



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of King Island Scheelite Limited ABN 40 004 681 734 (**Company**) will be held at Suite 26.01, Level 26, Suncorp Place, 259 George Street, Sydney NSW 2000, commencing 10.00am AEDT on Wednesday 29<sup>th</sup> October 2014.

NOTICE OF ANNUAL GENERAL MEETING .....	1
ITEMS OF GENERAL BUSINESS.....	3
ITEM OF SPECIAL BUSINESS .....	4
VOTING RIGHTS AND PROXIES .....	4
HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES.....	4
VOTING EXCLUSIONS .....	5
LODGING YOUR PROXY .....	5
DATE FOR DETERMINING HOLDERS OF SHARES .....	5
EXPLANATORY NOTES .....	6
PROXY FORM .....	25
APPOINTMENT OF CORPORATE REPRESENTATIVE .....	28

Refer to the Explanatory Notes for further information on the proposed Resolutions.

Date: 25<sup>th</sup> September 2014

By order of the Board of King Island Scheelite Limited

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Ian Morgan

Company Secretary

King Island Scheelite Limited  
ABN 40 004 681 734

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## ITEMS OF GENERAL BUSINESS

### 1. ACCOUNTS AND REPORTS

To receive and consider the financial statements and reports of the Company for the year ended 30<sup>th</sup> June 2014.

Note: There is no requirement for shareholders to approve these reports.

The statutory annual report is available for members to access and download from [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

If you would like to receive a hard copy of the statutory annual report free of charge you can contact King Island Scheelite Limited by telephoning +61 2 8622 1400.

### 2. ADOPTION OF THE REMUNERATION REPORT

#### Resolution 1

To consider and if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

That the Company adopts the Remuneration Report for the financial year ended 30<sup>th</sup> June 2014.

Notes:

- This Resolution is advisory only and does not bind the Company or the directors.
- The directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.
- The Chairman of the Meeting intends to vote all available proxies in favour of adopting the Remuneration Report.
- If 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors must go up for re-election.

### 3. RE-ELECTION OF DIRECTOR – MR ALLAN DAVIES

#### Resolution 2

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

That Allan Davies, a director retiring from office and eligible to be re-elected, be and is hereby re-elected as a director of the Company.

Notes:

- Mr Allan Davies has consented to be re-elected a director of the Company.
- The non-candidate directors unanimously support the re-election of Mr Allan Davies.

- The Chairman of the Meeting intends to vote all available proxies in favour of Mr Davies's re-election.

## ITEM OF SPECIAL BUSINESS

### 4. APPROVAL OF 10% PLACEMENT FACILITY

#### Resolution 3

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

That for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the accompanying Explanatory Notes.

The Chairman of the Meeting intends to vote all available proxies in favour of approving the 10% placement facility.

### 5. ADOPTION OF REPLACEMENT CONSTITUTION

#### Resolution 4

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

That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the existing constitution of the Company be repealed and replaced with the new constitution in the form of the document entitled 'Constitution of King Island Scheelite' tabled at the Annual General Meeting and signed by the Chairman for the purposes of identification, with effect from the close of the Annual General Meeting.

The Chairman of the Meeting intends to vote all available proxies in favour of approving the replacement Constitution.

## VOTING RIGHTS AND PROXIES

- A member entitled to attend and vote at the meeting has a right to appoint a proxy.
- This appointment may specify the proportion or number of votes that the proxy may exercise.
- The proxy need not be a member of the Company.
- 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.

## HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES

The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

## VOTING EXCLUSIONS

### Resolution 1

The Company will disregard any votes cast on Resolution 1 (remuneration report) by:

- (a) a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report and any Closely Related Party of such a member excluded from voting;
- (b) an Associate of those persons; and
- (c) as a proxy by a member of the Key Management Personnel or a Closely Related Party of such a member.

However, the Company need not disregard a vote if it is cast as a proxy for a person who is entitled to vote on Resolution 1:

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

### Resolution 3

The Company will disregard any votes cast on Resolution 3 (approval of 10% placement facility) by:

- (a) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (b) an Associate of that person.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the 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.

## LODGING YOUR PROXY

Proxies must be sent by:

- Hand delivery to the Company's registered office at Suite 26.01, Level 26, Suncorp Place, 259 George Street, Sydney NSW 2000;
- Post to King Island Scheelite Limited, GPO Box 5154 Sydney NSW 2001; or
- Facsimile to King Island Scheelite Limited on facsimile number +61 2 8622 1401,

so that it is received not later than 10.00am , Monday 27<sup>th</sup> October 2014.

