

13 April 2022

ASX Limited

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 1 for 6 pro-rata traditional non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) to raise up to approximately \$24.2 million (**Offer**).

The offer price for the Offer will be \$0.37 per New Share (**Offer Price**).

Under the Offer, eligible shareholders of the Company will be able to subscribe for 1 New Share for every 6 existing fully paid ordinary shares in the Company held at 7.00pm (Sydney time) on 20 April 2022 (**Record Date**) at the Offer Price (**Entitlements**).

The Offer is not underwritten, and is subject to a minimum raise condition of \$9.9 million.

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**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Instrument 2016/84**).

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 26 April 2022 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	12 May 2022
Total number of securities issued or expected to be issued (subject to rounding of fractional Entitlements)	65,385,836 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 as notionally modified by Instrument 2016/84;
2. this notice is given under section 708AA(2)(f) of the Corporations Act as notionally modified by Instrument 2016/84;
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 as notionally modified by Instrument 2016/84; 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 Investments Pte. Ltd. (**KMP**), the Company's largest shareholder (with an interest in the Company prior to the Offer of approximately 24.53%), will remain at approximately 24.53%.

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. If KMP takes up its Entitlement in full (as it has committed to do) and 50% of Entitlements under the Offer are taken up, KMP's voting power in the Company will increase to approximately 26.42%. If KMP takes up its Entitlement in full (as it has committed to do) and only the minimum raise condition of \$9.9 million is satisfied, KMP's voting power in the Company will increase to approximately 26.80%.

If no eligible shareholders of the Company 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 \$9.9 million would not have been achieved.

The voting power 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 'K. Anderson.' with a period at the end.

Kylie Anderson
Company Secretary
KGL Resources Limited