

**Not for distribution or release in the United States**

4 May 2023

Dear shareholder

**PRO-RATA TRADITIONAL NON-RENOUCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

On Wednesday, 26 April 2023, KGL Resources Limited (ACN 082 658 080) (ASX: KGL) (**Company**) announced that it was conducting a 10 for 27 pro-rata traditional non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an offer price of \$0.12 per New Share to raise up to approximately \$20.2 million (**Offer**).

In November 2022, the Company completed and released a robust and financially viable feasibility study. The Offer will fund the activities following on from the feasibility study, being the project development and ongoing expansion of the resource. In particular, the proceeds of the Offer will be applied principally to advance the Jervois Copper Project and to grow the high-grade resource. The proceeds of the Offer will also add to working capital to strengthen the Company's balance sheet as it moves along the development pathway for the Jervois Copper Project. The Offer is not underwritten, and is subject to a minimum raise condition of \$9 million. Funding in excess of the minimum raise will primarily be used to continue exploration activities with the possibility of adding a third drilling rig to accelerate growing the high-grade resource, and as additional project working capital for project readiness.

Substantial shareholders of the Company, KMP Investments Pte. Ltd., which has an interest in the Company of approximately 26.13%, entities associated with Denis Wood, which have a joint interest in the Company of approximately 9.24%, and Marshall Plenty Investments, LLC, which has an interest in the Company of approximately 7.27%, have committed to take up their respective entitlements under the Offer in full.<sup>1</sup>

This letter is to inform you about the Offer and to explain why you will not be able to subscribe for New Shares under the Offer. This letter is not an offer to issue New Shares to you, nor an invitation to you to apply for New Shares. **You are not required to do anything in response to this letter.**

**Details of the Offer**

The Offer is being made by the Company in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), meaning that no prospectus or other disclosure document under the Corporations Act needs to be prepared.

An offer booklet in relation to the Offer was lodged with ASX and will be dispatched to Eligible Shareholders (as defined below) today (Thursday, 4 May 2023).

The Offer is being made to Eligible Shareholders (as defined below) on the basis of 10 New Shares for every 27 existing fully paid ordinary shares in the Company (**Shares**) held at 7.00pm (Sydney time) on Monday, 1 May 2023 (**Record Date**).

<sup>1</sup> In respect of KMP Investments Pte. Ltd., subject to compliance with Chapter 6 of the Corporations Act. If to take up its entitlement under the Offer in full would result in KMP Investments Pte. Ltd. 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.

### Eligibility criteria

Shareholders who are eligible to participate in the Offer (**Eligible Shareholders**) are those persons who:

- (a) are registered as a holder of Shares as at 7.00pm (Sydney time) on the Record Date;
- (b) as at the Record Date, have a registered address on the Company's share register that is in Australia or New Zealand, or are a shareholder of the Company that the Company has otherwise determined is eligible to participate;
- (c) are not in the United States and are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Offer.

The Company has determined, pursuant to section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(a), and having regard to a range of factors, that it would be unreasonable on this occasion to make offers to shareholders under the Offer in all countries outside Australia or New Zealand. This is due to the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to the Company of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of Shares they hold and the relatively low value of New Shares for which those shareholders would otherwise be entitled to subscribe.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder as stated above. Accordingly, in compliance with section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Offer to you and you will not be able to subscribe for New Shares under the Offer. You will not be sent the documents relating to the Offer or be able to subscribe for New Shares under the Offer.

As the Offer is non-renounceable, entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Shareholder will lapse and you will not receive any payment or value for those entitlements. Entitlements are not tradeable on ASX or otherwise transferrable. If you have any questions in relation to any of the above matters, please contact the Company's share registry, Link Market Services Limited, on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

On behalf of the Company, we regret that you are not eligible to participate in the Offer and thank you for your continued support.

Yours sincerely

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

**Kylie Anderson**  
Company Secretary  
KGL Resources Limited

## **IMPORTANT INFORMATION**

This letter is issued by the Company. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to subscribe for, retain or purchase any entitlements or securities in the Company in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or fully paid ordinary shares in the Company. Nothing contained in this document constitutes investment, legal, tax or other advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

## **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

**This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States or in any other jurisdiction in which such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit a public offering of the entitlements and the New Shares under the Offer in any jurisdiction outside Australia and New Zealand. In particular, neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (US Securities Act) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be issued to, or taken up or exercised by, and the New Shares may not be offered or sold directly or indirectly to, any person in the United States or any person acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and sold in the Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of a person in the United States, in each case in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.**

## **IMPORTANT NOTICE TO NOMINEES**

**Because of legal restrictions, you must not send copies of this letter nor any material relating to the Offer to any of your clients (or any other person) acting for the account or benefit of any person in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.**