

KING ISLAND SCHEELITE LIMITED

ABN 40 004 681 734



Rights Issue Information Booklet

Details of a 1:11 pro rata non-renounceable Rights Issue at \$0.135 per Share to raise approximately \$1,866,000 before Offer Costs.

The following Shareholders will take up their Rights and partially underwrite up to approximately \$825,000 of this Offer:

- Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick;
- Chrysalis Investments Pty Ltd; and
- Mr Giuseppe Coronica.

Last date for acceptance and payment: 5:00pm (AEST) on Friday 8 May 2015

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.

IMPORTANT NOTICES

This Information Booklet is dated Monday 20 April 2015.

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 New Zealand, Hong Kong and the 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, Hong Kong 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, Hong Kong 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.

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Definitions, currency and time

Definitions of certain terms used in this Information Booklet are contained in section 9. 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 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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2. Chairman's Letter

Dear Shareholder

On 20 April 2015 the Company released an Investor Update highlighting the Company's recent activities.

A copy of the Update is attached to this Information Booklet.

The Company is seeking to raise approximately \$1,866,000 via a non-renounceable Rights Issue. This raising is expected to fund working capital until the Company proceeds with a larger capital raising, to allow for development of the Dolphin Project - anticipated for the third quarter of the 2015 calendar year.

The Rights Issue will be underwritten by existing substantial Shareholders (Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick, Chrysalis Investments, and Mr Giuseppe Coronica), each of whom will take up their own Rights.

Chrysalis Investments is an entity associated with Chris Ellis, who is a fellow Director and substantial shareholder.

The Offer is partially underwritten up to approximately \$825,000, this being the total capital being raised less:

- those Rights held by the Underwriters (approximately \$634,000);
- those Rights held by other Directors (through their Shareholder entities), all of whom have committed to take up their Rights (approximately \$68,000);
- those Rights that are the underwriting shortfall less Rights held by the Underwriters and other Directors (netting to approximately \$339,000).

This Offer provides Eligible Shareholders with the right to purchase 1 New Share for every 11 Shares they currently hold, at an issue price of \$0.135 per New Share. This will raise approximately \$1,866,000.

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	Monday 20 April 2015
Record date (7:00pm AEST)	Friday 24 April 2015
Opening date	Wednesday 29 April 2015
Closing date (5:00pm AEST)	Friday 8 May 2015

Information about this Offer and instructions on how to accept this Offer are set out in this Information Booklet. The key risks of investing in the Company are set out in section 6 and you are encouraged to consider those before making a decision with respect to your Rights. Financial information relevant to the Offer is set out in section 8. Further information, including an update on the Company and its projects, is included in the investor presentation lodged on Monday 20 April 2015 with ASX in conjunction with this Information Booklet.

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

3. About the Offer

3.1 Key Financial Data

This Offer comprises a 1:11 pro rata non-renounceable rights issue to Eligible Shareholders

	Total Rights Issue
Last closing Share price preceding the Offer	\$0.165
Offer discount to last closing Share price	18%
New Share Offer Price	\$0.135
Approximate number of New Shares to be issued	13,822,432 ¹
Approximate amount to be raised under the Offer	\$1,866,000
Approximate maximum number of shares on issue following the Offer	165,869,189

3.2 Key Dates²

Event	Date
Announcement of the Offer	Monday 20 April 2015
Send letter to Shareholders containing the timetable and information required by Appendix 3B (lodge with ASX)	Tuesday 21 April 2015
Ex-date	Wednesday 22 April 2015
Record Date for determining Rights (7:00pm AEST)	Friday 24 April 2015
Despatch of Information Booklet and Acceptance Form	Wednesday 29 April 2015
Closing date (last date for acceptance and payment of applications) (5:00pm AEST)	Friday 8 May 2015
New Shares quoted on a deferred settlement basis	Monday 11 May 2015
Company notifies ASX of under subscriptions	Wednesday 13 May 2015
Allotment and issue of New Shares	Friday 15 May 2015
Despatch of holding statements in respect of New Shares	Friday 15 May 2015
Normal trading of New Shares expected to commence on ASX	Monday 18 May 2015

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 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. The last day for extension of the closing date is Tuesday 5 May 2015. 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.

4. Description and Effect of the Offer

4.1 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 24 April 2015, to acquire 1 New Share for every 11 Shares held on the Record Date, at an Offer price of \$0.135 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 18% to the last closing Share price preceding the 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, Underwriters will purchase these Shortfall Shares up to the Underwritten Amount.