## DATE FOR DETERMIING HOLDERS OF SHARES

For the purposes of regulation 7.11.37 of the Corporations Act and ASX Settlement Operating Rule 5.6.1, the Directors have set End of Day on Monday 27<sup>th</sup> October 2014 as the time and date to determine holders of the Company's ordinary fully paid shares for the purposes of the Annual General Meeting.

Share transfers registered after that deadline will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

## EXPLANATORY NOTES

### 1. FINANCIAL REPORTS

The Financial Statements, Directors' Report and Auditor's Report for the Company for the year ended 30<sup>th</sup> June 2014 will be laid before the meeting. There is no requirement for shareholders to approve these reports. However, the Chairman of the Meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the management of the Company.

Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

### 2. REMUNERATION REPORT

The Remuneration Report of the Company for the financial year ended 30<sup>th</sup> June 2014 is set out in the Company's 2014 Annual Report which is available on the Company's website [www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. In addition, shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the *Corporations Act*, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors must go up for re-election.

The Company encourages all shareholders to cast their votes on Resolution 1 (Remuneration Report). Shareholders not attending the meeting may use the enclosed Proxy Form to lodge their vote by appointing a Proxy. Any undirected proxies held by the Chairman of the Meeting, other directors or other Key Management Personnel or any of their Closely Related Parties will not be voted on Resolution 1 (Remuneration Report), unless the vote is cast by the Chairman of the Meeting pursuant to an express authorization on the Proxy Form made by a Shareholder who is entitled to vote on Resolution 1.

Key management personnel of the Consolidated Entity are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30<sup>th</sup> June 2014. Their Closely Related Parties are defined in the *Corporations Act*, and include certain of their family members, dependants and companies they control. If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Voting Form for that item of business.

### 3. RE-ELECTION OF DIRECTOR RETIRING BY ROTATION

Under ASX Listing Rule 14.4, a director must not hold office without re-election past the third annual general meeting following the director's appointment or three years, whichever is longer. A director who retires in accordance with these requirements is eligible for re-election.

Rule 16.1 of the Company's constitution requires that at every annual general meeting, one third of the Directors (other than any Managing Director) or, if their number is not a multiple of 3, then the number nearest to but not less than one third must retire from office. A Director (other than a Director who is a Managing Director) must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected. A Retiring Director retains office until the dissolution or adjournment of the meeting at which the Retiring Director retires.

Rule 16.2 of the Company's constitution requires that the Directors to retire are the Directors or Director longest in office since last being elected or re-elected.

Accordingly, Mr Allan Davies is due to retire at the end of the meeting and offers himself for re-election to the Board.

**Allan Davies – Non-Executive Director, B.E (Mining)** (Appointed 30<sup>th</sup> September 2013.)

Allan is a mining engineer and has over 35 years' experience in the Australian and international coal and metalliferous mining industries. He is a registered mine manager in Australia and South Africa. Allan was a founding Director of Excel Coal Limited and as Executive Director – Operations for Excel Coal Limited, Allan had direct responsibility for operations and construction projects. From 2000 until early 2006, Allan worked for Patrick Corporation as Director, Operations. In addition, he was an Executive Director of Whitehaven Coal from February 2009 until November 2012 and a Non-Executive Director of QR Limited and QR National Limited from October 2008 until December 2011. He is currently a Non-Executive Director of Qube Holdings.

### 4. APPROVAL OF 10% PLACEMENT FACILITY

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2. Further information is set out in section (c) below.

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### Description of Listing Rule 7.1A

(a) Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing **quoted** class of Equity Securities of the Company. At the date of the Notice, the Company only has quoted shares on issue and no quoted options or convertible securities.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that become fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under the Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

### Number of Shares on Issue

At the date of the Notice, the Company has 152,046,757 Shares on issue.

### Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:



- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

#### 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which approval is obtained; or
- (b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main understanding). (**10% Placement Period**)

#### Specific Information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2				Variable		
				50% decrease in Issue Price	Issue Price	100% Increase in Issue Price
	Issue price examples			\$0.065	\$0.13	\$0.26
Current Variable A		152,046,757	10% Voting Dilution	15,204,676	15,204,676	15,204,676
			Funds raised	\$988,304	\$1,976,608	\$3,953,216
50% increase in Current Variable A		228,070,136	10% Voting Dilution	22,807,014	22,807,014	22,807,014
			Funds raised	\$1,482,456	\$2,964,912	\$5,929,824
100% increase in Current Variable A		304,093,514	10% Voting Dilution	30,409,351	30,409,351	30,409,351
			Funds raised	\$1,976,608	\$3,953,216	\$7,906,431

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No options (including any options issued under the 10% Placement Facility) are exercised before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The issue price is 13 cents (\$0.13), being the closing price of the Shares on the ASX on 25th September 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to allocate the funds towards additional working capital while the Company progresses development funding for the Dolphin Project.

