

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

KING ISLAND SCHEELITE LIMITED

ABN

40 004 681 734

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Shares and Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Subject to rounding: <ul style="list-style-type: none">• 27,161,246-418 ordinary fully paid shares; and• 13,580,623-737 options. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares
Options - each option is exercisable into one ordinary fully paid share for a 10 cents exercise price, by the date that is three years from the issue date of the options. |

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares - Yes</p> <hr/> <p>Options - Not Applicable</p>
<p>5 Issue price or consideration</p>	<p>5.5 cents each</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Renounceable Rights Offer announced on 19 June 2018 is one (1) share for every eight (8) shares held for 5.5 cents each plus one (1) free attaching option for every two (2) new shares taken up, exercisable at 10 cents by the date that is three years from the issue date of the options</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>30 November 2017</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil	
6f	Number of +securities issued under an exception in rule 7.2		Number (subject to rounding)
		Shares	27,161, 246 418
		Options	13,580, 623 737
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer Annexure 1	Number of Securities
		Issue capacity under ASX Listing Rule 7.1	36,667, 683 708
		Issue capacity under ASX Listing Rule 7.1A	24,445, 122 139
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	20 July 1 August 2018	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		244,451, 221 393	Ordinary fully paid shares
		13,580, 623 737	Options - each option is exercisable into one ordinary fully paid share for a 10 cents exercise price, by the date that is three years from the issue date of the options

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		+Class			
		Options with the right to subscribe for one fully paid ordinary share:			
9	Number and +class of all +securities not quoted on ASX <i>(including the +securities in section 2 if applicable)</i>	Exercise Price per Share	Vesting Date	Expiry Date	Number
		15 cents	1 January 2014	31 December 2018	2,000,000
		22 cents	1 January 2015	31 December 2019	3,000,000
		28 cents	1 January 2016	31 December 2020	4,000,000
		6 cents	31 December 2017	31 December 2022	3,000,000
		8 cents	31 December 2017	31 December 2022	3,000,000
		10 cents	31 December 2017	31 December 2022	3,000,000
				Total	18,000,000
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There has been no change to the dividend policy.			

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Renounceable
13	Ratio in which the +securities will be offered	One (1) share for every eight (8) shares held for 5.5 cents each plus one (1) free attaching option for every two (2) new shares taken up, exercisable at 10 cents by the date that is three years from the issue date of the options
14	+Class of +securities to which the offer relates	Ordinary fully paid shares Options - each option is exercisable into one ordinary fully paid share for a 10 cents exercise price, by the date that is three years from the issue date of the options.

+ See chapter 19 for defined terms.

- | | | |
|----|---|--|
| 15 | +Record date to determine entitlements | 26 June 2018 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No |
| 17 | Policy for deciding entitlements in relation to fractions | Rounding up of fractional entitlements to the nearest whole number. |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.</small> | China (including Hong Kong), United Kingdom, Singapore and United States of America. |
| 19 | Closing date for receipt of acceptances or renunciations | 13-25 July 2018 |

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20	Names of any underwriters	Chrysalis Investments Pty Ltd (an entity associated with Director, Chris Ellis) and Mr Richard Chadwick and Mrs Gwenda Chadwick (through their related entities)
21	Amount of any underwriting fee or commission	4.5%
22	Names of any brokers to the issue	None
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	23 July 29 June 2018
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	19 June 2018
28	Date rights trading will begin (if applicable)	25 June 2018
29	Date rights trading will end (if applicable)	6 July 2018
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Security holders must contact their broker to sell all their entitlements and must complete the entitlement and acceptance form. See section 4.4 of the Prospectus.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Security holders must contact their broker to sell part of their entitlements. To accept the balance, security holders must complete the entitlement and acceptance form. See sections 4.3 and 4.4 of the Prospectus.

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)? Security holders must complete the standard renunciation form and the entitlement and acceptance form to dispose of their entitlements except by sale through a broker. See section 4.5 of the Prospectus.
- 33 ⁺Issue date 20 July 1 August 2018

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

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Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	Not applicable	
39	+Class of +securities for which quotation is sought	Not applicable	
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Not applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	Not applicable	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		Not applicable	

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

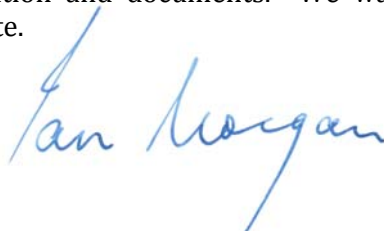
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Director/Company secretary)
Print name: Ian Morgan

Date: ~~19 June~~ 1 August 2018

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital			
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated			
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	188,648,702 <u>209,608,702</u>		
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Date	Number	
		26 June 2017	20,960,000
		29 December 2017	7,681,273
		20 July <u>1 August</u> 2018	27,161, <u>246418</u>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil		
“A”	244,451, 221 <u>393</u>		

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Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	36,667, 683 708
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
"C"	Nil
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 <i>Note: number must be same as shown in Step 2</i>	36,667, 683 708
Subtract "C" <i>Note: number must be same as shown in Step 3</i>	Nil
Total ["A" x 0.15] – "C"	36,667, 683 708 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	244,451, 221 <u>393</u>
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	24,445, 122 <u>139</u>
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	24,445, 122 <u>139</u>
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	24,445, 122 <u>139</u> <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.