



Level 7 167 Eagle Street Brisbane 4000

9 July 2020

Entitlement Offer cleansing notice under section 708AA(2)(f) Corporations Act – KGL Resources Limited (ASX Code: KGL)

KGL Resources Limited (**KGL Resources**) announced on Thursday, 9 July 2020 that it will undertake a 2 for 25 pro rata non-renounceable entitlement offer of fully paid ordinary shares in KGL Resources at an issue price of \$0.16 (**New Shares**) to raise approximately \$3,991,272 (**Entitlement Offer**).

The offer price for the Entitlement Offer will be \$0.16 per share (**Offer Price**).

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 2 new ordinary shares in KGL Resources for every 25 existing shares held at 7.00pm (AEDT) on Tuesday, 14 July 2020 (**Record Date**) at the Offer Price (**Entitlements**).

KGL Resources will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Instrument 2016/84**).

Further details of the Entitlement Offer are set out in the Information Booklet and Investor Update lodged with ASX today. The Information Booklet will be dispatched to eligible shareholders on or about Friday, 17 July 2020.

Details of the securities issued

Class of securities:	Fully paid ordinary shares
ASX Code of the securities:	KGL
Date of the issue or expected issue of the securities under the Entitlement Offer:	Friday, 7 August 2020
Total number of securities expected to be issued (subject to rounding of fractional entitlements):	24,945,448 New Shares

For the purposes of section 708AA(7) Corporations Act, KGL Resources advises:

1. the New Shares will be issued without disclosure under part 6D.2 Corporations Act as notionally modified by Instrument 2016/84;
2. this notice is given under section 708AA(2)(f) Corporations Act as notionally modified by Instrument 2016/84;
3. as at the date of this notice, KGL Resources has complied with:
 - a. the provisions of chapter 2M Corporations Act as they apply to KGL Resources; and
 - b. section 674 Corporations Act;

4. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) Corporations Act as notionally modified by Instrument 2016/84;
5. the following table sets out the impact on the voting power of KMP Investments Pte Ltd. (**KMP Investments**) and entities associated with the KGL Resources chairman, Denis Wood (specifically, Coal Industry Services Pty Ltd and the Wood Investment Trust) (**Denis Wood Entities**) based on different levels of shareholder participation under the Entitlement Offer:

Participation level	36%*	50%	75%	100%**
KMP Investments	27.85%	27.56%	27.04%	26.54%
Denis Wood Entities	10.30%	10.19%	10.00%	9.81%

* Participation by only KMP Investments and Denis Wood Entities.

** Assumes all KGL Resources shareholders are eligible to and do participate in the Entitlement Offer.

Depending on shareholder participation under the Entitlement Offer, the voting power of Denis Wood Entities may increase to more than 10%. In controlling more than 10% of the securities in KGL Resources, Denis Wood Entities will have the ability to block a bidder under a takeover offer from acquiring an interest in 90% of the securities in KGL Resources, which would prevent the bidder from undertaking a compulsory acquisition under Chapter 6A of the Corporations Act.

Signed for and on behalf of KGL Resources:



Kylie Anderson

Company Secretary

KGL Resources Limited