

KING ISLAND
SCHEELITE



30 January 2006

Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

**Re: Notice of Extraordinary General Meeting to commence at 10am on Friday 3
March 2006**

In accordance with ASX Listing Rule 3.17, please find attached a Notice of
Extraordinary General Meeting being sent today to all King Island Scheelite Limited
Shareholders.

Ian Morgan
Company Secretary

KING ISLAND SCHEELITE



Dear Shareholder,

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF KING ISLAND SCHEELITE LIMITED ABN 40 004 681 734 ("COMPANY")

Notice is hereby given that an Extraordinary General Meeting (EGM) of shareholders is to be held as follows:

Venue: Level 9
1 York Street,
Sydney NSW 2000

Time: **10 am**

Date: **3 March 2006**

Please find enclosed the following documents in relation to the EGM:

1. Notice of EGM together with Explanatory Statement and definitions of terminology used throughout.
2. Proxy Forms for EGM together with instructions.
3. Appointment of Corporate Representative for EGM.

If you are not able to attend the EGM in person, you are urged to complete and lodge the enclosed Proxy or Appointment of Corporate Representative (if a company).

Yours sincerely

Ian Morgan
Company Secretary
23 January 2006

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

NOTICE IS GIVEN that an Extraordinary General Meeting of the Company will be held on **3 March 2006 at 10 am** at Level 9, 1 York Street, Sydney NSW 2000, to consider, and if thought fit, pass the resolutions below.

The Explanatory Statement and the Proxy Form accompanying this Notice are incorporated in and comprise part of this Notice.

AGENDA

Ordinary Business

RESOLUTION 1 – RATIFICATION OF PREVIOUS SHARE PLACEMENT

To consider and if thought fit to pass the following **ordinary resolution** in relation to the Placement:

“That for the purposes of ASX Listing Rule 7.4 and all other purposes, shareholders ratify the issue and allotment by the Company on 16 December 2005, of **4,600,000** fully paid ordinary shares in the capital of the Company (“Tranche 1 Shares”) at \$1.00 per share, to those persons set out in the explanatory statement.”

VOTING EXCLUSION STATEMENT

For the purposes of Listing Rule 7.5.6, and all other purposes, the Company will disregard any votes cast on Resolution 1 by any person who participated in the Placement and any associate of those persons. However, the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 – APPROVAL TO ISSUE SHARES UNDER A SHARE PLACEMENT

To consider and if thought fit to pass the following **ordinary resolution** in relation to the Placement:

“That for the purposes of ASX Listing Rules 7.1, 7.1.5(a) and all other purposes, shareholders approve the issue and allotment by the Company of up to **50,000** fully paid ordinary shares in the capital of the Company (“Tranche 2 Shares”) at an issue price of \$1.00 per share to be issued no later than 3 months after the date of this meeting.”

VOTING EXCLUSION STATEMENT

For the purposes of Listing Rule 7.3.8, and all other purposes, the Company will disregard any votes cast on Resolution 2 by any person who participated in the Placement and any associate of those persons. However, the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**RESOLUTION 3 – ISSUE OF SHARES TO AN ASSOCIATE OF A DIRECTOR
ANTHONY HAGGARTY**

To consider and if thought fit to pass the following **ordinary resolution** in relation to the Placement:

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, shareholders approve the issue and allotment by the Company of up to **250,000** fully paid ordinary shares in the capital of the Company to **The Glen Rural Pty Ltd**, a company in which **Anthony James Haggarty**, a director of the Company, holds a relevant interest (“Tranche 3 Shares”), at an issue price of \$1.00 per share on terms identical to the Company’s existing ordinary shares and to be issued no later than 1 month after the date of this meeting.”

VOTING EXCLUSION STATEMENT

For the purposes of ASX Listing Rule 10.13.6 and all other purposes, the Company will disregard any votes cast on Resolution 3 by **The Glen Rural Pty Ltd**, **Anthony James Haggarty** and any of their associates. However, the Company need not disregard a vote if:

- (i). it is cast by a person as proxy appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii). is cast by a person chairing the meeting (other than **Anthony James Haggarty**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**RESOLUTION 4 – ISSUE OF SHARES TO AN ASSOCIATE OF A DIRECTOR RAY
SOPER**

To consider and if thought fit to pass the following **ordinary resolution** in relation to the Placement:

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, shareholders approve the issue and allotment by the Company of up to **50,000** fully paid ordinary shares in the capital of the Company to **Ipseity Pty Limited**, a company in which **Raymond John Soper**, a director of the Company, holds a relevant interest (“Tranche 4 Shares”), at an issue price of \$1.00 per share on terms identical to the Company’s existing ordinary shares and to be issued no later than 1 month after the date of this meeting.”

