

ASX RELEASE

23 March 2011

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

King Island Scheelite Limited (**KIS**) announced on 11 March 2011 that it will undertake a renounceable rights issue of up to 15,593,440 fully paid ordinary KIS shares to its shareholders (**Issue**) on the basis of an entitlement to subscribe for 1 ordinary KIS share (**New Shares**) for every 4 ordinary KIS shares held at the Record Date, being 22 March 2011 with each such share being issued at an issue price of \$0.26 to raise approximately \$4,054,294 (**Offer**).

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

Further details regarding the Offer are set out in the Information Booklet lodged with the ASX on 11 March 2011.

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

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

This Offer is underwritten by Patersons Securities Limited up to \$3,040,856.

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

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

Yours sincerely

Tony Haggarty
Chairman