Dispersion strategy

The Directors reserve the right to allot and issue New Shares under the Top Up Facility at their discretion.

4.2 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	\$100,000
Open cut mine design and engineering	\$150,000
Metallurgical and ore sorting test work	\$100,000
Prepare detailed design and specifications of plant	\$400,000
Initial site works	\$500,000
Fund overheads and general working capital requirements	\$616,000
Total (approximate amount to be raised under the Offer)	\$1,866,000

4.3 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	152,046,757
Approximate new Shares issued under this Information Booklet	13,822,432
Approximate total number of Shares after issue of New Shares under this Information Booklet	165,869,189
Approximate amount to be raised under the Offer (before Offer Costs)	\$1,866,000
Approximate market capitalisation of Shares and New Shares at the Offer Price	\$22,392,341
Options on issue at the date of this Information Booklet	9,000,000

The above figures assume that no existing Options over the Company's Shares will be exercised prior to the Record Date. There are 9,000,000 existing Options, comprising:

Exercise Price	Vesting Date	Expiry Date	Number
\$0.15	1 st January 2014	31 st December 2018	2,000,000
\$0.22	1 st January 2015	31 st December 2019	3,000,000
\$0.28	1 st January 2016	31 st December 2020	4,000,000
Total			9,000,000

The Options are held by Messrs Davies (4,500,000) and Jacobs (4,500,000), and respectively lapse if either Messrs Davies or Jacobs are not a Director at the vesting date.

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.

4.4 Underwriting

Existing Shareholders including Chrysalis Investments (an entity associated with Director Chris Ellis) will underwrite this Offer up to \$825,000 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, less the Rights that the other Directors (through their shareholder entities) have committed to take up.

The Underwriters will, collectively, receive an underwriting fee of \$37,125 (which represents 4.5% of the Underwritten Amount). The fees will be allocated among the Underwriters in the manner set out in section 7.6.

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 for the full Underwritten Amount, the Underwriters' maximum voting power would be:

- for Richard and Gwenda Chadwick, 15.7% (up from 14.4%);
- for Chrysallis Investments (together with director, Chris Ellis, and his other associates), 15.7% (up from 14.5%); and
- for Mr Giuseppe Coronica (together with his other associates), 6.3% (up from 5.1%).

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 7.6.

4.5 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, Hong Kong 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 to persons in the USA except in accordance with an available exemption from registration. Accordingly, the Offer is not being made in the USA.

4.6 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.

4.7 Allotment

The Company will make application within 7 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 5 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.

4.8 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Shareholders.

5. What Eligible Shareholders may do

5.1 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 allow 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 5.2 and 5.3. Further, certain Eligible Shareholders are not entitled to apply for Top Up Shares as described in section 4.1.

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.

5.2 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 4.1, 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 Friday 8 May 2015 at the address set out below:

By post

King Island Scheelite Limited
C/-Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

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 Friday 8 May 2015.

5.3 Taking up part of the Rights and allowing the balance to lapse

If you wish to take up only 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 Friday 8 May 2015 at the address set out below:

By post

King Island Scheelite Limited
C/-Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

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.

5.4 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.

5.5 Payment

The Offer Price for the New Shares is payable in full on application by a payment of \$0.135 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.

If you pay by BPAY® you do not need to send your completed Acceptance Form as receipt of your BPAY® payment will be taken by King Island Scheelite Limited as your acceptance.

Your own financial institution may implement earlier cut off times for electronic payments and you should take this into consideration when paying by BPAY®. Your financial institution may have set a limit on the amount that you can pay by BPAY®.

Do not forward cash or postal notes by mail. Receipts for payment will not be issued.

5.6 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.

5.7 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.

6. Principal Risk Factors

6.1 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.

6.2 Company specific risks

Below is an analysis of some of the specific business risks facing the Company in the conduct of its activities:

Future Financing

The Company intends to raise additional funds by a further equity raising later in 2015. This may have a dilutive effect on existing Shareholders, including those that participate in the Rights Issue.

The Company may also be required to raise further additional equity or debt capital in the future to proceed with future stages and development of its projects.

There can be no assurance that any future financing required by the Company to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect the Company and result in a default in tenement obligations and forfeiture of permits or licences, if not remedied.

Exploration, evaluation and development risk

Exploration, evaluation and development of natural resources are high risk endeavours. There are a number of factors that influence the successful development of mineral deposits into economically viable mining operations. There is also no guarantee that, should the Company evaluate a potentially commercial tungsten resource, the Company will be able to produce and transport those resources to commercially viable markets or sell the resources to customers to achieve a commercial return.