VOTING EXCLUSION STATEMENT

For the purposes of ASX Listing Rule 10.13.6 and all other purposes, the Company will disregard any votes cast on Resolution 4 by **Ipseity Pty Limited**, **Raymond John Soper** and any of their associates. However, the Company need not disregard a vote if:

- (i). it is cast by a person as proxy appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii). is cast by a person chairing the meeting (other than **Raymond John Soper**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**RESOLUTION 5 – ISSUE OF SHARES TO AN ASSOCIATE OF A DIRECTOR
ROBIN MORRITT**

To consider and if thought fit to pass the following **ordinary resolution** in relation to the Placement:

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, shareholders approve the issue and allotment by the Company of up to **50,000** fully paid ordinary shares in the capital of the Company (“Tranche 5 Shares”), to **Catherine Jeanne Morrutt**, an associate

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

of **Robin Frederick Charles Morrirt** a director of the Company, at an issue price of \$1.00 per share on terms identical to the Company's existing ordinary shares and to be issued no later than 1 month after the date of this meeting."

VOTING EXCLUSION STATEMENT

For the purposes of ASX Listing Rule 10.13.6 and all other purposes, the Company will disregard any votes cast on Resolution 5 by **Catherine Jeanne Morrirt, Robin Frederick Charles Morrirt** and any of their associates. However, the Company need not disregard a vote if:

- (i) it is cast by a person as proxy appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) is cast by a person chairing the meeting (other than **Robin Frederick Charles Morrirt**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6—ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That with effect from the passing of this Resolution and in accordance with Section 136 of the *Corporations Act*, the constitution signed by the Chairman for identification purposes ("Constitution") is hereby approved by shareholders and adopted as the Constitution of the Company in substitution for and to the exclusion of the existing constitution of the Company."

VOTING RIGHTS AND PROXIES

- (i) A member entitled to attend and vote at the meeting has a right to appoint a proxy.
- (ii) This appointment may specify the proportion or number of votes that the proxy may exercise.
- (iii) The proxy need not be a member of the Company.
- (iv) A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the votes.

If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form by either:

1. post to the registered office of the Company at Level 9, 1 York Street, Sydney NSW 2000; or
2. facsimile to the registered office of the Company – facsimile number +612 9241 6953;

not less than 48 hours before the time for holding the meeting.

A corporation may elect to appoint a representative in accordance with section 250D of the *Corporations Act* in which case the Company will require written proof of the representative's appointment. Corporate representative appointments may be delivered at any time before the meeting to the Company at its registered office or may be handed in at the Extraordinary General Meeting itself. A corporate representative appointment form is also enclosed.

The Company has determined in accordance with Regulation 7.11.37, *Corporations Regulation 2001*, that for the purpose of voting at the meeting or adjourned meeting, shares

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

will be taken to be held by those persons recorded in the Company's register of Members as at 10am on Wednesday 1 March 2006.

**By order of the Board of Directors
Ian Morgan
Company Secretary
King Island Scheelite Limited
23 January 2006**

EXPLANATORY STATEMENT

General

This Explanatory Statement has been prepared to provide you with material information reasonably required to enable you to make an informed decision on how to vote upon the business to be conducted at the Extraordinary General Meeting (*EGM*).

The purpose of the EGM is to consider and if thought fit, pass the Resolutions.

The Directors recommend that Shareholders read this Explanatory Statement, which forms part of the accompanying Notice of Meeting of Shareholders, before determining whether to support the Resolutions or otherwise.

RESOLUTION 1 – RATIFICATION OF A PREVIOUS SHARE PLACEMENT

Background

On or about 24 November 2005, the Company accepted and confirmed the appointment of Austock to manage a placement, of new fully paid ordinary shares in the Company to institutional and other exempt investors pursuant to Chapter 6D of the Corporations Act, on a best endeavours basis.

Under the terms of the engagement, Austock was entitled (for its services rendered) to a capital raising fee of up to 5% of the total value of all funds raised pursuant to the Placement, out of which, it may pay fees to participating brokers.

The capital raising was sought by the Company for the purposes of raising working capital and to fund the costs of the bankable feasibility study.

The Company intends to rely on the relief provided in section 708A of the Corporations Act, permitting the Company and Austock to offer the shares without a prospectus (provided the requirements under those provisions are complied with).

A Section 708A Notice was issued on **16 December 2005**, in compliance with part of the requirements for the relief provided under section 708A.

Approvals Required

ASX Listing Rule 7.1 provides that without approval of the Shareholders, the Company must not issue or agree to issue more equity securities if such issue, if aggregated with the securities issued by the company during the previous 12 months, would be such amount that would exceed 15% of the issued shares at the commencement of that 12 month period (subject to certain exemptions not relevant to the Company's present circumstances).

Although the issue of **4,600,000** Tranche 1 Shares under the Placement was within the 15% prescribed limit when issued, the issue of those shares had not previously obtained Shareholder approval.

