

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 Ineligible 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*).

The new shares issued under the Entitlement Offer will rank equally with and have the same rights and liabilities attaching to them as existing fully paid ordinary shares currently on issue.

The net proceeds of the Entitlement Offer will be used to repay 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.

The Directors have determined that it is unreasonable to allow Shareholders whose registered addresses are located outside of Australia and New Zealand (*Overseas Shareholders*) to participate in the Entitlement Offer having regard to the:

- number of Overseas Shareholders;
- number and value of new shares Overseas Shareholders would be offered; and
- cost of complying with the legal requirements, and requirements of regulatory authorities, applying in the locations of Overseas Shareholders.

As you are an Overseas Shareholder, the Company is unfortunately unable to extend to you the opportunity to participate in the Entitlement Offer. You will not be sent the offer booklet relating to the Entitlement Offer nor will you be able to subscribe for new shares under the Entitlement Offer.

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

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any new shares you would have been offered if you were eligible to participate in the Entitlement Offer.

This letter is neither an offer to issue new shares to you, nor an invitation to apply for new shares. As an Overseas Shareholder, you are not required to do anything in response to this letter.

On behalf of the Directors, I thank you for your continued interest in the Company and trust that you understand the reasons as to why we have not been able to allow Overseas Shareholders to participate in the Entitlement Offer.

Yours faithfully

A handwritten signature in cursive script that reads "Tony Johnson".

Tony Johnson
Chairman