within this announcement which pertains to mineralisation or resources is based on information compiled from reports 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 of 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 form and context in which it appears.*