

28 April 2015

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:

Christie Conference Centre

320 Adelaide St

Brisbane Qld 4000

On 29 May 2015 at 1 pm

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 1pm 27 May 2015.

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 Christie Conference Centre Brisbane on 29 May 2015 at 1 pm.

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 2014.

Resolution 1 Re-election of Director, Mr. Andrew Daley

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

"That Mr. Andrew Daley, 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 Re-election of Director, Mr. Brad Ellis

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

"That Mr. Brad Ellis, 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 3 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 500,000 unlisted options in the Company on the terms and conditions set out in the Explanatory Memorandum."

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 2014 is approved."

Special Business

Resolution 5 Additional Capacity to issue Equity Securities

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

"That the Company be provided an additional 10% capacity to issue equity securities under Listing Rule 7.1A on the terms 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 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 key management personnel or a closely related party of a key management personnel.

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 key management personnel.

2. In respect of Resolution 3, the Company will disregard any votes cast on this Resolution by any director of the company and their associates.
3. In respect of Resolution 5, the Company will disregard votes by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the resolution is passed, or an associate of such person. **Note:** In accordance with Listing Rule 14.11.1, as at the date of this Notice of Meeting, it is not known who may participate in the proposed issue of securities that is the subject of Resolution 4. On that basis, no persons are currently excluded from voting on that resolution.

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 2015. 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 1 pm (Australian Eastern Standard Time) 27 May 2015.

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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 2014.

Resolution 1. Re-election of Mr. Andrew Daley

Mr. Daley 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. Daley is set out in the Company's 2014 Annual Report.

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

Resolution 2 Re-election of Director, Mr. Brad Ellis

Mr. Ellis 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. Ellis is set out in the Company's 2014 Annual Report.

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

Resolution 3. Approval of issue of Options to Mr. Simon Milroy

Resolution 3 seeks approval from shareholders for the issue of 500,000 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. The main terms of Mr. Milroy's updated contract are as follows:

- The base salary increases to \$300,000 per annum excluding statutory superannuation from \$270,000.
- A short term Incentive for the period ending 31 December 2014 of \$108,000 was paid to Mr Milroy following achievement of the following conditions
 - Successful completion of the Jervois Pre-feasibility Study by the end of 2014 ; and
 - KGL's share price exceeding \$0.20 for 20 continuous days by 31 May 2015.
- A short term incentive of up to 20% of Mr Milroy's base salary will be payable upon the achievement of each of the following (40% in total):
 - Complete an updated PFS with after tax IRR not less than 20% by 1/12/15.
 - The necessary agreements in place by 31/12/15 to enable commencement of the DFS
- Long term incentives through the issue of 500,000 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 2015 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 except following the exercise of previously approved options; 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 3. 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	500,000	Upon the commitment to full scale development of a funded, permitted, project by 31/5/17.	Nil	The earliest to occur of: <ul style="list-style-type: none">• 31 May 2017; 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 500,000 options to Mr. Simon Milroy.

4. Remuneration Report

The Remuneration Report is set out in KGL's 2014 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, 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 year 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. Additional Capacity to issue equity securities

Listing Rule 7.1 allows the Company to issue a maximum of 15% of its issued capital in any 12 month period without requiring shareholder approval.

The Company will complete the updated Prefeasibility Study for the Jervois project in the second half of this year. Increasing the Company's capacity to issue shares will provide more funding options to further progress the project.

Under new Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and have a market capitalisation of \$300 million or less) can issue a further 10% of share capital in 12 months on a non-pro rata basis. The Company is an eligible entity as at the date of the Notice of Meeting and must remain compliant with the requirements of Listing Rule 7.1A to be able to utilise the additional capacity to issue shares under that Listing Rule.

Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:

<p>Minimum price at which the equity securities may be issued</p>	<p>The issue price of each share must be no less than 75% of the volume weighted average price for the shares calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <ul style="list-style-type: none"> • the date on which the price, at which the securities are to be issued, is agreed; or • if the securities are not issued within five trading days of that date, the date on which the securities are issued.
<p>Risk of economic and voting dilution</p>	<p>An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <ul style="list-style-type: none"> • the market price for shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and • the equity securities may be issued at a price that is at a discount to the market price for the shares on the issue date. <p>Under Listing Rule 7.3A.2, a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.</p>
<p>Date by which the Company may issue the securities</p>	<p>The period commencing on the date of the Annual General Meeting (29 May 2015) and expiring on the first to occur of the following:</p> <ul style="list-style-type: none"> • the date which is 12 months after the date of the Annual General Meeting (29 May 2016); and • the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2.
<p>Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration</p>	<p>It is the Board's current intention that if any funds are raised under an issue of securities pursuant to Listing Rule 7.1A, the proceeds will be applied towards the exploration and development of the Company's projects and to general working capital requirements.</p> <p>The Company reserves the right to issue shares for non-cash consideration.</p>
<p>Details of the Company's allocation policy for issues under approval</p>	<p>The Company does not currently know the nature of the capital raising which may be conducted under Listing Rule 7.1A (if any). No allocation policy has therefore been determined.</p> <p>Consistent with prior capital raisings, the Company will consider the most timely and cost effective sources of capital to achieve its commercial objectives, as well as prioritising issues to parties which may assist in</p>

	strengthening the Company's share register or market standing and in turn, potentially its objective of delivering an increase in share price.
Previous approvals under Listing Rule 7.1A	No approval have been previously been sought under Listing Rule 7.1A.

Information under Listing Rule 7.3A.2

The table below shows the dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary securities for variable "A" calculated under the formula in Listing Rule 7.1A(2) as at the date of this notice.

The table shows two examples where variable "A" has increased, by 50% and 100%. Variable "A" is the number of ordinary securities the Company has on issue as at the date of the Notice of Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting.

The table also shows two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.07 50% decrease in issue price	\$0.14 issue price	\$0.28 100% increase in issue price
Current Variable A* 141,540,563 shares	10% Voting Dilution	14,154,056 shares	14,154,056 shares	14,154,056 shares
	Funds raised	\$990,783	\$1,981,567	\$3,963,135
50% increase in current Variable A* 212,310,844 shares	10% Voting Dilution	21,231,084 shares	21,231,084 shares	21,231,084 shares
	Funds raised	\$1,486,176	\$2,972,352	\$5,944,704
100% increase in current Variable A* 283,081,126 shares	10% Voting Dilution	28,308,113 shares	28,308,113 shares	28,308,113 shares
	Funds raised	\$1,981,567	\$3,963,135	\$7,926,271

* Current Variable A refers to current maximum potential after the Annual General Meeting assuming no further issues of shares.

The table has been prepared on the assumptions set out below.

- The Company issues the maximum number of shares available under Listing Rule 7.1A approval.
- No options are exercised to convert into shares before the date of the issue of the shares available under Listing Rule 7.1A.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of shares under Listing Rule 7.1A consists only of ordinary shares in the Company.
- The issue price is \$0.14, being the closing price of the shares on ASX on 09 April 2015.

The Board unanimously recommends shareholders vote in favour of the resolution to provide the Company with an additional 10% capacity to issue equity securities.

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