The Company's exploration, development and appraisal activities are also dependent upon the retention of appropriate licences, permits, resource consents and access arrangements which may not be granted, may be withdrawn or delayed or made subject to limitations or material changes by the relevant granting authority, including dilution of the Company's interest in, or even loss of, the relevant licence or consent.

Estimation of Mineral Resources and Reserves

Estimating the quantity and quality of mineral resources and reserves is an inherently uncertain process.

Mineral resources and reserves announced previously by the Company, and any mineral resources and reserves that the Company states in the future are, and will be, estimates and may not prove to be an accurate indication of the quantity and/or quality of tungsten that the Company has identified or that it will be able to extract.

Mineral resources and reserves estimates are expressions of judgement based on knowledge, experience and industry practice. Mineral resources and reserves estimates are necessarily imprecise and depend upon many factors including interpretations and geological assumptions, the application of sampling techniques, estimates of tungsten prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. There are also risks that any tungsten ultimately mined may be of a different or inferior grade, quality, or volume from the mineral resources and reserves estimates.

Mineral resources and reserves estimates should not be regarded as a representation that these amounts can be economically exploited and investors are cautioned not to place undue reliance on mineral resources and

reserves estimates, particularly indicated and inferred mineral resource estimates, which are highly uncertain. Mineral resource estimates are regularly revised based on actual production experience or new data and are therefore expected to change. If the Company encounters mineralisation or formations which are not consistent with those predicted by past drilling, sampling and similar examinations, the Company's tungsten mineral resource estimates may have to be adjusted. Moreover, a decline in the price of tungsten, stabilisation at a price lower than recent levels, increases in production costs in the future, decreases in recovery rates or changes in applicable laws and regulations, including environmental, permitting, title or tax regulations, that are adverse to the Company, may mean the volumes of tungsten that the Company can reasonably extract may be significantly lower than the mineral resources and reserves announced previously by the Company.

Tungsten Quality Risk

Tungsten quality is known to vary. As such, there is a risk that any tungsten identified may not be of sufficient quality to develop commercial mining operations, which could have an adverse impact on the Company.

Tungsten Product Risk

There is a risk that actual tungsten products produced and sold will differ from the Company's expectations.

Final product types are not known with certainty at this stage of the Dolphin Project's development. Variables include molybdenum levels and market demand for various product types.

Commercialisation Risks

There is a high degree of risk associated with the development and commercialisation of tungsten resources, and at completion of construction of any projects the market price of tungsten could be less than the cost of production. The Company may be forced to defer or suspend some or all of its planned exploration and/or mining activities. Further, obtaining necessary regulatory and environmental approvals may be delayed, more expensive than expected or may not be obtained at all.

Competition and Substitution

Given the nature of the tungsten market, the Company will need to negotiate an offtake agreement to sell the product. The Company may not be able to negotiate a commercial off-take agreement.

Competition in the tungsten industry is based on many factors, including but not limited to, price, production, capacity, tungsten quality and characteristics, transport capability, costs, and brand name.

The Company faces competition from other Australian and international producers of tungsten.

Increases in production or reduction of price of competing tungsten from both Australia and overseas may adversely impact the Company's ability to sell its tungsten products at prices desirable to the Company. Increased competition in the future, including from new competitors, may emerge.

The development of new technologies or practices may also lead to greater use of lower quality tungsten or other tungsten sources in substitution for the tungsten produced by the Company. This could lower demand for the Company's tungsten resources and potentially lower the price received by the Company for tungsten product.

Operational Risk

The potential operations of the Company, including mining and processing, are exposed to material risks.

These include, amongst others, sub-standard tungsten quality specifications, mining and processing technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant or equipment.

These risks and hazards may result in delays and other business interruptions, increased costs, personal injury, damage to or destruction of properties or production facilities, environmental damage, possible legal liability, damage to the Company's business reputation and corporate image and, in severe cases, fatalities

Contractual Risks

No assurance can be given that all contracts will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each contract by the relevant third party.

Failure by any of the Company's contractors to meet their respective contractual obligations or the loss of their services, could materially and adversely affect the Company's business, prospects, financial condition and results of operations. There can be no assurance that replacement contractors could be found in a timely manner or at all, or would be able to perform at the same levels or at the same prices as the Company's current contractors.