The Company will comply with the disclosure obligations under the Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be vendors of the new resources assets or investments.

- (e) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's Annual General Meeting held 15<sup>th</sup> November 2013:

During the preceding 12 months, a total of 25,894,354 Equity Securities were issued representing 18.5% of total Equity Securities on issue at the commencement of that 12 month period (139,652,403).

The table below shows details of issues of Equity Securities by the Company during the preceding 12 months:

	Cash price per Equity Security Cents	Shares Number	Unlisted Options Number	Total Equity Securities Number
Balance at opening of previous 12 month period		135,152,403	4,500,000	139,652,403
6 <sup>th</sup> December 2013 <sup>1</sup>		-	9,000,000	9,000,000
31 <sup>st</sup> December 2013 <sup>2</sup>		-	(4,500,000)	(4,500,000)
11 <sup>th</sup> August 2014 <sup>3</sup>	12 (\$0.12) <sup>4</sup>	16,894,354	-	16,894,354
		16,894,354	4,500,000	21,394,354
Balance at end of previous 12 month period		152,046,757	9,000,000	161,046,757

The table below shows participants in the issues of Equity Securities by the Company during the preceding 12 months:

Participant	Date	Shares Number	Unlisted Options Number	Total Equity Securities Number
Shareholders	11 <sup>th</sup> August 2014	13,548,029	-	13,548,029
Underwriters and sub- underwriter				
Chrysalis Investments Pty Ltd <sup>5</sup>	11 <sup>th</sup> August 2014	1,256,496	-	1,256,496
Mr RW Chadwick and Mrs GA Chadwick	11 <sup>th</sup> August 2014	1,673,163	-	1,673,163
Finmin Solutions Pty Ltd <sup>6</sup>	11 <sup>th</sup> August 2014	416,666	-	416,666
Directors				
Johann Jacobs	6 <sup>th</sup> December 2013	-	4,500,000	4,500,000
Allan Davies	6 <sup>th</sup> December 2013	-	4,500,000	4,500,000
		3,346,325	9,000,000	12,346,325
		16,894,354	9,000,000	25,894,354

<sup>1</sup> New Options granted Johann Jacobs (4,500,000) and Allan Davies (4,500,000) - Directors, as approved on 15<sup>th</sup> November 2013 by the Company's members.

<sup>2</sup> Options expired unexercised.

<sup>3</sup> Company's non-renounceable rights issue offer announced 14<sup>th</sup> July 2014.

<sup>4</sup> Cash price was at a 19% discount to the volume weighted average market price (VWAP) for the Shares on the fifteen trading days on which trades were recorded preceding the Offer.

<sup>5</sup> An entity related to Christopher Ellis, a Director.

<sup>6</sup> An entity related to Johann Jacobs, a Director.

The Options are subject to the following salient terms and conditions:

Number of Options	Vesting Date	Expiry Date	Exercise Price per Share
2,000,000	1st January 2014	31st December 2018	15 cents (\$0.15)
3,000,000	1st January 2015	31st December 2019	22 cents (\$0.22)
4,000,000	1st January 2016	31st December 2020	28 cents (\$0.28)
<u>9,000,000</u>			

- (i) the Options were issued at no cost;
- (ii) each Option entitles the holder thereof to subscribe for one Share in the Company;
- (iii) the Options may be exercised in whole or in part by notice in writing being delivered to the Company at any time prior to or on each Expiry Date;
- (iv) any Option not exercised on or before each Expiry Date will expire and cease to carry any rights or benefits;
- (v) a statement will be issued for the Options. A new holding statement will be issued when a change takes place in the number of Options held;
- (vi) the holder of Options will not have the right to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Any change to the Option's exercise price or the number of underlying securities must be made in accordance with Listing Rules 6.21 and 6.22;
- (vii) the rights of the holders of Options will change to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
- (viii) the Options are freely transferable;
- (ix) Shares issued pursuant to the exercise of the Options will be allotted following receipt of all relevant documents and payments in respect thereto and will rank for dividends pro rata with the existing issued Shares, as at the date of exercise of the Options. Subject to any ASX ruling regarding Restricted Securities, Shares so issued will rank pari passu with the then issued Shares of the Company; and
- (x) the Options will not be listed on the ASX. The Company will make application for any Shares issued upon the exercise of any Option to be granted Official Quotation by the ASX.