ASX Listing Rule 7.4 however treats the issue of those Tranche 1 Shares made without the approval under Listing Rule 7.1, as having been made with approval for the purposes of Listing Rule 7.1 if that issue did not breach Listing Rule 7.1, and the Shareholders subsequently approve it. That issue did not breach Listing Rule 7.1.

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

Under Resolution 1, the Company seeks the ratification by the Shareholders of the issue and allotment of the Tranche 1 Shares issued and allotted to the subscribers under the Placement, so as to 'refresh' the effect of Listing Rule 7.1 on any further issues of securities in the next 12 months.

Details of Tranche 1 Shares

For the purposes of the ASX Listing Rule 7.5, the following information is given to Shareholders:

Issue Date: 16 December 2005.

Allottee (basis): Various sophisticated and professional investors introduced to the Company by Austock (pursuant to the Placement).

Issue Price: \$1.00.

Number of fully paid ordinary shares: 4,600,000

Terms of the securities: the issued shares are fully paid ordinary shares and are on the same terms as existing fully paid ordinary shares in the Company.

Use or intended use of the funds raised: This issue and allotment of fully paid ordinary shares was for the purposes of further advancing the Company's exploration activities by providing additional working capital to support the full-scale bankable feasibility study 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.

RESOLUTION 2 – APPROVAL TO ISSUE SHARES UNDER A SHARE PLACEMENT

Background

Resolution 2 seeks Shareholder approval, by way of ordinary resolution, for the issue and allotment of Tranche 2 Shares of the Company (if thought required by the Board) to sophisticated and professional investors who may accept a future offer for shares in the Company by way of placement within the period of 3 months after the date of this EGM.

The Directors propose to issue up to **50,000** ordinary shares of the Company to sophisticated and professional investors at \$1.00 per share.

The Directors emphasise that the issue of Tranche 2 Shares is at the absolute discretion of the Board, and that the Board is under no obligation to cause the Company to issue all or any Tranche 2 Shares.

The calculation of the fixed price for such issue is required by, and in accordance with, the terms of ASX Listing Rule 7.3.3.

Approvals Required

ASX Listing Rule 7

ASX Listing Rule 7.1 provides that without the approval of the Shareholders, the

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

Company must not issue or agree to issue more equity securities if such issue, when aggregated with the securities issued by the company during the previous 12 months, would be such amount that would exceed 15% of the issued shares at the commencement of that 12 month period (subject to certain exceptions that are not relevant to the Company's present circumstances).

Under the proposed issue (in respect of which approval is sought under Resolution 2), the Company intends to provide itself with the flexibility to issue in aggregate, up to **50,000** ordinary shares within 3 months after the date of this EGM.

Accordingly, the Company seeks Shareholder approval, by way of ordinary resolution, for the issue of Tranche 2 Shares so as to facilitate greater flexibility for its capital raising during the following 3 month period and to satisfy the requirements of ASX Listing Rule 7.1

Details of Tranche 2 Shares

In compliance with ASX Listing Rule 7.3, the following information is provided.

Proposed date of issue of shares: Not later than 3 months after the date of this EGM.

Allottee: sophisticated or professional investors introduced to the Company by Austock (pursuant to the Placement).

Subscription Price: \$1.00 per share.

Maximum number of shares to be issued: 50,000.

Terms of the securities: the issued shares are fully paid ordinary shares and are on the same terms as existing fully paid ordinary shares in the Company.

Use or intended use of the funds raised: This issue and allotment of fully paid ordinary shares was for the purposes of further advancing the Company's exploration activities by providing additional working capital to support the full-scale bankable feasibility study 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.

Allotment of shares: The allotment of Tranche 2 Shares will occur progressively.

RESOLUTION 3 – ISSUE OF SHARES TO AN ASSOCIATE OF A DIRECTOR ANTHONY HAGGARTY

Background

Resolution 3 seeks Shareholder approval, by way of ordinary resolution, for the issue and allotment of up to **250,000** ordinary shares of the Company (if thought required by the Board) to **The Glen Rural Pty Ltd**, a sophisticated or professional investor introduced to the Company by Austock, and a company in which **Anthony James Haggarty**, a director of the Company, holds a relevant interest.

Directors propose to issue and allot Tranche 3 Shares by way of placement within one month after the date of this EGM at \$1.00 per share.

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

The Directors emphasise that the issue of Tranche 3 Shares is at the absolute discretion of the Board, and that the Board is under no obligation to cause the Company to issue all or any Tranche 3 Shares.

Approvals required

ASX Listing Rule 10.11 requires that a listed company obtain the shareholder approval by ordinary resolution prior to the issue of securities (including shares) to a related party. ASX Listing Rule 7.1 also requires the approval by shareholders of the issue of the shares, in light of the quantum of shares already issued pursuant to the Tranche 2 Shares (see further regarding Resolution 2). ASX Listing Rule 10.13 sets out the relevant information requirements that are to be provided to Shareholders in this Explanatory Statement.