The Company's ability to receive payment for tungsten sold and delivered depends on the continued creditworthiness of its potential customers. Furthermore, the bankruptcy of any of the Company's potential customers could materially and adversely affect the Company's business. In addition, competition with other tungsten suppliers could force the Company to extend credit to customers and on terms that could increase the risk of payment default. If the Company is unable to collect payment from its potential customers, its business, prospects, financial condition and results of operations would be materially and adversely affected.

Capital Expenditure Risk

There is a risk that the capital expenditure required to develop the Dolphin Project may differ from expectations of the Company. Should the actual capital cost incurred exceed the expectations of the Company, this could have a negative impact on the value of the Dolphin Project and the Company.

Operating Expenditure Risk

There is a risk that the operating cost estimates will differ from actual operating costs achieved. Should the actual operating cost incurred exceed the expectations of the Company, this could negatively impact the profitability of the Dolphin Project and have a negative impact on the value of the Company.

Internal Systems

The Company is continuing to develop and enhance some of the management structures and systems that will be necessary for it to conduct its business on the scale anticipated by the Directors. As a listed public company, the Company will need to continue to enhance its governance, risk, management and information technology systems as it implements its plans for the Dolphin Project and begins to increase its scale of operations. If the Company is not able to further develop and enhance these systems, it may not be able to operate its business as planned.

Single Project Risk

The Company does not have an ownership interest in any project other than the Dolphin Project. Profitability of the Company is currently entirely reliant on the Dolphin Project. Any negative development on the Dolphin Project may have a negative impact on the value of the Company.

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 would be granted to the Company on terms that are acceptable or at all.

Commodity prices and exchange rate risk

If the Company's activities lead to production, future revenue would be derived through the sale of minerals which exposes the Company to commodity price risk. Commodity prices are dependent upon a number of factors outside of the Company's control. Commodity prices are usually denominated in US 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 US 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.

7. Additional Information

7.1 Rights Attaching to New Shares

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

7.2 Interests of Directors

Directors are entitled to, and have committed to, take up their Rights to New Shares, however, Related Parties will not be issued any Top Up Shares. Certain directors will also underwrite the Offer, as detailed in section 7.6.

7.3 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.

7.4 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, and dispatch of holding statements, will take place on or about Friday 15 May 2015. 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.

7.5 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.

7.6 Details of the Underwriters and Underwriting Agreements

\$825,000 of the Offer is underwritten by the Underwriters pursuant to Underwriting Agreements entered into on or about Monday 20 April 2015 by the Company and each Underwriter. This amount represents the balance of the Offer after the Underwriters, and the other Directors (through their shareholder entities), have taken up their Rights.

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

The Underwriters are as follows:

Underwriter	Current voting power
Chrysalis Investments (together with its associates) (an entity associated with Director Chris Ellis)	14.5%
Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick	14.4%
Mr Giuseppe Coronica	5.1%

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

Shortfall	0%	50%	100%
Underwriter	Voting power		
Chrysalis Investments (together with its associates)	14.5%	15.1%	15.7%
Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick	14.4%	15.1%	15.7%
Mr Giuseppe Coronica	5.1%	5.7%	6.3%

The Company's board has determined that any shortfall would be equally allocated to Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick (33.3%), Chrysalis Investments (33.3%), and Mr Giuseppe Coronica (33.3%) up to the Underwritten Amount.

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 (being 4.5% of the applicable amount underwritten) is as follows:

Underwriter	No. of New Shares underwritten	Amount underwritten	Fee payable on amount underwritten
Chrysalis Investments (together with its associates)	2,037,037	\$275,000	\$12,375
Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick	2,037,037	\$275,000	\$12,375
Mr Giuseppe Coronica	2,037,037	\$275,000	\$12,375
Total	6,111,111	\$825,000	\$37,125

Conditions

The 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.

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 an Underwriter, 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.

7.7 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.

7.8 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.

7.9 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.