The table below shows details of cash consideration received from issues of Equity Securities by the Company during the preceding 12 months, amount of that cash that has been spent, what it was spent on, and the intended use for the remaining amount of cash:

	Cash on hand	Cash consideration from issue of Equity Securities	Available cash	Cash Expenditure	Intended use of remaining cash
	30 <sup>th</sup> June 2014	1 <sup>st</sup> July 2014 to 31 <sup>st</sup> August 2014	1 <sup>st</sup> July 2014 to 31 <sup>st</sup> August 2014		31 <sup>st</sup> August 2014
	\$000	\$000	\$000	\$000	\$000
Pay Offer Costs			136	(57)	79
Drilling programme & geotechnical work			480	-	480
Metallurgical test work			75	(19)	56
Dewatering			571	(328)	243
General project			375	(124)	251
Fund general working capital requirements			1,420	(252)	1,168
<b>Total</b>	<b>1,030</b>	<b>2,027</b>	<b>3,057</b>	<b>(780)</b>	<b>2,277</b>

- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 5. ADOPTION OF A REPLACEMENT CONSTITUTION (RESOLUTION 4)

### Background

The Company proposes to put to Shareholders a resolution to repeal and replace the Company's existing constitution with the proposed new constitution (**Replacement Constitution**).

The existing constitution was adopted in 2006. Since that time, there have been a number of amendments to the legislation governing corporations under the Corporations Act and the Listing Rules. The Replacement Constitution reflects amendments to the Corporations Act and Listing Rules since the existing Constitution was adopted, as well as reflecting technological changes and the current practices of the Company.

The proposed Replacement Constitution is available for viewing on the Company's website, <http://www.kingislandscheelite.com.au> or you can contact the Company Secretary for a copy. A copy of the

Replacement Constitution, signed by the Chairman for the purposes of identification, will be tabled at the Annual General Meeting.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. As there have been a number of changes to the Corporations Act and Listing Rules since the adoption of the existing Constitution, Directors consider that it is preferable in the circumstances to repeal the existing document and replace it with the Replacement Constitution rather than to amend and insert specific updates. If this Resolution 4 is passed, the existing Constitution will be repealed in its entirety and replaced with the Replacement Constitution.

The Replacement Constitution has been approved by ASX and contains a number of changes to the Company's current constitution, many of which are administrative or relatively minor in nature. A brief overview of the material differences between the current Constitution and the Replacement Constitution is set out in the table below. This overview is not exhaustive and does not identify all of the differences between the existing Constitution and the Replacement Constitution. There have been no fundamental changes to Shareholders' rights, such as the right to vote at a general meeting or to participate in dividends.

Shareholders will have an opportunity to ask questions about the Replacement Constitution at the Annual General Meeting or by contacting the Company Secretary in advance of the Annual General Meeting.

#### Overview of material differences

The following table sets out the main differences between the existing Constitution and the proposed Replacement Constitution.

Subject	Summary of amendment	Old rule	New rule
Dividends	<p>The Replacement Constitution includes a number of changes to broaden the methods by which the Company may pay dividends to Shareholders. Most of these changes have been made to reflect recent amendments to the Corporations Act which mean companies are no longer restricted to paying dividends out of profits (the existing Constitution still contains this restriction).</p> <p>Given that there may be future amendments to the Corporations Act regulating when a Company may pay a dividend, the wording in the Replacement Constitution gives the Board flexibility to determine that the Company pay a dividend provided that such determination complies with the Corporations Act.</p> <p>The Replacement Constitution clarifies the Directors' powers to pay any interim and final dividends that, in their judgment, the financial position of the Company justifies, rescind a decision to pay a dividend prior to the payment date and pay any dividend required to be paid under the terms of issue of a share.</p> <p>The Replacement Constitution also expands the rule in the existing Constitution that the Directors have the ability to resolve that a dividend will be paid by the transfer of specific assets, including paid up shares in another body corporate. Where the Company pays a dividend by a transfer of shares in another corporation, the Replacement Constitution says that Shareholders will be taken to have agreed to become members of that corporation.</p>	23	25

