



14 September 2017

Dear Shareholder

### **KGL Resources Limited – Entitlement Offer – Notice to Eligible Shareholders**

On 13 September 2017, KGL Resources Limited (**KGL**) announced an equity raising of up to \$14.2 million via a placement to institutional investors to raise approximately \$6.9 million (**Placement**) and a pro rata non-renounceable entitlement offer of fully paid ordinary shares in KGL (**New Shares**) to raise up to \$5.5 million (**Entitlement Offer**).

The purpose of the Placement and Entitlement Offer is to fund further drilling at KGL's 100% owned Jervois Copper Project in the Northern Territory and working capital.

As announced on 12 September 2017, KGL completed down hole electromagnetic (DHEM) surveys and is awaiting assay results from recent drilling at the Reward Prospect. Separately the assays announced on 4 September 2017 for recent holes drilled at Rockface delivered good continuity of high-grade copper mineralisation, which will assist in future exploration planning. KGL will announce the results of the assays in due course.

#### **Summary of key terms of the Entitlement Offer**

Under the Entitlement Offer, Eligible Shareholders (defined below) will be invited to subscribe for one (1) New Share for every eleven (11) existing KGL ordinary shares held at 5.00pm (AEDST) on Tuesday, 19 September 2017 (**Record Date**) at an offer price of \$0.30 per New Share (**Entitlement**).

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

You are being sent this letter because KGL believes you are an Eligible Shareholder. An Eligible Shareholder means a holder of KGL Shares at 5.00pm (AEDST) on the Record Date who:

- ) has a registered address in Australia or New Zealand or is an institutional investor in Singapore or a Shareholder that KGL has otherwise determined is eligible to participate;
- ) is not in the United States and is not a nominee, custodian or other person acting for the account or benefit of a person in the United States; and
- ) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Entitlement Offer is being made by KGL without a disclosure document or product disclosure statement under section 708AA *Corporations Act 2001* (Cth) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). Shareholder approval is not required for KGL to make the offer under the Entitlement Offer.

If you are not an Eligible Shareholder you cannot participate in the Entitlement Offer. KGL will notify those shareholders who are not Eligible Shareholders.

## Further details about the Entitlement Offer

Eligible Shareholders who take up their full Entitlement, may subscribe for additional New Shares from a pool of those not taken up by Eligible Shareholders as at the closing date of the Entitlement Offer (**Top Up Facility**). There is no guarantee that applicants under the Top Up Facility will receive the number of New Shares applied for under the Top Up Facility, or any. The allocation of New Shares under the Top Up Facility will be on a pro-rata basis, capped at 50% of your full entitlement. The Directors may, at their discretion, elect to increase the 50% cap (on a pro-rata basis) if doing so is required to allocate any shortfall shares available for allocation and is not otherwise inconsistent in a material particular with KGL's disclosure regarding the effect of the Entitlement Offer on the control of KGL.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares and holdings on different registers or sub-registers will not be aggregated to calculate Entitlements.

A handling fee of 1% of the application amount (plus GST) of New Shares (subject to a maximum handling fee of \$150) (**Broker Handling Fee**) under the Entitlement Offer will be paid by KGL to stockbrokers (being those entities being recognised as full service brokers or non-advisory brokers by ASX) who submit a valid claim for a Broker Handling Fee on successful applications.

## Information Booklet

An information booklet and personalised Entitlement and acceptance form which contain important information about the Entitlement Offer and sets out the number of New Shares you are entitled to purchase under the Entitlement Offer will be mailed to in accordance with the timetable. A copy of the information booklet is also available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and KGL's website at [www.kglresources.com.au](http://www.kglresources.com.au).

## Key dates<sup>1</sup>

KGL expects the Entitlement Offer to be conducted according to the following timetable.

Event	Indicative date
Announcement of the capital raising	Wednesday, 13 September 2017
Issue and allotment of Placement Shares (other than Director Placement)	Monday, 18 September 2017
Shares traded on an 'ex' entitlement basis	Monday, 18 September 2017
Record Date for eligibility to participate in the Entitlement Offer	5.00pm AEDST, Tuesday, 19 September 2017
Despatch of information booklet and personalised Entitlement and acceptance forms to Eligible Shareholders	Thursday, 21 September 2017
Entitlement Offer opens	Thursday, 21 September 2017
Last date to extend the closing date for the Entitlement Offer	Wednesday, 11 October 2017
Entitlement Offer closes	5.00pm AEDST, Monday, 16

<sup>1</sup>All dates are indicative only and subject to change. KGL reserve the right to withdraw or vary the timetable without notice.

	October 2017
New Shares quoted on deferred settlement basis	Tuesday, 17 October 2017
Issue of New Shares under the Entitlement Offer and despatch of holding statements	Monday, 23 October 2017
New Shares under Entitlement Offer commence trading on a normal settlement basis	Tuesday, 24 October 2017

This Timetable is indicative only. The Directors may vary these dates subject to the Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants.

**Further information**

If you have any queries, please call Kylie Anderson on 07 3071 9003 (inside Australia) or +61 7 3071 9003 (outside Australia) between 9.00am 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 KGL.

Yours sincerely

**Kylie Anderson**  
Company Secretary  
KGL Resources Limited

**Important information**

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the New Shares have been, and will not be, registered under the United States Securities Act of 1933 (the 'US Securities Act') or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements in the Entitlement Offer may only be taken up by, and the New Shares in the Entitlement Offer may only be offered or sold to, directly or indirectly, certain persons outside the United States in 'offshore transactions' (as defined in Rule 902(h) of Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.