

KGL RESOURCES LIMITED

ACN 082 658 080

Entitlement Offer Information Booklet

1 for 8 pro rata non-renounceable entitlement offer at \$0.23 per Share.

Last date for acceptance and payment: 5.00pm (AEDT) on 5 December 2019

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

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EXCEPT BY KGL RESOURCES LIMITED TO APPROVED US SHAREHOLDERS*

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IMPORTANT NOTICES

This Information Booklet is dated 18 November 2019. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Entitlement Offer is being made without a prospectus under section 708AA Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Information Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

KGL Resources may make additional announcements after the date of this Information Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than KGL Resources has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, other than as specifically noted below.

This Information Booklet is not to be distributed in, and no offer of New Shares is to be made in countries other than Australia and New Zealand, except to certain categories of investor in Singapore and the United States. The distribution of this Information Booklet (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for KGL Resources to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of KGL Resources with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

This Information Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Information Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Singapore

This Information Booklet and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Information Booklet and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Information Booklet has been given to you on the basis that you are an existing holder of KGL Resources' shares. In the event that you are not such a shareholder, please return this Information Booklet immediately. You may not forward or circulate this Information Booklet to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

This Information Booklet does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The securities described in this Information Booklet have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. In particular, this Information Booklet may only be distributed by KGL Resources in the United States to existing shareholders of KGL Resources who are institutional "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act of (**Approved US Shareholders**).

Definitions, currency and time

Defined terms used in this Information Booklet are contained in section 6. All references to currency are to Australian dollars and all references to time are to Australian Eastern Daylight Savings Time (**AEDT**), unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. KGL Resources considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Information Booklet or the subsequent disposal of any New Shares. KGL Resources recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

KGL Resources collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in KGL Resources.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to KGL Resources (directly or through the Share Registry). KGL Resources collects, holds and will use that information to assess your Application. KGL Resources collects your personal information to process and administer your shareholding in KGL Resources and to provide related services to you. KGL Resources may disclose your personal information for purposes related to your shareholding in KGL Resources, including to the Share Registry, KGL Resources' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that KGL Resources holds about you. To make a request for access to your personal information held by (or on behalf of) KGL Resources, please contact KGL Resources through the Share Registry.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by KGL Resources or any of its officers.

Past performance

Investors should note that KGL Resources' past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) KGL Resources' future performance including KGL Resources' future financial position or share price performance.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of KGL Resources and certain plans and objectives of the management of KGL Resources. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither KGL Resources, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of KGL Resources. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures.

Risks

Refer to the 'Key risk' in section 5 of this Information Booklet for a summary of specific and general risk factors that may affect KGL Resources.

Chairman's letter

18 November 2019

Dear Shareholder

I am pleased to write to you, as a valued shareholder of KGL Resources Limited (**KGL Resources**), and offer you the opportunity to participate in KGL Resources' recently announced 1 for 8 non-renounceable entitlement issue of new ordinary shares in KGL Resources (**New Shares**) at an issue price of \$0.23 per New Share (**Entitlement Offer**).

Entitlement Offer

On 18 November 2019, KGL Resources announced its intention to raise approximately \$8.221 million through the Entitlement Offer.

Proceeds raised from the Entitlement Offer will be used to fund a drill rig on site in support of the mining and geotechnical studies, and assist in finalising the infrastructure analysis and Mine Management Plan, all of which are required to be able to undertake the project financing stage. Further information on progress of KGL Resources' Jervois Copper Project is set out in the Investor Update lodged with the Australian Securities Exchange (**ASX**) on 18 November 2019, a copy of which is included in this Information Booklet in section 3.

Under the Entitlement Offer, eligible shareholders have the opportunity to invest at the price of \$0.23 per New Share. The issue price of \$0.23 per New Share represents a 6.12% discount to the closing price of KGL Resources shares on 15 November 2019 (being the last trading day before announcement of the Entitlement Offer).

The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed in this Information Booklet.

Major shareholders KMP Investments, Marshall Plenty and the Denis Wood Entities have confirmed to KGL Resources that they intend to subscribe for their full entitlement under the Entitlement Offer.

The Entitlement Offer is non-renounceable and therefore your entitlements will not be tradeable on ASX or otherwise transferable.