Subject	Summary of amendment	Old rule	New rule
Preference share rights	<p>The existing Constitution empowers the Company to issue preference shares but does not include details of the rights that attach to those preference shares. The Replacement Constitution sets out the specific rights attaching to any preference shares that may be issued by the Company, stating that they will confer on the holder rights including:</p> <ul style="list-style-type: none"> <li>(a) priority for payment of dividends in relation to other share classes;</li> <li>(b) participation in distribution of surplus assets and profits;</li> <li>(c) priority for payment of capital and dividends in relation to other share classes in a winding up and on redemption;</li> <li>(d) voting (limited voting rights compared to ordinary shares); and</li> <li>(e) redemption (the specific terms of which will be set out in the terms of issue to give the company flexibility).</li> </ul> <p>The Company does not currently have any preference shares on issue.</p>	3.8	2.2
Sale, reissue or other disposal of Shares by the Company	<p>The new rule allows the Company to invest or use the proceeds from the sale of Shares that have not been claimed for the benefit of the Company. This is intended to remove uncertainty about the treatment of unclaimed monies.</p>	N/A	9(h)
Employee share plans	<p>The Replacement Constitution provides that the Directors may establish an employee share plan (in contrast to the existing Constitution, which requires a plan to be approved by special resolution) and allows Directors and employees and directors of the Company's related bodies corporate to be covered by a plan. It also allows the Company to issue securities other than Shares to employees and / or directors under the plan.</p>	23.3	11.1(a)(iii)
Transfer	<p>The Replacement Constitution provides more detailed provisions in relation to Share transfers as compared to the existing Constitution, including:</p> <ul style="list-style-type: none"> <li>(a) providing the Directors with a power to waive any of the requirements under the Relevant Law and prescribe alternative requirements when facilitating dealings in securities under a computerised or electronic system (the existing Constitution does not allow for such a waiver);</li> <li>(b) listing specific circumstances where the Directors may decline to register, or prevent registration of, a transfer of Shares (including where the Company has a lien on any of the Shares transferred and where the transfer is not permitted under the terms of an employee share plan);</li> <li>(c) stipulating the requirement for the Company to provide notice as required by the Corporations Act and the Listing Rules where the Directors have declined to register a transfer; and</li> <li>(d) providing the Directors with the power to delegate their authority to decline to register transfers.</li> </ul> <p>The Replacement Constitution also provides that the Company may charge a fee for registering the transfer of Shares, subject to the Listing Rules (which regulate what fees can be charged in respect of Share transfers and registration). The existing Constitution provides that the Company must register a transfer without charge.</p>	8	12



Subject	Summary of amendment	Old rule	New rule
Small Holdings	<p>The existing Constitution does not contain minimum holding provisions (i.e. allowing the Company to sell the Shares of a member who has less than a marketable parcel of those Shares).</p> <p>The Replacement Constitution does contain minimum holding provisions, and distinguishes between the processes to reduce small holdings where they have arisen due to a change in Share value or a transfer of Shares completed prior to the adoption of the new rule (<b>Small Holding</b>) and the processes to reduce small holdings where a new small holding has been purchased after the Replacement Constitution has been adopted (as contemplated by Listing Rule 15.13A, which was introduced in 1999) (<b>New Small Holding</b>).</p> <p>In summary:</p> <ul style="list-style-type: none"> <li>(a) a sale of Small Holdings can only be exercised once on any 12 month period whereas there is no limitation on the number of New Small Holdings sales completed in a 12 month period;</li> <li>(b) shorter notice periods apply to a sale of a New Small Holding; and</li> <li>(c) there is no option to opt out of a New Small Holding sale.</li> </ul> <p>The power of the Directors to refuse to register a share transfer has been extended to situations where the registration of the transfer would create a Small Holding.</p>	N/A	13
Transmission of shares	The Replacement Constitution is more specific about events that will constitute a transmission of Shares (being bankruptcy, mental incapacity or insolvency). The existing Constitution only provides for transmission by death or operation of law.	8.7	14.3
Proportional takeover bids	<p>The proportional takeover provisions in the existing Constitution have now lapsed in accordance with section 648G(3) of the Corporations Act as they have not been renewed by Shareholders in the last three years.</p> <p>Proportional takeover provisions are included in the Replacement Constitution. The information required to be disclosed to Shareholders under section 648G(5) about the proportional takeover provisions has been included in this notice of meeting under the heading 'Proportional takeover bids'.</p>	27	15
Meetings	<p>The Replacement Constitution deems a person's attendance at a general meeting to be a waiver of any objection that person may have to a failure to give notice, or the giving of a defective notice, of the meeting unless the person objects at the beginning of the meeting.</p> <p>The existing Constitution does not provide for such a waiver upon a member's attendance at a general meeting.</p>	N/A	16.4(b)
	The Replacement Constitution expands the current rule dealing with the adjournment of a meeting to deal with postponement as well. In addition, under the Replacement Constitution the Chairman will be entitled to postpone a meeting before it has commenced in certain circumstances (for example, due to attendees' inappropriate behaviour) so that the business of the meeting can be properly carried out.	10.3, 10.7	16.8 16.11

