



29 December 2015

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

KGL Resources Limited ACN 082 658 080 (**KGL** or **Company**) has announced today that it will undertake a two for nine pro rata non-renounceable entitlement offer of approximately 31,453,458 fully paid ordinary shares in KGL at an issue price of \$0.095 (**New Shares**) to raise approximately \$3 million (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Denis Leslie Wood (**Underwriter**), the Chairman of KGL.

The offer price for the Entitlement Offer will be \$0.095 per share (**Offer Price**).

Under the Entitlement Offer, eligible shareholders will be able to subscribe for two new ordinary shares in the Company for every nine existing shares held at 7.00pm (Brisbane time) on 5 January 2016 (**Record Date**) at the Offer Price (**Entitlements**).

KGL will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Class Order 08/35 (**CO 08/35**).

Further details of the Entitlement Offer are set out in the Investor Presentation that has been lodged with ASX today and the Information Booklet that the Company expects to release on 8 January 2016 and that will be dispatched to eligible shareholders on or about 8 January 2016.

### Details of the securities issued

<b>Class of securities:</b>	Fully paid ordinary shares
<b>ASX Code of the securities:</b>	KGL
<b>Date of the issue or expected issue of the securities:</b>	1 February 2016
<b>Total number of securities expected to be issued (subject to rounding of fractional entitlements):</b>	31,453,458 New Shares

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

- the New Shares will be offered for issue without disclosure under part 6D.2 of the Corporations Act as notionally modified by CO 08/35;
- this notice is given under section 708AA(2)(f) of the Corporations Act as notionally modified by CO 08/35;
- as at the date of this notice, KGL has complied with:
  - the provisions of chapter 2M of the Corporations Act as they apply to KGL; and
  - section 674 of the Corporations Act;

- 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 as notionally modified by CO 08/35; and
- information regarding the potential effect of the issue of New Shares pursuant to the Entitlement Offer on the control of KGL, and the consequences of that effect, is set out below.

KGL has acquired Yambah exploration licences 28340 and 28271 (see ASX Announcement dated 16 April 2015) and actively seeks to acquire additional tenements in the Eastern Arunta Region with stratigraphy that has the potential to host copper mineralisation of a similar style to that at Jervois. KGL is in active discussions regarding such opportunities, however no discussions have reached a point where there can be any certainty as to whether KGL will or will not acquire an interest in any tenements in the foreseeable future.

### Effect of the Entitlement Offer on control

It is not possible to predict the effect of the Entitlement Offer on the control of KGL. There are a number of possible outcomes that may arise which will, largely, depend on the extent to which eligible shareholders take up their entitlement (**Entitlement**) and apply for top up Shares.

If all eligible shareholders take up their Entitlement, each eligible shareholder's ownership interest (and voting power) in KGL will remain largely managed and the effect on the control of KGL will be negligible.

To the extent that any eligible shareholder fails to take up their Entitlement, that eligible shareholder's percentage holdings in KGL will be diluted by those other eligible shareholders who take up some, all or more than their Entitlement.

The voting power of ineligible foreign shareholders will be diluted.

If no eligible shareholders other than the Underwriter takes up their Entitlement (which the board of KGL considers unlikely), then the Underwriter will be required to subscribe, or procure subscriptions from others, for the shortfall shares. In these circumstances, the increase in voting power of the Underwriter will be increased, as set out in the table below:

Take up of other eligible holders	Denis Leslie Wood's interest
Nil	19.65%
25%	15.19%
50%	10.72%
100%	1.8%

Each other shareholder (except the Underwriter) will have their voting power diluted.

The board of KGL considers that the increase in the voting power of the Underwriter is likely to have a marginal effect on the control of KGL.

The board of KGL considers the possible effect on control as acceptable in the circumstances as this would only occur where all eligible shareholders have had an equal opportunity to participate in the Entitlement Offer (including the ability to increase their holding through the top up facility).

Signed for and on behalf of KGL



**Kylie Therese Anderson**  
Company Secretary  
KGL Resources Limited