8. Pro-forma Consolidated Balance Sheet

8.1 Pro forma balance sheet as at 31 December 2014

	Statutory Accounts as at 31 Dec 2014	Rights Issue	Pro forma as at 31 Dec 2014
	\$	\$	\$
Current assets			
Cash and cash equivalents	1,294,209	1,766,000 ³	3,060,209
Trade and other receivables	206,180	-	206,180
Total current assets	1,500,389	1,766,000	3,266,389
Non-current assets			
Trade and other receivables	19,600	-	19,600
Property, plant and equipment	1,140,754	-	1,140,754
Total non-current assets	1,160,354	-	1,160,354
Total assets	2,660,743	1,766,000	4,426,743
Current liabilities			
Trade and other payables	354,487	-	354,487
Total current liabilities	354,487	-	354,487
Non-current liabilities	-	-	-
Total non-current liabilities	-	-	-
Total liabilities	354,487	-	354,487
Net assets	2,306,256	1,766,000	4,072,256
Equity			
Issued capital	53,542,135	1,766,000 ³	55,308,135
Reserves	824,446	-	824,446
Accumulated losses	(52,060,325)	-	(52,060,325)
Total equity	2,306,256	1,766,000	4,072,256

The Historical Balance Sheet has been prepared using the recognition and measurement principles contained in the Australian Accounting Standards. The Pro Forma Historical Balance Sheet has been prepared using the recognition and measurement principles contained in the Australian Accounting Standards and on the basis that the Rights Issue occurred as at 31 December 2014.

³ Approximate amount raised under the Offer (\$1,866,000) less estimated Offer costs (\$100,000).

8.2 Pro forma cash balance as at 31 March 2015

The Company's pro-forma cash balance as at 31 March 2015, assuming successful completion of the Rights Issue, is set out below and is based on unaudited management accounts.

	Unaudited Management Accounts as at 31 March 2015	Rights Issue	Pro forma as at 31 March 2015
	\$	\$	\$
Cash and cash equivalents	632,000	1,766,000	2,398,000

9. Definitions

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

\$ means Australian dollars.

Acceptance Form means the acceptance form accompanying this Information Booklet.

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.

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, 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.

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, Hong Kong or the Channel Islands.

Information Booklet means this document and the cleansing notice for the Rights Issue 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 1 New Share for every 11 Shares of which the Shareholder is the registered holder as at 7:00pm (AEST) on the Record Date at an Offer Price of \$0.135 per New Share to raise approximately \$1,866,000 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 \$0.135 per New Share.

Record Date means 7.00pm (AEST) on Friday 24 April 2015.

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 3.2 of the Information Booklet.

Top Up Application means an application for Top Up Shares.

Top Up Facility means the facility described in section 4.1 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 7.6 of the Information Booklet.

Underwriting Agreements means the underwriting agreements dated on or about Monday 20 April 2015 between the Company and each Underwriter.

Underwritten Amount means the maximum amount collectively underwritten being approximately \$825,000.

USA means United States of America.

10. Corporate Information

10.1 Company

King Island Scheelite Limited

ABN 40 004 681 734

www.kingislandscheelite.com.au

10.2 Underwriters

Mr Richard Willmot Chadwick and Mrs Gwenda Ann Chadwick

Chrysalis Investments

Mr Giuseppe Coronica

10.3 Principal and Registered Office

Level 26, 259 George Street

Sydney, NSW 2000

10.4 Contact

Johann Jacobs

Chairman

Phone: +61 0416 125 449

Fax: +61 (02) 8622 1401

Email: info@kisltd.com.au

10.5 Directors

Johann Jacobs

Allan Davies

Chris Ellis

10.6 Company Secretary

Ian Morgan

10.7 Share Registry

Computershare Investor Services Pty Limited

GPO Box 505

Melbourne VIC 3001

Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 3 9415 4000

www.computershare.com.au

11. Announcement and investor presentation on 20 April 2015





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

Non-Renounceable Rights Issue — Entitlement and Acceptance Form



Your payment must be received by 5:00pm (AEST) Friday, 8 May 2015

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 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 Monday, 20 April 2015.

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 with Additional Shares

X 9999999991 I ND

STEP 1 Registration Name & Offer Details

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

For your security keep your SRN/HIN confidential.

Entitlement No: 12345678

Offer Details: Existing Shares entitled to participate as at 7:00pm (AEST) Friday, 24 April 2015:

Entitlement to New Shares on a 1 for 11 basis:

Amount payable on acceptance at \$0.135 per New Share:

4,000
1
\$0.01

STEP 2 Make Your Payment

	Billers Code: 6106 Ref No: 1234 5678 9123 4567 89
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Contact your financial institution to make your payment from your cheque or savings account.

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

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 Friday, 8 May 2015. 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 Friday, 8 May 2015. 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 Note
The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

Acceptance Payment Details

Entitlement taken up:	
Number of additional New Shares applied for:	
Amount enclosed at \$0.135 per New Share:	A\$



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (AEST) Friday, 8 May 2015

Contact Details

Contact Name	Daytime Telephone
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Cheque Details

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