Subject	Summary of amendment	Old rule	New rule
	Rules in the Replacement Constitution better facilitate the holding of a general meeting using appropriate technology, including new procedures to be followed if there is a problem with the technology and the specific powers of the Chairman to arrange for any person who the Chairman considers cannot be seated in the main meeting room to attend or observe the general meeting in a separate room.	9.2	16.6
	The Replacement Constitution provides that, where the votes are equal on a resolution proposed in a general meeting, the Chairman has a casting vote. The existing constitution does not give the Chairman a casting vote.	10.8	16.12
	The Replacement Constitution provides for the Chairman to permit a person claiming to be a representative of a body corporate member to exercise the powers of a representative, despite being unable to establish to the Chairman's satisfaction that he or she has been validly appointed.	N/A	17.4
Direct voting	The Replacement Constitution gives the Board the power to permit members to vote 'directly' on resolutions determined by poll at a general meeting. This is an alternative to members having to appoint proxies or representatives to vote on their behalf as permitted by the existing Constitution. The provisions do not require direct voting at all general meetings but allow the Directors to implement direct voting for any particular meeting in their discretion. The Board has no immediate intention to introduce direct voting.	N/A	18
Directors	The existing Constitution contains an out-of-date provision which requires one third of Directors to retire each year. The Listing Rules do not require this. The Replacement Constitution, in line with Listing Rule 14.4, simply provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment.	16.1	19.3(b)
	The existing Constitution contains provisions that allow Directors to be paid extra remuneration when performing services the Board considers outside the scope of the ordinary duties of a Director. The Replacement Constitution also set outs that Directors may, if the Directors so resolve, be entitled to extra remuneration where they act in the office of director of a related body corporate of the Company, hold the office of chairman or deputy chairman, are a member of a committee of directors or accept a delegation of the powers of directors.	13.3	19.5(h) 21.5(b) 22.3(d) 22.4(c)
	The Replacement Constitution clarifies that a Director may be a member, creditor or otherwise be interested in any body corporate (including the Company), partnership or entity (except as auditor of the Company) without being disqualified from office as a director of the Company.	N/A	19.7(a)(iii)
Disposal of main undertaking	Rule 19.7 of the existing Constitution says that member approval is required for any sale or disposal of the Company's main undertaking. This rule has not been retained in the Replacement Constitution given that the Listing Rules already contain a requirement to obtain member approval for the disposal of a company's main undertaking and it is not market practice to also contain the requirement in a company's constitution.	19.7	N/A

Subject	Summary of amendment	Old rule	New rule
Notice	<p>The Replacement Constitution contains updated notice service provisions to better facilitate giving notice and service of documents by electronic means, such as:</p> <p>(a) allowing Shareholder to nominate electronic means to access documents; and</p> <p>(b) allowing the Company to communicate a notice of cancellation or postponement or change of venue of a meeting through making an announcement to the ASX.</p>	24	30.1 16.2
Indemnity and insurance	<p>The Replacement Constitution contains provisions to clarify that the insurance and indemnity provisions in the Replacement Constitution do not affect any other right or remedy a person may have in respect of a liability, nor do they limit the capacity of the Company to indemnify or insure any other person to whom rules 24.2 and 24.4 do not apply (rules 24.2 to 24.4 apply to directors, alternate directors, executive directors, associate directors, secretaries and any other officers or former officers of the Company or its related bodies corporate as the directors determine).</p> <p>New rule 24.6 also clarifies that the Company can enter into an agreement with any officer of the Company to give effect to the rights conferred by the insurance and indemnity terms in the Replacement Constitution.</p> <p>The insurance and indemnity rules are otherwise substantially the same as those in the existing Constitution.</p>	N/A	24.5; 24.6

### Proportional takeover bids

The law regarding takeovers allows companies to amend their constitutions to prohibit the registration of a transfer of shares resulting from an offer made under a proportional takeover bid, unless shareholders approve the bid.

The Company's existing constitution includes, in rule 27, proportional takeover provisions. However, as these provisions have not been renewed within three years of coming into effect, they have ceased to be operative. Accordingly, approval is sought to include the proportional takeover provisions set out in rule 15 of the Replacement Constitution.

Set out below is an explanation of the proportional takeover provisions, as required by section 648G(5) Corporations Act.

#### *What is a proportional takeover bid?*

A proportional takeover bid occurs where a person makes a bid for a proportion of each shareholder's shares. Accordingly, if a shareholder accepts the offer under a proportional takeover bid, the shareholder will only dispose of the specified portion of their shares in the Company and retain the balance of their shares.

#### *Effect of the provisions to be included in the Replacement Constitution*

If included in the Replacement Constitution, the effect of the proportional takeover provisions is that, if a proportional takeover offer is received:

1. the directors are required to convene a meeting of shareholders to vote on a resolution to approve or reject the proportional bid;

2. the meeting must be held at least 14 days before the bid closes (**Approving Resolution Deadline**); and
3. the decision at the meeting (approval or rejection of the bid) will be binding on all individual members.

The resolution will be taken to have passed if a simple majority of shares voted at the meeting (at least 50%), excluding the shares of the bidder and its associates, vote in favour of the resolution.

