

Registered Office:
141-147 Jubilee Highway West, Mount Gambier, SA 5290
PO Box 567, Mount Gambier, SA 5290
Tel: (08) 8721 1700 Fax: (08) 8721 1799

Dear Shareholder

Non-Renounceable Entitlement Offer by K&S Corporation Limited - Notification to Eligible Shareholders

On 23 November 2010, the Directors of K&S Corporation Limited (*the Company*) announced a one for six underwritten non-renounceable entitlement offer of ordinary shares at \$2.15 per share to raise up to \$26.4 million (*Entitlement Offer*) pursuant to an entitlement offer booklet lodged with the ASX on 24 November 2010 (*Entitlement Offer Booklet*).

The Entitlement Offer Booklet will be despatched to Shareholders on 6 December 2010. A copy of the Entitlement Offer Booklet is available for review on the ASX website (www.asx.com.au) as well as on the Company's website (www.ksgroup.com.au).

The Entitlement Offer closes on 20 December 2010

The net proceeds of the Entitlement Offer will be used to fund further repayment of borrowings associated with the recent acquisitions of Pacific Transport and Regal Transport Group, general working capital requirements and to provide flexibility to pursue future expansion initiatives.

The recent acquisitions of Western Australia based Pacific Transport and Regal Transport Group have provided the Company with a business servicing the Kimberley and Pilbara regions of north-west Western Australia with an annual revenue base of approximately \$75 million and more than 200 employees. These acquisitions give K&S a network of depots in Port Hedland, Newman, Karratha, Broome and Derby which, in conjunction with facilities in Perth, have created a strong platform for K&S to pursue growth within the oil and gas and resources industry in the north-west of Western Australia. The acquisitions of Pacific Transport and Regal Transport Group were immediately earnings accretive.

Key terms of the Entitlement Offer are as follows:

- The Company is offering Shareholders registered at 7pm AEDT on 2 December 2010 one new share for every six shares then held. The Company is also offering shareholders the opportunity to apply for new shares in addition to their entitlement. Applications for additional shares will be satisfied in the event of and to the extent that all eligible shareholders do not take up their entitlements in full.
- Each new share is offered at an issue price of \$2.15.
- Each new share will rank equally with and have the same rights and liabilities attaching to it as existing ordinary shares currently on issue, including to participate in any dividends paid by the Company following the issue of the new shares.
- The Entitlement Offer has been fully underwritten.
- K&S' major shareholder A.A. Scott Pty Ltd intends to participate in the Entitlement Offer to the extent required to maintain its post-Entitlement Offer shareholding at a minimum of 50.05% of the issued share capital of K&S. A.A. Scott Pty Ltd's shareholding prior to the Placement and Entitlement Offer comprised 55.03% of the issued share capital of K&S. Accordingly, A.A. Scott Pty Ltd will take up at least \$5.332 million in new shares under the Entitlement Offer.

Please refer to the Entitlement Offer Booklet for full details of the Entitlement Offer.

Summary of Key Dates*

Event	Date (2010)
Announcement of the Entitlement Offer	Tuesday, 23 November
Lodgment of Entitlement Offer Booklet	Wednesday, 24 November
Record Date for Entitlement Offer**	7.00pm, Thursday, 2 December
Entitlement Offer opens	Friday, 3 December
Despatch of Entitlement Offer Booklet and Entitlement and Acceptance Forms	Monday, 6 December
Close of Entitlement Offer – last day for lodgment of entitlement and acceptance forms and payment	Monday, 20 December
Issue of new shares under the Entitlement Offer and despatch date	5.00pm, Thursday, 30 December
Expected commencement of normal trading of new Entitlement Offer shares on ASX	Friday, 31 December

* *These dates are indicative and the Company reserves the right, subject to the Corporations Act and the Australian Stock Exchange Listing Rules, to vary any of the above dates.*

** *"Record Date" is the date used to determine the shareholders that will be entitled to participate in the Entitlement Offer.*

Shareholders who have questions regarding the Entitlement Offer should call the K&S Shareholder Information Line on 1300 134 987 (local call cost within Australia) or +61 3 9415 4221 (from outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday during the Entitlement Offer period, or consult their stockbroker, accountant or other independent professional adviser.

On behalf of the Directors, I invite you to consider the contents of the Entitlement Offer Booklet and to participate in the Entitlement Offer.

Yours faithfully



Tony Johnson
Chairman