Other information

This Information Booklet contains important information, including:

- the Investor Update referred to above, which was released to ASX on 18 November 2019, and provides information on KGL Resources' operations at its Jervois Copper Project;
- instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates;
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions; and

- instructions on how to take up all or part of your Entitlement via BPAY.

The Entitlement Offer closes at **5.00pm AEDT on 5 December 2019**.

Please read in full the details on how to submit your application, which are set out in this Information Booklet. For further information, telephone 1300 361 735 (inside Australia) and +61 1300 361 735 (outside Australia) between 8.30am and 5.30pm (AEDT), or visit our website at <https://www.kglresources.com.au/investors>.

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of KGL Resources, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

Denis Wood
Chairman
KGL Resources Limited

Summary of the Entitlement Offer

Entitlement Offer	
Ratio	1 New Share for every 8 existing KGL Resources ordinary shares
Issue Price	\$0.23 per New Share
Size	35,745,636 New Shares*
Gross proceeds	Approximately \$8,221,496**

* Subject to rounding

** The Entitlement Offer is not underwritten – this assumes full take up of Entitlements by participants

Key dates

Activity	Date
Announcement of the Entitlement Offer	18 November 2019
Shares traded on an 'ex' entitlement basis	20 November 2019
Record Date for Entitlement Offer (7.00pm)	21 November 2019
Information Booklet and Entitlement and Acceptance Form despatched	26 November 2019
Entitlement Offer opens	26 November 2019
Last date to extend the closing date for the Entitlement Offer	2 December 2019
Closing date for acceptances under Entitlement Offer (5.00pm)	5 December 2019
Announcement of results of Entitlement Offer and under-subscriptions	10 December 2019
Allotment of New Shares issued under the Entitlement Offer	12 December 2019
Dispatch of holding statements for New Shares issued under the Entitlement Offer	12 December 2019
Normal ASX trading for New Shares issued under the Entitlement Offer commence	13 December 2019

Notes: All times are in Australian Eastern Daylight Saving Time (**AEDT**), unless otherwise stated. This timetable is indicative only and subject to change. The Directors may vary these dates subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Enquiries

For further information, telephone 1300 361 735 (inside Australia) and +61 1300 361 735 (outside Australia) between 8.30am and 5.30pm (AEDT). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

If you have lost your Entitlement and Acceptance Form and would like a replacement form, you should contact the Share Registry on 1300 361 735 (within Australia) or +61 1300 361 735 (outside Australia).

1 Description and effect of the Offer

1.1 Overview

The Entitlement Offer is a non-renounceable offer of 35,745,636 New Shares at \$0.23 per New Share to raise approximately \$8,221,496 (before direct offer costs including fees paid to advisers and to providers of specific services to cover share registry, printing and postage costs).

Proceeds raised from the Entitlement Offer will be used to fund a drill rig on site in support of the mining and geotechnical studies, and assist in finalising the infrastructure analysis and Mine Management Plan, all of which are required to be able to undertake the project financing stage.

Eligible Shareholders who are on KGL Resources' share register on the Record Date are entitled to acquire 1 New Share for every 8 Shares held on the Record Date (**Entitlement**).

Fractional Entitlements will be rounded down to the nearest whole number of New Shares.

The issue price of \$0.23 per New Share represents a discount of 6.12% to the closing price of KGL Resources shares on 15 November 2019 (being the last trading day before announcement of the Entitlement Offer).

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on ASX, nor can they be transferred or otherwise disposed of.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement.

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in KGL Resources diluted.

Eligible Shareholders should be aware that an investment in KGL Resources involves risks. The key risks identified by KGL Resources are summarised in section 5 of this Information Booklet.

1.2 Shortfall placement

A shortfall may arise if applications received for New Shares under the Entitlement Offer are less than the number of New Shares offered.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares within three months after the Closing Date to either existing or new Shareholders at their discretion.

If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares.

1.3 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders.

An Eligible Shareholder is a Shareholder on the Record Date who:

- (a) has a registered address on the KGL Resources share register in Australia, New Zealand or is a Shareholder that KGL Resources has otherwise determined is eligible to participate;
- (b) is a beneficial shareholder of KGL Resources resident in Singapore;
- (c) is an Approved US Shareholder;
- (d) is not in the United States and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States, excluding any Approved US Shareholders; and
- (e) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

1.4 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

1.5 Allotment

KGL Resources will make an application within seven days from the date of this Information Booklet for quotation of the New Shares on ASX. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than five Business Days after the close of the Entitlement Offer. Any application monies received for more than your final allocation of New Shares will be refunded to you as soon as practicable (where the amount is \$2.00 or greater).