If no approving resolution is voted on before the Approving Resolution Deadline, the resolution approving the proportional takeover bid will be deemed to have been passed.

If the approving resolution is rejected, then in accordance with the Corporations Act, the proportional takeover bid will be deemed to be withdrawn and transfers that would have resulted from acceptance of the proportional takeover bid will not be registered.

The proportional takeover provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions, unless refreshed by approval of shareholders.

### ***Reasons for proposing the inclusion of the provisions in the Replacement Constitution***

Without the proposed rule 15, a proportional takeover bid for the Company may result in effective control of the Company passing without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly, Shareholders could be at risk of control of the Company passing to the bidder without payment of an adequate control premium for all their Shares while leaving them as part of a minority interest in the Company.

The proportional takeover bid provisions deal with this possibility by providing that if a proportional takeover bid is made for the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed. The bidder and its associates would not be permitted to vote on the matter and thereby influence the outcome.

The benefit of the provisions is that Shareholders are able to decide collectively whether the proportional bid is acceptable in principle, which may help ensure that any proportional bid is appropriately priced.

### ***No knowledge of present acquisition proposals***

As at the date on which this explanatory memorandum was prepared, no Director is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

### ***Potential advantages of a proportional takeover provision***

1. It allows Shareholders who may become the 'minority' to vote against the proposal.
2. It restricts the ability for control of the Company to pass without Shareholders having an opportunity to dispose of all their Shares to the bidder.
3. It increases Shareholders' bargaining power and may assist in ensuring that a proportional bid is adequately priced or discourage a proportional bid in favour of a full bid.
4. Shareholders can consider the intentions of other Shareholders before the end of the bid period, which can assist each Shareholder in assessing the likely outcome of the takeover bid, and whether to accept or reject offers made under that bid.
5. Shareholders can exercise a degree of control in the proportional takeover bid process.
6. It may limit the risk of control passing to a company that would otherwise be unable to fund a full takeover.

*Potential disadvantages of a proportional takeover provision*

1. The Company's share price may be adversely affected, in that the Company may become a less attractive target because of the process to approve a proportional takeover.
2. It may discourage proportional takeover bids or make a proportional takeover more difficult to achieve.
3. Opportunities for Shareholders to sell all or some of their shares at a premium to persons seeking control of the Company may be reduced, and any takeover speculation element in the price of the Company's shares may be reduced.
4. The proportional takeover provisions may be considered an additional restriction on the ability of individual Shareholders to deal freely in the Company's shares.

**Special resolution**

Under section 136(2) of the Corporations Act, the resolution to adopt the Replacement Constitution must be passed as a special resolution of Shareholders.

**Recommendation**

The Directors unanimously recommend that Shareholders approve the adoption of the Replacement Constitution (including the adoption of the proportional takeover provisions set out in rule 15) and vote in favour of the resolution.

**6. INTERPRETATION**

For the purposes of interpreting the Explanatory Notes and the Notice:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include the other genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Explanatory Notes and the Notice;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to cents, \$, A\$, Australian Dollars or dollars is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

**7. GLOSSARY**

**AEDT** means Australian Eastern Daylight Time.

**AGM or Annual General Meeting** means the annual general meeting to commence 10.00am on Wednesday 29th October 2014 and notified to the Company's Shareholders by this Notice.

**Associate** has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act.

**ASX** means ASX Limited ABN 98 008 624 691.

**ASX Listing Rules** means the official listing rules issued and enforced by the ASX, as amended from time to time, and **Listing Rules** has a corresponding meaning.

**Board** or **Board of Directors** means the board of Directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

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

**Consolidated Entity** means the Company together with all the entities it is required by the accounting standards to include in consolidated financial statements.

**Constitution** means the constitution of the Company, as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Commonwealth) as amended from time to time.

**Director** means a director of the Company.

**End of Day** means on any Trading Day, 7.00pm Sydney time or such other time as ASX Settlement may from time to time determine.

**Equity Securities** has the same meaning as in the ASX Listing Rules.

**Explanatory Notes** means the notes included in the Notice which convened this meeting.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Meeting** means the AGM.

**Notice** means this notice of Annual General Meeting.

**Option** means an option in the issued capital of the Company which when exercised converts into one fully paid ordinary share in the issued capital of the Company on the terms set out in the Explanatory Notes.

**Remuneration Report** means the remuneration report which forms part of the Directors' Report of the Company for the financial year ended 30<sup>th</sup> June 2014 and which is set out in the 2014 Annual Report.

**Share** means a fully paid ordinary share in the issued capital of the Company and **Shares** has a corresponding meaning.

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

**Trading Day** means a day determined by the ASX to be a trading day, notified to market participants, and otherwise as defined by the ASX Listing Rules.

