

29 April 2014

Dear Shareholder,

I am pleased to invite you to attend the Annual General Meeting (**AGM**) of KGL Resources Ltd (the **Company** or **KGL**) to be held at:

Mercure Treasury Gardens

13 Spring St

Melbourne Victoria 3000

On 29 May 2014 at 11 am

The business to be dealt with at the meeting is set out in the attached Notice of Meeting with the Explanatory Memorandum providing further detail to the proposed resolutions.

If you are able to attend the meeting, please bring the enclosed proxy form with you to assist registration.

If you do not plan to attend the meeting, you may wish to appoint a proxy to attend and vote on your behalf. To do this, you will need to complete and lodge the enclosed Appointment of Proxy form in accordance with the instructions. Proxy forms must be received by 11am 27 May 2014.

Yours sincerely,



Andrew Daley
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the ANNUAL GENERAL MEETING of the shareholders of KGL Resources Ltd ACN 082 658 080 will be held at Mercure Treasury Gardens 13 Spring Street Melbourne on 29 May 2014 at 11 am.

ORDINARY BUSINESS

Reports

To receive and consider the Financial Statements of the Company and the Directors' and Auditors' reports for the year ended 31 December 2013.

Resolution 1 Re-election of Director, Mr. John Taylor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr. John Taylor, a director who retires in accordance with the Constitution and being eligible offers himself for re-election as a director of the Company, is re-elected as a director of the Company."

Resolution 2 Election of Director, Mr. Christopher Bain

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr. Christopher Bain, a director who was appointed on 5 September 2013, and being eligible offers himself for election as a director of the Company, is elected as a director of the Company."

Resolution 3 Election of Director, Mr. Bradley Ellis

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr. Bradley Ellis, a director who was appointed on 5 November 2013, and being eligible offers himself for election as a director of the Company, is elected as a director of the Company."

Resolution 4. Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Remuneration Report set out in the Company's Annual Report (as part of the Directors' Report) for the year ended 31 December 2013 is approved."

Resolution 5 Adoption of proportional takeover approval rules

To consider and, if thought fit, pass the following as a special resolution:

"That the Company's Constitution be amended by adopting Rule 25 in the form tabled, as summarised in the Explanatory Memorandum, for a period of three years, effective on the day on which this resolution is passed by shareholders in general meeting."

Resolution 6 Approval of issue of Options to Mr. Simon Milroy

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for Mr. Simon Milroy, Managing Director of the Company, to be issued with 600,000 unlisted options in the Company on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion Statement

1. A vote must not be cast (in any capacity) on Resolution 4 by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**) or their closely related parties. However, a vote may be cast by such a person if:
 - the vote is cast as a proxy;
 - the appointment is in writing and directs the proxy how to vote in respect of Resolution 4; and

- the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If the Chairperson is your proxy or is appointed your proxy by default, and you do not direct your proxy to vote 'for', 'against' or 'abstain' on Resolution 4 on the proxy form, you are directing the Chairperson to vote in favour of resolution 4 even if that resolution is connected directly or indirectly with the remuneration of a KMP.

2. In respect of Resolution 6, the Company will disregard any votes cast on this Resolution by the any director of the company and their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Notes

1. The Company has determined that for the purpose of determining voting entitlements at the Annual General Meeting all shares in the Company that are quoted on the ASX will be taken to be held by the persons who held them as registered shareholders at 7pm on 27 May 2014. Accordingly, share transfers registered after this time will be disregarded in determining entitlements to attend and vote at the Meeting.
2. A member entitled to attend and vote may attend and vote in person or by proxy, or attorney or (where the member is a body corporate) by representative.
3. The proxy of a member does not need to be a member of the Company.
4. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of the member's votes each proxy is entitled to exercise. If the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one half of those votes.
5. A proxy form accompanies this Notice of Meeting and to be effective must be received by the Company's corporate registry by 11am (Australian Eastern Standard Time) 27 May 2014.

Link Market Services Limited
Address:
1A Homebush Bay Drive, Rhodes NSW 2138, or
Fax Number: (02) 9287 0309

Explanatory Memorandum

Introduction

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting to which this Explanatory Memorandum is attached and forms part of. Please take the time to read through this document.

Financial Reports

Whilst the Corporations Act requires the Financial Report and the reports of the directors' and auditors' to be laid before the Annual General Meeting, neither the Corporations Act or the Constitution requires shareholders to vote on, approve or adopt those reports.

Shareholders will, however, have ample opportunity at the Annual General Meeting to raise questions on these reports.

Each shareholder will have had access to a copy of the Annual Report, which contains the Financial Report, Directors' Report and Auditors' Report for the year ended 31 December 2013.

Resolution 1. Re-election of Mr. John Taylor

Mr. Taylor retires pursuant to clause 13.5 of the Constitution and offers himself for re-election as director of the Company in accordance with the Company's Constitution.

