

ASX RELEASE

11th March 2011

Dear Shareholder

Renounceable Rights Issue Offer – overseas shareholders

Please find enclosed an Information Booklet relating to King Island Scheelite Limited (**KIS**), for a renounceable rights issue (**Offer**). This document is provided for your information only.

Shareholders registered as holders of shares at the record date, on 22nd March 2011, with a registered address outside Australia, New Zealand, Channel Islands and China (**Ineligible Shareholders**) may not participate in the Offer. KIS considers it unreasonable on this occasion to extend the Offer to Ineligible Shareholders having regard to the costs of complying with legal and regulatory requirements in each of those jurisdictions.

KIS has appointed Nefco Nominees Pty Ltd ACN 008 687 401 to act as nominee for Ineligible Shareholders (**Nominee**) to arrange for the sale of the rights which would have been offered to them. The Nominee will arrange for the net proceeds (if any) from the sale of the rights to be sent proportionally to each individual Ineligible Shareholder.

Thank you for your continued support of KIS and I trust you understand the company's position in this matter.

Yours sincerely

Tony Haggarty
Chairman

For further information please call:

Simon Bird
Chief Executive Officer
King Island Scheelite Limited
(02) 8622 1400