



11 December 2006

ASX Announcement

KING ISLAND SCHEELITE RAISES \$4.0 MILLION THROUGH PLACEMENT AND ANNOUNCES SHARE PURCHASE PLAN

SYDNEY: King Island Scheelite Limited (ASX: KIS) today announced that it has raised A\$4.0 million through the placement of 3,636,364 ordinary shares at \$1.10 each ("Placement"). 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 very pleased with the level of support for the placement from both institutional investors and sophisticated retail investors," King Island Scheelite Chairman Mr Tony Haggarty said.

Funds raised will be directed to further advancing KIS's planned Joint Venture with Xiamen Tungsten Co. Ltd ("XTC") to re-develop the King Island Scheelite mine and re-commence tungsten production at the King Island Scheelite Project in Tasmania.

The intended use of the funds raised, pursuant to the Placement, is for working capital to make the next steps in advancing toward finalization of:

- The Joint Venture between XTC and KIS;
- The Feasibility Study after XTC's review;
- Required Development Approvals; and
- Financing arrangements.

Work is continuing with XTC during December with a visit scheduled by XTC's technical team during the month, followed by further discussions toward finalizing Joint Venture documentation. This will be followed by detailed design and construction, with commissioning and first concentrates planned to be produced in early 2008.

The issue price of \$1.10 represents:

- a discount to the last closing sale price prior to the date of this letter of \$1.15 per share;
- a 2.7 % 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 6.8 % 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 3,179,364 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 457,000 shares comprise shares that the directors of KIS have applied for under the placement. 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 2006.

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 \$1.10 per share – the same price as the placement announced today.

This SPP entitles shareholders in KIS, 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 approximately \$3,835,000.

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 11 December 2006 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.

"This SPP offers another useful benefit in that it provides an opportunity for smaller shareholders to round up the size of their holdings" Mr Haggarty said.

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

Event	Day	Date
Announce Share Purchase Plan	Monday	11 December 2006
Record Date to identify eligible shareholders entitled to participate in the offer under this share purchase plan	Monday	11 December 2006
Date of Offer	Tuesday	2 January 2007
Despatch of Offer to eligible Shareholders	Tuesday	9 January 2007
Opening Date	Tuesday	9 January 2007
Closing Date	Tuesday	23 January 2007
Issue and allot Shares	Monday	29 January 2007
Apply to ASX for quotation of Shares	Monday	29 January 2007

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.

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