Application Monies will be held by KGL Resources on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their holding statement is at the Applicant's own risk.

1.6 Capital structure

Subject to the rounding down of fractional Entitlements, the capital structure of KGL Resources following the issue of New Shares is expected to be as follows:

Existing Shares on issue as at 18 November 2019 (announcement of the Entitlement Offer)	285,965,087
Approximate new Shares issued under the Entitlement Offer	35,745,636*
Approximate total number of Shares after the Entitlement Offer	321,710,723*

* The Entitlement Offer is not underwritten – this assumes full take up of Entitlements by participants

1.7 Effect on major shareholder voting power

As set out above, each of KMP Investments, Marshall Plenty and the Denis Wood Entities have confirmed they intend to take up their entitlement under the Entitlement Offer in full.

The following table sets out the impact on their voting power based on different levels of Shareholder participation under the Entitlement Offer:

Participation level	44%*	50%	75%	100%**
KMP Investments	27.43%	27.24%	26.46%	25.72%
Marshall Plenty	9.39%	9.32%	9.06%	8.81%
Denis Wood Entities	10.03%	9.96%	9.68%	9.41%

* Participation by only the three major Shareholders.

** Assumes all Shareholders are eligible to and do participate in the Entitlement Offer.

1.8 Effect on KGL Resources' financial position

Set out in section 2 is the consolidated balance sheet of KGL Resources as at 30 June 2019 and a pro-forma balance sheet assuming the total funds raised under the Entitlement Offer is \$8,221,496.

1.9 Information Availability

Eligible Shareholders can obtain a copy of this Information Booklet from the KGL Resources website at <https://www.kglresources.com.au/investors> or by calling the Share Registry on 1300 361 735 (within Australia) or +61 1300 361 735 (outside Australia) at any time from 8.30am to 5.30pm (AEDT) during the Entitlement Offer period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be downloaded at <https://www.kglresources.com.au/>.

2 Financial position

The following shows the effect of the Entitlement Offer on the financial position of KGL Resources:

Pro forma Balance Sheet (unaudited)	30 June 2019	Entitlement Offer (Committed Portion)	Entitlement Offer (Assumes 100% Participation)
	(\$'000)	(\$'000)	(\$'000)
Cash at 30 June 2019	964	964	964
Term Deposits	10,719	10,719	10,719
Cash – Entitlement Offer	-	3,612	8,221
Total Cash & Term Deposits	11,683	15,296	19,905
Trade and Other Receivables	333	333	333
Property Plant and Equipment	391	391	391
Exploration and Evaluation	53,605	53,605	53,605
Prepayments	127	127	127
Intangibles	9	9	9
Total Assets	66,150	69,763	74,372
Total Liabilities	3,989	3,989	3,989
Total Equity	62,161	65,773	70,383

Notes to pro forma balance sheet:

- Based on the Statement of Financial Position for the Half Year ended 30 June 2019.
- Raise up to \$8.221m in new equity capital under the Entitlement Offer.
- Capital raising expenses are ~\$60,000.
- As disclosed in KGL Resources' Quarterly Activities and Cashflow Report for the quarter ending 30 September 2019, ~\$4.89m has been spent on exploration and working capital since 30 June 2019.
- No material balance sheet events since 30 June 2019.



KGL Resources Limited – Company Update

18 November 2019

Background

For the past three and a half years, KGL Resources Limited (**the Company**) has pursued a consistent strategy of identifying a mineral resource at its Jervois Copper Project in the Northern Territory (**Jervois**) on which a robust and sustainable mining operation can be confidently built.

The Company's aim has been to confirm tenure, secure approvals, and improve the quality of the resource, lifting the grade of copper and upgrading the confidence levels, before committing to development. A robust operation with a mine life of at least 10 years is targeted in order to be able to fund the continuing exploration required to realise the potential of the highly prospective tenements that the Company now holds in and around Jervois.

Since 2016, the Company has maintained these objectives and has succeeded in progressively achieving them.

Achievements to date

The necessary licensing processes are almost complete.

The Northern Territory Government **granted a further mining lease at Jervois**, thus ensuring that the Company holds mining leases covering the total area needed for all planned mining and mineral processing.