Information about Mr. Taylor is set out in the Company's 2013 Annual Report.

The Board recommends, with Mr. Taylor abstaining, that shareholders vote in favour of the resolution for the re-election of Mr. John Taylor.

Resolution 2 Election of Director, Mr. Christopher Bain

Mr. Christopher Bain was appointed as a director of the Company on 5 September 2013 and offers himself for election as a director of the Company in accordance with the Company's Constitution.

Mr. Bain is a qualified geologist and comes with extensive experience in the resources sector having worked in mining, exploration, investment research, corporate advisory and funds management roles. Full details of Mr. Bain's experience and qualifications can be found in the Company's 2013 Annual Report

The Board, with Mr. Bain abstaining, recommends that shareholders vote in favour of the appointment of Mr. Bain.

Resolution 3 Election of Director, Mr. Bradley Ellis

Mr. Bradley Ellis was appointed as a director of the Company on 5 November 2013 and offers himself for election as a director of the Company in accordance with the Company's Constitution.

Mr. Ellis has is a qualified metallurgist with over 30 years' experience in the mining industry as a metallurgist and process engineer. Full details of Mr. Ellis' experience and qualifications can be found in the Company's 2013 Annual Report

The Board, with Mr. Ellis abstaining, recommends that shareholders vote in favour of the appointment of Mr. Ellis.

Resolution 4. Remuneration Report

The Remuneration Report is set out in KGL's 2013 Annual Report

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to directors and specified executives of the Company and sets out remuneration details for each director and specified executive.

As detailed in the Remuneration Report, the Board believes that the remuneration granted to directors and specified executives is in line with market conditions.

Shareholders will be asked to vote at the annual general meeting on the resolution to adopt the Remuneration Report. The vote is advisory only and will not bind the directors. However, as a result of changes to the Corporations Act, if at least 25% of the votes cast on the resolution are voted against the adoption of the Remuneration Report, then:

- If Shareholders make comments on the report at the meeting, the remuneration report for the next financial year must explain the Board's proposed action in response or if no action has been taken, the Board's reasons; and
- If at least 25% of the votes cast on the resolution that the remuneration report for the next financial be adopted are against the adoption, KGL will be required to put to shareholders a resolution that a general meeting be called to consider the election of directors of KGL (spill resolution). If the spill resolution is passed, all the directors who were directors when the resolution to adopt the Remuneration Report was passed (other than the Managing Director) will cease to hold office at the subsequent general meeting unless re-elected at that meeting

The Directors unanimously recommend that shareholders vote in favour of Resolution 4

Resolution 5. Adoption of Proportional Takeover Approval Rules

The law regarding takeovers allows companies to amend their constitutions to prohibit the registration of a transfer of shares resulting from an offer made under a proportional takeover bid, unless shareholders in a general meeting approve the bid.

It is proposed to insert Rule 25 into the Constitution of the Company to provide shareholders the ability to vote on a proportional takeover offer.

The effect of Rule 25 is that, if a proportional takeover offer is received, the directors are required to convene a meeting of shareholders to vote on a resolution to approve the proportional bid. That meeting must be held at least 14 days before the bid closes. If the proportional bid is not approved, the registration of any transfer of shares resulting from an offer made under the proportional bid will be prohibited and the bid will be deemed to be withdrawn. If the proportional bid is approved, the transfers will be registered, provided they comply with the other provisions of the Corporations Act and Company's Constitution. The provisions of the rule do not apply to takeover bids for the whole of issued shares for the Company. The insertion of the rule will make it operational in the manner outlined above for a period of three years (or longer if it is subsequently renewed by further resolution/s of shareholders).

Without the proposed rule, a proportional takeover bid may enable control of the Company to be acquired without shareholders having an opportunity to dispose of all their shares to the bidder. Shareholders could thus risk being left as part of a minority interest in the Company. If the shareholders considered that control of the Company was likely to pass under any takeover bid, they could be placed under pressure to accept the offer even if they do not want control of the Company to pass to the bidder. The proposed rule will prevent this, by permitting shareholders in a general meeting to decide whether a proportional takeover bid should be permitted to proceed.

The bidder and its associates would not be permitted to vote on the matter at such a meeting and thereby influence the outcome. As at the date of this notice, no director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

Accordingly, the potential advantages for shareholders of the proposed Rule 25 include:

- to provide shareholders with the right to approve or reject a proportional takeover bid, which they do not currently have;

- that if shareholders know the view of the majority of shareholders this may assist individual shareholders to form an opinion on whether to accept or reject an offer made under the bid; and
- that it may help shareholders to avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without payment of an adequate premium for control.

Potential disadvantages for shareholders include:

- that it may be that bidders who are only prepared to make a proportional bid for securities in the Company may be deterred from making such a bid; and
- these provisions may reduce the opportunities that shareholders have to sell their shares in the Company.

