

12<sup>th</sup> April 2011



**KING ISLAND SCHEELITE LIMITED (KIS)**

**RIGHTS ISSUE CLOSES WITH STRONG SUPPORT FROM SHAREHOLDERS**

King Island Scheelite Limited (the Company) is pleased to advise that its Renounceable Rights Issue Offer announced on 11<sup>th</sup> March 2011 closed on 7<sup>th</sup> April 2011 with strong support from shareholders, despite global equity markets experiencing volatile conditions.

Eligible Shareholders took up a total of 10,225,647 shares or approximately 66% of shares offered pursuant to the terms of the Offer.

Certain directors of the Company and other Eligible Shareholders who previously indicated to the Company that they will take up their Rights have now done so. These Directors and Eligible Shareholders took up 3,897,840 shares representing approximately 25% of the total Rights Issue.

The remaining shortfall of 5,367,793 shares (or approximately 34%) will be taken up by the Underwriter to the Offer, Patersons Securities Limited (Patersons).

The Rights Issue raised approximately \$4,054,294 before costs. The net proceeds will be applied as described in the Renounceable Rights Issue Offer information booklet.

Holding statements for the new shares will be despatched shortly.

Mr Tony Haggarty, the Company's Chairman, said "we are very pleased with the response the Company has received to the Offer and look forward to completing the tailings feasibility study and drilling at Dolphin South."

**ADDITIONAL FUND RAISING**

During the Rights Issue process, the Company received strong interest from investors who are not currently shareholders. As a result of this additional demand, the Company has decided to offer approximately 3.8 million new ordinary shares to new institutional and sophisticated investors at 26 cents cash per share, which is the same price as the recent Renounceable Rights Issue Offer.

This placement is expected to close by 13<sup>th</sup> April 2011 and the Company intends to place approximately \$1 million of additional funds to clients of Patersons, and which will be used to accelerate key aspects of the development programme described in the Renounceable Rights Issue Offer information booklet.

Tony Haggarty said "I welcome the strong support investors have shown the Company through this process. There was strong demand overall and it is pleasing that, through Patersons, we expect to have some new institutional and sophisticated investors. On completion of this fund raising, the Company can focus on advancing our development plan for the Dolphin tungsten project as quickly as possible".

For further information, please contact:

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