

12 December 2005

ASX Announcement

**KING ISLAND SCHEELITE RAISES \$5.0 MILLION THROUGH PLACEMENT AND
ANNOUNCES SHARE PURCHASE PLAN**

SYDNEY: King Island Scheelite Limited (ASX:KIS) today announced that it has raised A\$5.0 million through the placement of 5.0 million ordinary shares at \$1.00 each. The shares were placed with selected existing shareholders and a range of institutional and retail clients of Austock Securities Limited, all of whom qualify as professional and sophisticated investors under s708 of the Corporations Act.

"We are extremely pleased with the level of support for the placement from both institutional investors and sophisticated retail investors," King Island Scheelite Chairman Mr Ray Soper said.

Funds raised will be directed to further advancing the company's planned re-commencement of tungsten production from the King Island Scheelite Project in Tasmania.

Specifically, the funds will support the completion of a full-scale bankable feasibility study ("BFS") that involves a drilling program, metallurgical test program, detailed mine design, geotechnical program, infrastructure support, product marketing, permitting and the other issues needing to be addressed ahead of a decision to proceed with mine development.

"The BFS is already well advanced and the draft feasibility study is scheduled for completion by the end of the current calendar year," Mr Soper said.

"The final feasibility study is expected to be complete in March next year, and debt and equity funding is expected to be in place by the end of June 2006 with project construction commencing shortly after."

The issue price of \$1.00 represents:

- a discount to the last closing sale price prior to the date of this letter of \$1.05 per share;
- a 8.7% discount to the weighted average market price of the ordinary shares sold during the course of trading on the Australian Stock Exchange for the five trading days immediately preceding this announcement; and
- a 12.9% discount to the weighted average market price of the ordinary shares sold during the course of trading on the Australian Stock Exchange for the month immediately preceding this announcement.

This placement will be undertaken in two tranches, with 4.6 million shares being issued immediately under ASX Listing Rule 7.1, where up to 15% of a company's issued capital can be issued in a 12 month period without the need to obtain shareholder approval. The remaining tranche of 0.4 million shares comprises a collective 0.35 million shares that the directors of KIS have applied for under the placement and 0.05 million applied for by a non-related party of the Company. The issue of shares to Directors under this placement is subject to shareholder approval under ASX Listing Rule 10.11. It is expected that the Notice of Extraordinary General Meeting will be provided to shareholders in December 2005.

Share Purchase Plan

King Island Scheelite also announced today that the company has established a Share Purchase Plan ("SPP") and is now making an offer under that plan to all eligible KIS shareholders. The shares will be offered at \$1.00 per share – the same price as the placement announced today.

This SPP entitles shareholders in the company, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of ordinary shares in King Island Scheelite free of brokerage. If fully subscribed, the offer under this SPP will raise \$3,250,000.

The right to participate in this initial offer under this SPP is available exclusively to persons who are registered as holders of fully paid ordinary shares in King Island Scheelite Limited at 5:00pm on the record date of 15 December 2005 and whose registered address is in Australia, New Zealand and any other jurisdiction in which it is lawful for the company to offer shares under this SPP.

"From a fundraising viewpoint, placements to large investors can be completed quickly and at a low cost," Mr Soper said. "However, we are conscious that smaller shareholders do not get the opportunity to subscribe equity at the discounted placement price."

"This SPP offers another useful benefit in that it provides an opportunity for smaller shareholders to round up the size of their holdings to a marketable parcel of shares (\$500 worth)," he said.

The timetable for the implementation of this share purchase plan is as follows:

Event	Day	Date
Record Date to identify eligible shareholders entitled to participate in the offer under this share purchase plan	Thursday	15 December 2005
Date of Offer	Thursday	22 December 2005
Despatch of Offer to eligible Shareholders	Thursday	29 December 2005
Opening Date	Thursday	29 December 2005
Closing Date	Friday	13 January 2006
Issue and allot Shares by	Wednesday	18 January 2006
Apply to ASX for quotation of Shares by	Wednesday	18 January 2006

A full copy of the Terms of the King Island Scheelite Shareholder Share Purchase Plan is available on request from the company. If you have any questions on this SPP, please call the company's office on (02) 9250 0111 during business hours.

Further information on the Company is contained on the King Island Scheelite website, www.kingislandscheelite.com.au.

-ends

Media Contact:

Kate Kerrison
Kate Kerrison + Company
(02) 6746 3221
kate@katekerrison.com.au

Investor Contact:

Ray Soper
Chairman
King Island Scheelite
(02) 9250 0111