The Company is not aware of any potential advantages or disadvantages for the directors, except in their capacity as shareholders.

The proposed Rule 25 will be tabled at the meeting.

The Board unanimously recommends that shareholders vote in favour of the Adoption of Proportional Takeover Approval Rules

Resolution 6. Approval of issue of Options to Mr. Simon Milroy

Resolution 6 seeks approval from shareholders for the issue of 600,000 unlisted zero priced options to subscribe for fully paid ordinary shares to Mr. Simon Milroy, the Managing Director of the Company as part of his remuneration.

If approved, the options will be issued in accordance with the Company's Employee Share and Option Plan.

The Remuneration and Nomination Committee has recommended that Mr. Milroy receive:

- a short term incentive by way of a cash payment; and
- a long term incentive by way of the grant of options.

The terms of the both incentives are set out below and are intended to provide an incentive to Mr. Milroy to advance the status of the Company.

The options will be issued at no cost to Mr. Milroy. The terms and conditions of the issue of those options to Mr. Milroy are detailed below.

Managing Director's Remuneration

The board of directors of KGL has updated the Managing Director's remuneration contract to become effective from 1 June 2014.

The main terms of Mr. Milroy's updated contract are as follows:

- The base salary will remain at \$270,000 per annum excluding statutory superannuation. In June 2013, Mr. Milroy's base salary was reduced by 25% to \$202,500 following the closure of the Murchison mine.
- A short term Incentive of up to 40% of the base salary, to be paid after 31 May 2015 under the following conditions:
 - Successful completion of the Jervois Pre-feasibility Study by the end of 2014 (10%); and
 - KGL's share price exceeding \$0.20 for 20 continuous days by 31 May 2015 (30%).
- Long term incentives through the issue of 600,000 unlisted zero priced options, subject to shareholder approval, as described in this Notice of Meeting.

Listing Rules

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a director of the Company under an employee incentive scheme. Accordingly,

shareholder approval is required pursuant to ASX Listing Rule 10.14 for the issue of the options to Mr. Milroy.

Pursuant to ASX Listing Rule 10.15.7 the options will be issued to Mr. Milroy on 1 June 2014 and in any case no later than 12 months after the date of this meeting.

Pursuant to Listing Rule 10.15.4 and 10.15.4A the following information is provided:

- All executive and non-executive directors are entitled to participate in the Company's ESOP
- no directors or their associates have received securities under the Company's Employee Share and Option Plan since the last approval; and
- no loans were made available to the directors and their associates for the purposes of share or option purchases.

Corporations Act

Under Chapter 2E of the Corporations Act a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Mr. Milroy is a related party of the Company due to the fact that he is a director of the Company. The issue of options constitutes a "Financial Benefit" as described in the Corporations Act. Accordingly, the proposed issue of options to Mr. Milroy will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the Directors that the exemptions under section 211 of the Corporations Act (remuneration and reimbursement) apply to the proposed option issue pursuant to Resolution 6. Accordingly, while the Directors have not determined to seek shareholder approval under section 208 of the Corporations Act, shareholder approval must nonetheless be obtained pursuant to ASX Listing Rule 10.14. If approval of the issue is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

Terms

The terms of the issue of options to Mr. Milroy are as follows:

Tranche	Number of Options	Vesting Conditions	Exercise Price	Expiry Date
1	300,000	Upon the Company's market capital exceeding \$35m for a period of 20 continuous trading days (as that term is defined in the ASX Listing Rules).	Nil	The earliest to occur of: <ul style="list-style-type: none">• 30 November 2015; and• 30 days following the cessation of Mr. Milroy's employment with KGL.
2	300,000	Upon the Company issuing an announcement to the ASX that it has commenced a fully funded Feasibility Study for the Jervois Project that complies with paragraph 40 of the JORC Code (as set out in Appendix 5A of the ASX Listing Rules).	Nil	The earliest to occur of: <ul style="list-style-type: none">• 31 May 2016; and• 30 days following the cessation of Mr. Milroy's employment with KGL.

The Board, with Mr. Milroy abstaining, recommends that shareholders vote in favour of the issue of 600,000 options to Mr. Simon Milroy.



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SHAREHOLDER PROXY FORM

I/We being a member(s) of KGL Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on Thursday, 29 May 2014, at Mercure Treasury Gardens, 13 Spring St, Melbourne Victoria 3000 and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolution 1

Re-election of Director, Mr. John Taylor

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4

Approval of the Remuneration Report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2

Election of Director, Mr. Christopher Bain

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 5

Adoption of proportional takeover approval rules

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 3

Election of Director, Mr. Bradley Ellis

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 6

Approval of issue of Options to Mr. Simon Milroy

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 6 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 6 and your votes will not be counted in calculating the required majority if a poll is called on this Item.

The Chairman of the Meeting intends to vote undirected proxies in favour of Item 6.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

KGL PRX402R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Tuesday, 27 May 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

KGL Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**