

26 April 2023

Issue of cleansing notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

KGL Resources Limited

KGL Resources Limited (ACN 082 658 080) (ASX: KGL) (**Company**) has today announced that it will undertake a 10 for 27 pro-rata traditional non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) to raise up to approximately \$20.2 million (**Offer**).

The offer price for the Offer will be \$0.12 per New Share (**Offer Price**).

Under the Offer, eligible shareholders of the Company will be able to subscribe for 10 New Shares for every 27 existing fully paid ordinary shares in the Company held at 7.00pm (Sydney time) on 1 May 2023 (**Record Date**) at the Offer Price (**Entitlements**).

The Offer is not underwritten, and is subject to a minimum raise condition of \$9 million. Substantial shareholders of the Company, KMP Investments Pte. Ltd. (**KMP**), which has an interest in the Company of approximately 26.13%, entities associated with Denis Wood (**Wood**), which have a joint interest in the Company of approximately 9.24%, and Marshall Plenty Investments, LLC (**Marshall Plenty**), which has an interest in the Company of approximately 7.27%, have committed to take up their respective Entitlements in full.¹

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Corporations Act**).

Further details of the Offer are set out in the Company's investor presentation that has been lodged with ASX today, and the Offer information booklet that the Company expects to release on 4 May 2023 and that will be dispatched to eligible shareholders of the Company on that same date.

Details of the securities issued or expected to be issued

Class of securities	Ordinary shares
ASX code of the securities	KGL
Date of issue or expected issue	25 May 2023
Total number of securities issued or expected to be issued (subject to rounding of fractional Entitlements)	Up to 168,366,287 New Shares

Information required under section 708AA(7) of the Corporations Act

As required by section 708AA(7) of the Corporations Act, the Company advises that:

1. the New Shares will be issued without disclosure under part 6D.2 of the Corporations Act;
2. this notice is given under section 708AA(2)(f) of the Corporations Act;

¹ In respect of KMP, subject to compliance with Chapter 6 of the Corporations Act. If to take up its Entitlement in full would result in KMP breaching Chapter 6 of the of the Corporations Act, it will take up the maximum number of New Shares which it is legally permitted to acquire.

3. as at the date of this notice, the Company has complied with:
 - (a) the provisions of chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) sections 674 and 674A of the 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) of the Corporations Act; and
5. information regarding the potential effect of the issue of New Shares pursuant to the Offer on the control of the Company, and the consequences of that effect, is set out below.

Effect of the Offer on control

The effect and consequence of the issue of New Shares under the Offer on the control of the Company is dependent on a number of factors, including investor demand.

Given the structure of the Offer as a pro-rata offer, if all eligible shareholders of the Company take up their Entitlements, the ownership interest (and voting power) in the Company of each eligible shareholder of the Company will remain largely unchanged and the effect on the control of the Company will be negligible. In these circumstances, the voting power of KMP, the Company's largest shareholder (with an interest in the Company prior to the Offer of approximately 26.13%), will remain at approximately 26.13%.

To the extent that any eligible shareholder of the Company fails to take up their Entitlement, the percentage holding in the Company of that eligible shareholder of the Company will be diluted by those other eligible shareholders of the Company who take up some, all or more than their Entitlements. Depending on the percentage of Entitlements taken up (**Take-Up**), KMP's voting power in the Company may also increase. This is shown in the following table, which sets out KMP's voting power in the Company immediately following completion of the Offer in various Take-Up scenarios. Even in these circumstances, however, the board of directors of the Company considers that the Offer will not affect the control of the Company.

KMP's current voting power in the Company ¹	KMP's voting power in the Company immediately following completion of the Offer ²			
	100% Take-Up	75% Take-Up	50% Take-Up	44.55% Take-Up (\$9 million minimum raise)
26.13% ³	26.13% ⁴	28.03% ⁴	29.13% ⁵	29.13% ⁶

1 On the basis that there are 454,588,974 fully paid ordinary shares in the Company on issue as at the date of this notice.

2 Assumes that in a 100% Take-Up scenario, 168,366,287 New Shares are issued under the Offer.

3 KMP holds 118,794,907 fully paid ordinary shares in the Company as at the date of this notice.

4 Assumes that KMP takes up its Entitlement in full.

5 Assumes that KMP does not take up its Entitlement in full in order to comply with Chapter 6 of the Corporations Act.

6 Assumes that KMP does not take up its Entitlement in full in order to comply with Chapter 6 of the Corporations Act.

If no eligible shareholders of the Company (other than KMP, Wood and Marshall Plenty, who have committed to take up their respective Entitlements in full)² take up their Entitlements (which the board of directors of the Company considers unlikely), then the Offer will not proceed because the minimum raise of \$9 million would not have been achieved.

The voting power in the Company of ineligible foreign shareholders of the Company will be diluted.

Authorised for release by: The board of directors of the Company

Signed for and on behalf of the Company

A handwritten signature in black ink that reads 'Anderson'.

Kylie Anderson
Company Secretary
KGL Resources Limited

² In respect of KMP, subject to compliance with Chapter 6 of the Corporations Act. If to take up its Entitlement in full would result in KMP breaching Chapter 6 of the of the Corporations Act, it will take up the maximum number of New Shares which it is legally permitted to acquire.