If Resolution 3 is passed, then the Tranche 3 Shares may be issued to **The Glen Rural Pty Ltd**.

Accordingly, approval for the issue of Tranche 3 Shares to **The Glen Rural Pty Ltd** is required pursuant to ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Details of Tranche 3 Shares

In compliance with ASX Listing Rule 10.13, the following information is provided.

Name of Person: **The Glen Rural Pty Ltd** a company in which **Anthony James Haggarty**, a director of the Company, holds a relevant interest.

Maximum number of shares to be issued: 250,000.

Proposed date of issue of shares: Not later than 1 month after the date of this EGM.

Subscription Price: \$1.00 per share.

Terms of the securities: the issued shares are fully paid ordinary shares and are on the same terms as existing fully paid ordinary shares in the Company.

Use or intended use of the funds raised: This issue and allotment of fully paid ordinary shares was for the purposes of further advancing the Company's exploration activities by providing additional working capital to support the full-scale bankable feasibility study 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.

RESOLUTION 4 – ISSUE OF SHARES TO AN ASSOCIATE OF A DIRECTOR RAY SOPER

Background

Resolution 4 seeks Shareholder approval, by way of ordinary resolution, for the issue and allotment of up to **50,000** ordinary shares of the Company (if thought required by the Board) to **Ipseity Pty Limited**, a sophisticated or professional investor introduced to the Company by Austock, and a company in which **Raymond John Soper**, a director of the Company, holds a relevant interest.

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

Directors propose to issue and allot Tranche 4 Shares by way of placement within one month after the date of this EGM at \$1.00 per share.

The Directors emphasise that the issue of Tranche 4 Shares is at the absolute discretion of the Board, and that the Board is under no obligation to cause the Company to issue all or any Tranche 4 Shares.

Approvals required

ASX Listing Rule 10.11 requires that a listed company obtain the shareholder approval by ordinary resolution prior to the issue of securities (including shares) to a related party. ASX Listing Rule 7.1 also requires the approval by shareholders of the issue of the shares, in light of the quantum of shares already issued pursuant to the Tranche 2 Shares (see further regarding Resolution 2). ASX Listing Rule 10.13 sets out the relevant information requirements that are to be provided to Shareholders in this Explanatory Statement.

If Resolution 4 is passed, then the Tranche 4 Shares may be issued to **Ipeity Pty Limited**.

Accordingly, approval for the issue of Tranche 4 Shares to **Ipeity Pty Limited** is required pursuant to ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Details of Tranche 4 Shares

In compliance with ASX Listing Rule 10.13, the following information is provided.

Name of Person: **Ipeity Pty Limited** a company in which **Raymond John Soper**, a director of the Company, holds a relevant interest.

Maximum number of shares to be issued: 50,000.

Proposed date of issue of shares: Not later than 1 month after the date of this EGM.

Subscription Price: \$1.00 per share.

Terms of the securities: the issued shares are fully paid ordinary shares and are on the same terms as existing fully paid ordinary shares in the Company.

Use or intended use of the funds raised: This issue and allotment of fully paid ordinary shares was for the purposes of further advancing the Company's exploration activities by providing additional working capital to support the full-scale bankable feasibility study 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.

RESOLUTION 5 – ISSUE OF SHARES TO AN ASSOCIATE OF A DIRECTOR ROBIN MORRITT

Background

Resolution 5 seeks Shareholder approval, by way of ordinary resolution, for the issue and allotment of up to **50,000** ordinary shares of the Company (if thought required by the Board) to **Catherine Jeanne Morrirt**, a sophisticated or professional investor introduced to the

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

Company by Austock, and an associate of **Robin Frederick Charles Morritt** a director of the Company.

Directors propose to issue and allot Tranche 5 Shares by way of placement within one month after the date of this EGM at \$1.00 per share.

The Directors emphasise that the issue of Tranche 5 Shares is at the absolute discretion of the Board, and that the Board is under no obligation to cause the Company to issue all or any Tranche 5 Shares.

Approvals required

ASX Listing Rule 10.11 requires that a listed company obtain the shareholder approval by ordinary resolution prior to the issue of securities (including shares) to a related party. ASX Listing Rule 7.1 also requires the approval by shareholders of the issue of the shares, in light of the quantum of shares already issued pursuant to the Tranche 2 Shares (see further regarding Resolution 2). ASX Listing Rule 10.13 sets out the relevant information requirements that are to be provided to Shareholders in this Explanatory Statement.

If Resolution 5 is passed, then the Tranche 5 Shares may be issued to **Catherine Jeanne Morritt**.

