

19 June 2018



Dear Option Holder,

King Island Scheelite Entitlement Offer - notice to option holders

King Island Scheelite Limited (**KIS**) today announces 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.

The Entitlement Offer entitles eligible shareholders to subscribe for 1 New Share for every 8 existing KIS shares held at 7.00pm (AEST) on Tuesday, 26 June 2018 (**Record Date**) at an offer price of \$0.055 per New Share (**Entitlement**).

Your options do not entitle you to participate in the Entitlement Offer.

We note that you are a current holder of options to acquire fully paid ordinary shares in KIS (**Options**).

Subject to the terms upon which those Options were issued to you, you may exercise your Options at any time before their expiry date.

The purpose of this letter is to give you notice prior to the Record Date that you may, subject to the terms upon which those Options were issued to you, exercise your Options should you wish to participate in the Entitlement Offer. Accordingly, if you wish for some or all of the shares underlying your Options to be counted as part of your Entitlement under the Entitlement Offer, you will need to exercise that portion of your vested and exercisable Options for which you wish to participate and pay the current exercise price for them so that those shares are issued to you before the Record Date.

If paying via cheque the notice of exercise, together with the appropriate remittance should be lodged at the following address:

King Island Scheelite Limited
c/-Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

If you are unable to pay via cheque and wish to arrange to EFT your payment to the Company, or if you have any other queries, please contact Ian Morgan on +61 2 8622 1402.

If you choose to participate in the Entitlement Offer by exercising some or all of your Options prior to the Record Date, you will be sent a Prospectus and personalised Entitlement and Acceptance Form containing important information about the Entitlement Offer. A copy of the prospectus will also be available on the ASX website at www.asx.com.au and KIS' website at www.kingislandscheelite.com.au.

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If you do not wish to participate in the Entitlement Offer (in respect of your Options) you do not need to take any action.

Before deciding whether to exercise all or any of your Options, you should consider the terms of the Entitlement Offer carefully and consult with your professional adviser if necessary.

Yours faithfully



Ian Morgan
King Island Scheelite Limited
Company Secretary