



19 June 2018

Dear Shareholder

## King Island Scheelite Entitlement Offer – notice to ineligible shareholders

On 19 June 2018, King Island Scheelite Limited (ASX code: KIS) (**KIS**) announced a 1 for 8 renounceable entitlement offer of fully paid ordinary shares in KIS (**New Shares**) (and 1 new option for every 2 New Shares issued, exercisable at a price of \$0.10 by the date that is three years from the issue date of the options) to raise approximately \$1.49 million (**Entitlement Offer**).

In addition to providing additional working capital to meet operational needs, the funds raised by the Entitlement Offer will be applied to enable KIS to proceed with ongoing feasibility studies into the redevelopment of KIS' Dolphin Project, located at King Island, Tasmania.

Each director of KIS has committed to undertake their full entitlements under the Entitlement Offer and the balance is underwritten by Chrysalis Investments Pty Ltd (an entity associated with director Chris Ellis) and Mr Richard Chadwick and Mrs Gwenda Chadwick (either personally or through a related entity). I have also agreed (either personally or through my related entity) to sub-underwrite the underwriting arrangement to the extent of \$120,000.

### Terms of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (defined below) will be invited to subscribe for 1 New Share for every 8 existing ordinary shares (and 1 new option for every 2 New Shares issued with an exercise price of \$0.10 per new option exercisable on or before the date which is three years from the date of issue of the options) in KIS held at 7.00pm (AEST) on 26 June 2018 (**Record Date**) at an offer price of \$0.055 per New Share (**Entitlement**).

The Entitlement Offer is being made by KIS in accordance with section 713 of the *Corporations Act 2001* (Cth). KIS lodged a prospectus for the Entitlement Offer with the Australian Securities and Investments Commission on 19 June 2018.

Documents relating to the Entitlement Offer, including the prospectus, were lodged with ASX on 19 June 2018 and are being mailed to eligible shareholders.

Shareholder approval is not required for KIS to make the offer under the Entitlement Offer.

### Eligibility of shareholders to participate in the Entitlement Offer

In accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth), KIS has considered the number of shareholders with registered addresses outside Australia and New Zealand, the number and value of the shares held by those shareholders and the number of New Shares those shareholders would be offered pursuant to the Entitlement Offer.

Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses outside of Australia and New Zealand, KIS has formed the view that it is unreasonable to extend the Entitlement Offer to shareholders with registered addresses outside of Australia and New Zealand and

King Island Scheelite Limited  
ABN 40 004 681 734

Suite 26.01, Level 26  
259 George Street  
Sydney NSW 2000  
GPO Box 5154 Sydney NSW 2001

Telephone (02) 8622 1400  
Facsimile (02) 8622 1401  
[www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

that the offer pursuant to the Entitlement Offer will only be extended to KIS shareholders on the Record Date with registered addresses in Australia or New Zealand.

As you do not satisfy the criteria for eligibility, KIS is unfortunately unable to extend the Entitlement Offer to you.

Given that the Entitlement Offer is renounceable, KIS has appointed Taylor Collison Limited ACN 008 172 450 as nominee (**Nominee**) for you and the other ineligible shareholders to arrange for the sale of your Entitlements, which would otherwise have been offered to you.

The Nominee will arrange for proceeds (if any), net of expenses, to be provided to KIS' share registry, to then be sent proportionally to each ineligible shareholder. The Nominee has the absolute and sole discretion to determine the timing and the price at which Entitlements may be sold, and the manner of any sale.

You are not required to do anything in response to this letter.

### **Further information**

If you have any queries, please call the company secretary, Ian Morgan, on +61 2 8622 1402 between 8.30am and 5.00pm (AEST) Monday to Friday during the offer period or, alternatively, consult your professional adviser.

On behalf of the Directors, I thank you for your continued support of KIS.



Johann Jacobs  
**Executive Chairman**  
**King Island Scheelite Limited**

**Important information**

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been, and will not be, registered under the US Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