Accordingly, approval for the issue of Tranche 5 Shares to **Catherine Jeanne Morritt** is required pursuant to ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Details of Tranche 5 Shares

In compliance with ASX Listing Rule 10.13, the following information is provided.

Name of Person: **Catherine Jeanne Morritt** an associate of **Robin Frederick Charles Morritt**, a director of the Company.

Maximum number of shares to be issued: 50,000.

Proposed date of issue of shares: Not later than 1 month after the date of this EGM.

Subscription Price: \$1.00 per share.

Terms of the securities: the issued shares are fully paid ordinary shares and are on the same terms as existing fully paid ordinary shares in the Company.

Use or intended use of the funds raised: This issue and allotment of fully paid ordinary shares was for the purposes of further advancing the Company's exploration activities by providing additional working capital to support the full-scale bankable feasibility study 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.

RESOLUTION 6 – ADOPTION OF A NEW CONSTITUTION

Resolution 6 seeks the approval of shareholders to the adoption of a new Constitution for the Company that is appropriate for a public company listed on ASX.

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

A copy of the proposed new Constitution will be sent to any member upon request and will also be available for inspection at the Company's registered office during normal business hours prior to the General Meeting and available for inspection at the General Meeting.

It is proposed that the current Constitution be repealed in its entirety and replaced with a standard form new Constitution..

The Board of directors has resolved to replace the current Constitution with a newer Constitution which adequately reflects the present law in its updated form. This is particularly so because, as a result of a number of changes to the Corporations Act, parts of the Company's current Constitution are not entirely consistent with the new provisions of the Corporations Act and may be out of step with provisions of the ASX Listing Rules, ASTC Settlement Rules, and latest corporate governance principles.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. The directors believe that for ease of interpretation, certainty and consistency it is preferable to repeal the existing document and replace it with a new Constitution.

The proposed new Constitution is broadly consistent with the provisions of the Company's current Constitution. However, there are some differences. A summary of the principal differences is set out below.

Summary of principal differences between Constitution and proposed new Constitution

Subject	Summary of Amendment
Company Name	The current Company name 'King Island Scheelite Limited' has been inserted in the relevant places in the new Constitution
References to Law	The terminology in the Constitution has been updated by changing the definition of the defined term 'Law', which now incorporates the <i>Corporations Act 2001</i> and the <i>Corporations Regulations 2001</i> . All references to sections of the supersede Corporations Law have also been updated in accordance with the current <i>Corporations Act 2001</i> .
References to Articles	The new Constitution now refers to the 'rules' or 'Constitution' as opposed to the old terminology of 'Articles'.
Share Certificates	The Constitution clarifies that, while the Company is admitted to the Official List of the ASX, the Board may determine not to issue certificates for securities and therefore, no share certificates are issued. The Constitution also now provides that in the case of lost, stolen or destroyed certificates, the Board may determine for a new certificate to be issued to replace that certificate upon the shareholding giving an indemnity and any evidence that the certificate has been lost, stolen or destroyed and may require the payment of a fee. The replacement certificate may also be endorsed as having been issued instead of a lost, stole or destroyed certificate.

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

Joint Holders	The Constitution clarifies the entitlements and responsibilities of joint shareholders, including that joint holders are jointly and severally liable for payments to be made in respect of the shares, and that any one of the joint holders is entitled to vote at a meeting, but that if more than one of them is present, only the one first named in the register is entitled to vote in respect of those shares.
References to ASTC Settlement Rules	The Constitution now incorporates reference to the ASTC Settlement Rules, which are principally concerned with the electronic transfer and settlement of securities and the establishment and administration of CHESSE subregisters for securities. The ASTC Settlement Rules, in general terms, replaced the SCH Business Rules, referred to in the Company's existing Constitution.
Variation of Rights	The new Constitution now provides that the rights of holders of shares that are issued with preferred or other rights are, unless the terms of issue say otherwise, deemed not to be varied by the creation or issue of further shares ranking equally with those shares. This represents a change from the existing Constitution, under which the issue of such further 'equal ranking' shares would have been deemed to constitute a variation of rights.
Forfeiture of Shares	Under the new Constitution, if a shareholder fails to pay an amount due on a share to the Company, the Board can give notice requiring the payment on a date to be specified and, if the shareholder fails to comply with the notice, the share(s) can be forfeited. The existing Constitution refers to superseded legislation and provides for forfeited shares to be offered for sale by auction (if the directors so determine).
Transfer of Securities	The transfer provisions in the new Constitution have been updated to reflect the current Corporations Act, Listing Rules, and ASTC Settlement Rules requirements, including with respect to electronic or computerised transfers of securities. The new Constitution also provides that an instrument of transfer must be executed by or on behalf of both the transferor and the transferee unless it is a sufficient transfer of marketable securities while the current Constitution provides that an instrument of transfer shall be executed by or on behalf of the transferor but need not be executed by or on behalf of the transferee.
Restricted Securities	The new Constitution includes provisions regarding restricted securities, and provides that, where there is a breach of the Listing Rules or an escrow agreement regarding restricted securities, then the Company shall refuse to acknowledge, deal with, accept or register any sale, assignment or transfer of any restricted securities and the holder of those shares will cease to be entitled to any