## 8. REGISTERED OFFICE

King Island Scheelite Limited ABN: 40 004 681 734

Suite 26.01, Level 26, Suncorp Place, 259 George Street, Sydney NSW 2000

Telephone: +61 2 8622 1400

Facsimile: + 61 2 8622 1401

[www.kingislandscheelite.com.au](http://www.kingislandscheelite.com.au)

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**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We, \_\_\_\_\_ (insert name / address)

being a member/s of King Island Scheelite Limited ABN 40 004 681 734 ("Company") hereby appoint

\_\_\_\_\_ (insert name / address)

or failing him or her the Chairman of the Meeting<sup>1</sup> as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at Suite 26.01, Level 26, Suncorp Place, 259 George Street, Sydney NSW 2000, commencing at 10.00am on Wednesday 29th October 2014, and at any adjournment of that meeting.

<sup>1</sup>If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business. The Directors and other Key Management Personnel of the Consolidated Entity and their Closely Related Parties (see the Notice of Meeting and overleaf) will not cast any votes in respect of Resolution 1 (Remuneration Report) that arise from undirected proxies that they hold.

The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

**Chairman of the Meeting is authorised to exercise proxies on remuneration related matters (Resolution 1):** If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default, by signing and submitting this form I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel for the Company, which includes the Chairman.

If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), and you wish to give the Chairman specific voting directions on an item, you should mark the appropriate box/es opposite those items in step 2 below (directing the Chairman of the Meeting to vote for, against or to abstain from voting).

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in computing the required majority on a poll.

PROXY FORM ANNUAL GENERAL MEETING Wednesday 29th October 2014

**STEP 2 VOTING INSTRUCTIONS**

This proxy is to be used in respect of all / \_\_\_\_% (*number*) of the Ordinary Shares I / we hold.

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

	For	Against	Abstain
To consider and, if thought fit, to pass, with or without amendment, the following resolutions:			

**Resolution 1:** To adopt the Remuneration Report.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 2:** To re-elect Allan Davies as a Director of the Company.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 3:** To approve 10% Placement Facility (special resolution).

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 4:** To approve Replacement Constitution (special resolution).

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

\_\_\_\_\_  
(insert name / address)

**STEP 3 SIGNATURE OF SHAREHOLDER**

Dated: \_\_\_\_\_ 2014

Individuals and joint holders

Signature

Signature

Companies (affix common seal if appropriate)

Director

Director/Company Secretary

## Instructions for Completing Proxy Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint a proxy to attend and vote on behalf of that member.
2. You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on one item, your vote on that item will be invalid.
3. Any undirected proxies held by the Chairman of the Meeting, other directors or other Key Management Personnel or any of their Closely Related Parties will not be voted on Resolution 1 (Remuneration Report), unless the vote is cast by the Chairman of the Meeting pursuant to an express authorization on the Proxy Form made by a Shareholder who is entitled to vote on Resolution 1.
4. Key management personnel of the Consolidated Entity are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly. The Remuneration Report identifies the Consolidated Entity's Key Management Personnel for the financial year to 30<sup>th</sup> June 2014. Their Closely Related Parties are defined in the *Corporations Act*, and include certain of their family members, dependants and companies they control.
5. A duly appointed proxy need not be a member of the Company. 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*.
6. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the *Corporations Act*. Section 127 of the *Corporations Act* provides that a company may execute a document without using its common seal if the document is signed by:
  - directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.
7. For the Company to rely on the assumptions set out in Section 129(5) and (6) of the *Corporations Act*, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
8. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
9. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
10. To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form by:
  - Hand delivery to the Company's registered office at Suite 26.01, Level 26, Suncorp Place, 259 George Street, Sydney NSW 2000;
  - Post to King Island Scheelite Limited, GPO Box 5154 Sydney NSW 2001; or
  - Facsimile to King Island Scheelite Limited on facsimile number +61 2 8622 1401,

so that it is received not later than 10.00am , Monday 27th October 2014.

Proxy forms received later than this time will be invalid.

11. 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.

## APPOINTMENT OF CORPORATE REPRESENTATIVE

Pursuant to Section 250D of the *Corporations Act*

\_\_\_\_\_ (ABN/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 General Meetings of King Island Scheelite Limited (ABN 40 004 681 734).
- (\*)2. To act as the Company's Representative at the Annual General Meeting to be held at 10.00am on Wednesday 29th October 2014 and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

**Executed** by the corporation in accordance with its Constitution/Section 127 of the *Corporations Act* 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 Annual General Meeting which this appointment accompanies or handed in at the Annual General Meeting when registering as a company representative. In either case, the authority will be retained by the Company.