	<p>dividends, distribution, or voting rights regarding those shares for as long as the breach subsists.</p>
<p>General Meetings</p>	<p>The new Constitution amends or updates a number of provisions regarding the convening and conduct of general meetings of the Company, including:</p> <ul style="list-style-type: none"> • it expressly permits the Chairman to refuse admission to a meeting, or to require a person to leave a meeting, on certain grounds, including where they behave in a disruptive or offensive manner, or are in possession of an electronic or recording device or a dangerous item; • providing that a period of 15 minutes after the time specified for a general meeting elapse before determining that a quorum is not present as opposed to the current Constitution which provides for a period of 30 minutes; • it now provides for a series of other officers including a deputy Chairman or Director to be given the option to chair a meeting before a shareholder; • providing that a poll may be demanded by the Chairman or at least 5 shareholders present entitled to vote on the resolution or by a shareholder or shareholders present with at least 5% of the votes that may be cast on the resolution on a poll; • now providing that no poll may be demanded on the election of a Chairman of a meeting; • now providing that in the case of an equality of votes at a general meeting, the Chairman, both on a show of hands and at a poll, has no casting vote in addition to the vote or votes to which the Chairman may be entitled as a shareholder or as a proxy, attorney or duly appointed representative of a shareholder; • the new Constitution no longer provides an example of a proxy form in its contents; • now providing specific rules for the authorisation of a person voting on behalf of a Corporation; • it clarifies that 28 days' notice of a meeting is required (in line with section 249HA of the <i>Corporations Act</i>); • the quorum for a meeting of the Company has been changed to 2 members; • in accordance with section 249X of the <i>Corporations Act</i>, it states that if a member appoints 2 proxies, and the appointment doesn't specify the proportion of voting rights of each proxy, then each proxy is entitled to exercise half of the appointer's rights; • it updates the requirements in relation to the lodging and signing of proxy notices; and • it incorporates a new provision permitting any resolution required to be passed or approved at a general meeting of the Company to be passed if a written

	<p>instrument containing the resolution is signed by all shareholders entitled to vote on the matter. It is considered highly unlikely that this provision would be utilised in the Company's current circumstances (ie. widely held), but it is included in case the Company's circumstances changed at a later time.</p>
Directors	<p>The new Constitution amends or updates a number of provisions regarding directors, including:</p> <ul style="list-style-type: none"> • other than an appointed 'managing director', the remuneration of all directors must be a fixed sum, and not a commission or % of profits or revenue. Under the existing Constitution, it was principally only the remuneration of non-executive directors that was restricted in this way; • now making specific provision for the execution of documents by two Directors or a Director and the Secretary without the Company Seal; • clarifying the position regarding the remuneration of an Alternate Director; • a notice of nomination for a new director must be given in accordance with the Listing Rules, which require that the notice be accepted by the Company up to 35 business days before the relevant meeting (or 30 business day where the meeting is being convened at the request of a member of the Company). Where the nominee has been recommended by the Board, the notice must be given at least 5 business days before the meeting; and • the quorum for directors' meeting will be 3, unless otherwise determined by the Board.
Dividends	<p>The new Constitution updates the provisions regarding dividends, including:</p> <ul style="list-style-type: none"> • subject to the Listing Rules, the Board can apply a sum standing to the credit of any reserve or other account in paying up in full unissued shares of the Company in accordance with any employee share or option plan that has been approved by the Company by special resolution; • clarifying that dividends may be paid in any manner, and by any means, determined by the Board; • any unclaimed dividends may be invested by the Board or used by the Board for the benefit of the Company until they are claimed; • the Board may pay interim dividends if it is satisfied that the position of the Company justifies it doing so.
Capitalisation of Profits	<p>If the Board resolves to capitalise and distribute any amount forming part of the undivided profits of the Company, or standing to the credit of any reserve or other account (and</p>

NOTICE OF MEETING KING ISLAND SCHEELITE LIMITED 3 March 2006

	<p>which is available for distribution), then all or any part of the sum is to be applied on behalf of the shareholders either in paying up amounts unpaid on any shares held by them, or in paying up in full unissued shares or other securities of the Company which are to be issued to the shareholders.</p>
Notices	<p>The new Constitution provides that a notice sent by post is deemed to be served 48 hours after it is posted and further provides for the deeming of services for notices delivered by facsimile and other electronic means. The new Constitution also provides for circumstances where the Company has a bona fide reason to believe that a shareholder is not known at the shareholder's registered address in which case all future notices are deemed to be given to the shareholder if the notice is exhibited in the registered office of the Company for a period of 48 hours.</p>
Winding Up	<p>The new Constitution provides that any in specie division by a liquidator may be otherwise than in accordance with the legal rights of the contributories, and any class may be given preferential or special rights, or be excluded. However, any contributory who would be prejudiced by such a division then has certain rights that arise and as set out in rule 25.2 of the new Constitution.</p>
Indemnities and Insurance	<p>The new Constitution updates the provisions regarding the Company's indemnification of its directors, secretary, and executive offices against liabilities and attendant legal costs. The new Constitution also provides an indemnity for Company employees against liabilities and attendant legal costs. The new Constitution also allows for the provision of insurance for the benefit of Directors, Secretaries, executive officers and employees who are also an officer of the Company but not a Director, Secretary or executive officer.</p>
Partial Takeovers	<p>The new Constitution inserts a new provision pursuant to section 648D of the Corporations Act, dealing with situations where offers are made to acquire the Company's shares under a proportional takeover bid.</p> <p>Where such an offer is made, the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless a resolution is passed approving the proportional takeover bid, such resolution to be passed at a meeting of the people who held shares in the relevant class as at the end of the day on which the first offer under the proportional bid was made.</p> <p>The balance of the relevant provision then addresses certain other requirements and procedural matters concerning proportional takeover bids.</p>

Compliance with ASX Listing Rules	The new Constitution includes a new provision deeming the ASX Listing Rules to prevail in circumstances where the new Constitution is inconsistent with the ASX Listing Rules.
--	--

VOTING AND REQUIRED MAJORITY

In accordance with the Corporations Act for the resolutions to be effective:

- (i). the resolutions must be passed at an Extraordinary General Meeting of which not less than 28 days written notice specifying the intention to propose the resolutions has been given (satisfied by this Notice);
- (ii). in the case of ordinary resolutions must be passed by more than 50% of all the votes cast by Shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative); and
- (iii). in the case of special resolutions must be passed by not less than 75% of all the votes cast by Shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

On a show of hands every Shareholder has one vote, and on a poll, every Shareholder has one vote for each fully paid Share.

DEFINITIONS

For the purposes of this Explanatory Statement and the Notice of Extraordinary General Meeting the following definitions apply unless the context requires otherwise.

ASX means Australian Stock Exchange Limited ABN 98 008 624 691.

ASX Listing Rules mean the Official Listing Rules of the ASX.

Austock means Austock Corporate Finance Limited ABN 26 101 074 015, lead manager to the Placement.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean directors of the Company.

EGM means the extraordinary general meeting to be held at **10 am on 3 March 2006** and notified to the Company's Shareholders by the Notice.

Company means King Island Scheelite Limited (ABN 40 004 681 734).

Explanatory Statement means this explanatory statement.

Iipseity means Iipseity Pty Limited ABN 88 003 306 974, a company in which **Raymond John Soper** holds a relevant interest.

Issued Shares means the total number of ordinary fully paid shares currently on issue, being **35,289,713**.

Notice means the notice incorporating the Explanatory Statement.

Placement means the placement of fully paid ordinary shares to a limited number of institutions and other exempt investors in accordance with Chapter 6D of the Corporations Act and with the terms of the placement arranged by Austock and announced to the ASX on **12 December 2005**.

Resolutions means the resolutions proposed in the Notice.

Section 708A Notice means a notice pursuant to section 708A(5)(e) of the Corporations Act issued to the ASX by the Company on **16 December 2005**, in compliance with part of the requirements for the relief provided under section 708A.

Shareholder means shareholder of the Company and *Shareholders* has a corresponding meaning.

The Glen Rural Pty Ltd means **The Glen Rural Pty Ltd ABN 16 064 038 437**, a company in which **Anthony James Haggarty** holds a relevant interest.

Tranche 1 Shares means **4,600,000** fully paid ordinary shares in the capital of the Company issued and allotted on **16 December 2005** for \$1.00 each to sophisticated or professional investors introduced to the Company by Austock, pursuant to the Placement.

Tranche 2 Shares means up to **50,000** fully paid ordinary shares in the capital of the Company proposed to be issued and allotted within 3 months of the EGM for \$1.00 each to sophisticated or professional investors introduced to the Company by Austock, pursuant to the Placement.

Tranche 3 Shares means up to **250,000** fully paid ordinary shares in the capital of the Company proposed to be issued and allotted to **The Glen Rural Pty Ltd**, a sophisticated or professional investor introduced to the Company by Austock, within 1 month of the EGM for \$1.00 each, pursuant to the Placement.

Tranche 4 Shares means up to **50,000** fully paid ordinary shares in the capital of the Company proposed to be issued and allotted to **Iipseity Pty Limited**, a sophisticated or professional investor introduced to the Company by Austock, within 1 month of the EGM for \$1.00 each, pursuant to the Placement.

Tranche 5 Shares means up to **50,000** fully paid ordinary shares in the capital of the Company proposed to be issued and allotted to **Catherine Jeanne Morrirt**, a sophisticated or professional investor introduced to the Company by Austock, and an associate of **Robin Frederick Charles Morrirt** a director of the Company, holds a relevant interest, within 1 month of the EGM for \$1.00 each, pursuant to the Placement.

PROXY FORM

The Company Secretary

King Island Scheelite Limited
Level 9
1 York Street
SYDNEY NSW 2000

The Company Secretary
King Island Scheelite Limited

I/We, _____ of _____
_____ (*address*) being a member/s of King Island Scheelite Limited

(**Company**) hereby appoint _____
_____ (*name*)

of _____ (*address*) or failing him

or her the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Extraordinary
General Meeting of the Company to be held at Level 9, 1 York Street, Sydney on **3 March 2006 at 10
am** and at any adjournment of that meeting.

IMPORTANT: If you do **NOT** wish to direct your proxy how to vote, place a mark in the box below.



By marking this box, you acknowledge that the Chairman of the Meeting, acting as your proxy, may exercise your undirected proxy votes (if you do not specify below how your proxy is to vote below) even if he or she has an interest in the outcome of each resolution which carries a voting exclusion providing that votes cast by him or her other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote undirected proxies **IN FAVOUR** of each resolution.

If two proxies are appointed, the proportion of my/our total voting rights that this proxy is authorised to exercise are as follows:

_____ (*number of votes or percentage of voting rights proxy is authorised to exercise*).

Should you desire to direct your proxy how to vote please place a mark in the appropriate boxes below. If you do not instruct your proxy how to vote on a resolution you should mark the box above, leave the boxes below blank and your proxy may vote as he or she thinks fit or abstain from voting. If you leave boxes unmarked for some candidates but not for all candidates, your proxy will not be able to vote your shares in respect of the unmarked candidates.

PROXY EGM KING ISLAND SCHEELITE LIMITED 3 March 2006

I/We instruct my/our proxy to vote as follows (the resolutions are numbered as in the Notice of Extraordinary General Meeting):

	For	Against	Abstain¹
Resolution 1: Ratify the issue of 4,600,000 ordinary shares to sophisticated and professional investors on 16 December 2005 .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Approve the proposed issue of up to 50,000 ordinary shares to sophisticated and professional investors by way of placement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Approve the proposed issue of up to 250,000 ordinary shares to an associate of Anthony James Haggarty .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Approve the proposed issue of up to 50,000 ordinary shares to an associate of Raymond John Soper .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Approve the proposed issue of up to 50,000 ordinary shares to an associate of Robin Frederick Charles Morrirt .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6: Approve and adopt a new Constitution.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This proxy form must be signed by each appointing member (or member's attorney). Proxy forms submitted by a company must be executed in accordance with section 127 of the Corporations Act or signed by a duly authorised officer or attorney.

Authorised signature/s

Signed by Individual Member or Attorney:

Signed by Sole Director Company:

Individual Member/Attorney
(delete as appropriate)

Sole Director and Secretary

Signed by Company:

Director

Director/Company Secretary
(delete as appropriate)

This form should be signed by the member. If a joint holding, either member may sign. If signed by the member's attorney, the power of attorney must have been previously noted by the Company or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the member's constitution and the Corporations Act. Chapter 2C of the Corporations Act requires information about you as a member (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. You can access your personal information by contacting the Company at the address or telephone number shown on this form.

¹ If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

**APPOINTMENT OF CORPORATE REPRESENTATIVE
Pursuant to Section 250D of the Corporations Act 2001**

_____ (ACN/ARBN _____)
(Insert name of Shareholder/Body Corporate & ACN/ARBN)

Hereby Authorises

(Insert name of appointee)

(*) 1. To act as the Company's representative at all Extraordinary General Meetings of: **KING ISLAND SCHEELITE LIMITED ABN 40 004 681 734**

(*) 2. To act as the Company's Representative at the Extraordinary General Meeting to be held at **10 am on 16 December 2005** and any adjournment thereof.

Dated this _____ day of _____ 2005

Executed by the corporation in accordance with its Constitution/Section 127 of the Corporations Act 2001 in the presence of:

(*) Director

(*) Sole Director & Sole Secretary

(*) Director/Secretary

Affix Common Seal here (optional)

(*) Delete if not applicable

This authority may be sent to the registered office or share registry office of the Company in advance of the meeting as set out in the Notice of Extraordinary General Meeting which this appointment accompanies or handed in at the Extraordinary General Meeting when registering as a company representative. In either case, the authority will be retained by the Company.