The opportunity was also taken to **acquire the neighbouring Unca Creek** tenement which surrounds Jervois. Work done by the previous tenants and subsequently by the Company indicate the potential for mineral discoveries in the future, including structural and geological extensions from the already established resources at Jervois.

The Indigenous Land Use Agreement (ILUA) with the Central Land Council and the traditional owners has been completed. The Aboriginal Areas Protection Authority certificates have been received, confirming that development of the Jervois will not impact Aboriginal heritage matters.

The Northern Territory Environment Protection Authority has recommended to the Northern Territory Government that Jervois be approved subject to conditions. This was the last major regulatory step before final government approval of the Mine Management Plan for the development of the project.

Two water drilling programs and the resultant groundwater modelling assessment have **identified the required, sustainable water source for the project**. Preliminary design of the borefield and pipeline together with application for the required Mineral Lease to ensure access to the borefield are in progress, as is finalisation of an application for the required Water Extraction License.

The Company recently engaged Macmahon Contractors to complete an optimised mine plan that will form the basis of the Mine Management Plan. Core Resources is finalising metallurgical processing design.

The sustained drilling at the Reward and Rockface deposits resulted recently in an **updated JORC statement showing a significant increase in confidence levels**, with 65% of the total resources at Jervois now in the Indicated category.

At Rockface, this has included the **discovery of an underground resource** which has been proved up to 77% Indicated status.

At Reward, open pit and **underground resources have been expanded and upgraded**, and the latest drilling is expected to lead to further expansion and increases in grade and confidence levels. With the majority of the resource in the proposed mining area now being upgraded to Indicated status, a Mining Reserve is expected to be available once the optimised mine plan and associated economic work is completed.

Assuming the optimised mine planning work is positive, then the two drill rigs that have been on site in continuous operation this year will cease at the end of November and one rig will return in the new year to concentrate strictly on drilling to support the mine and infrastructure design processes.

Towards Project Development

The Company is firmly focussed on achieving project development. The Company strongly believes the ultimate potential of Jervois extends well beyond the immediately proposed development. The aim is to fund further exploration from profits once the operating mine is established and ongoing, so as to minimise calls for additional equity support from investors.

The **\$8 million from the current rights issue in addition to the current cash reserves** will fund a drill rig on site in support of the mining and geotechnical studies, and assist in finalising the infrastructure analysis and Mine Management Plan, all of which are required to be able to undertake the project financing stage.

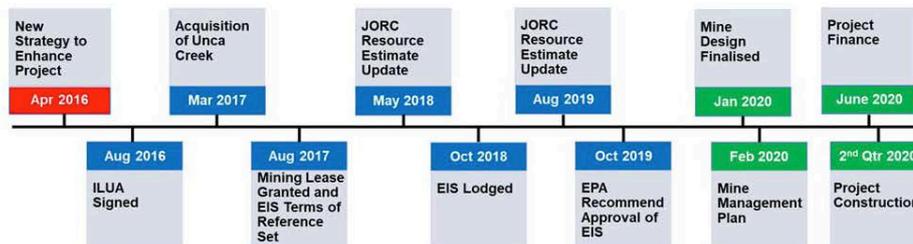
Macmahon Contractors, the preferred mining contractor, is well advanced in optimising the mine plan. This is central to development planning due to the significance of mining costs in the total cost per tonne of concentrate. Concurrent metallurgical studies are well under way, optimising concentrate quality to maximise returns for the sale of concentrate.

Planning for the mine accommodation camp, power station and process plant awaits the final manning and power requirements from the mine optimisation study which is expected to be completed by the end of this year.

Paul Richardson was employed as the Project Director approximately 18 months ago and the Company has now added to the team with Russell Dwyer joining as Project Manager. Russell is a civil engineer with over 25 years' experience in mining and construction projects. The company has also appointed a new CFO, with Amy Treble commencing later this month. Amy, a Chartered Accountant has extensive financial experience in the mining industry, most recently in assisting Metro Mining commence production at their mining operations in North Queensland.

The final KGL Board decision will follow completion of these optimisation activities. All going well, construction could start during the second quarter of 2020.

Jervois Project Progress



* Subject to final government approval

4 How to apply

4.1 Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled under the Entitlement Offer (i.e. their Entitlement) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up their Entitlement in full (refer to section 4.2);
- (b) take up part of their Entitlement, in which case the balance of the Entitlement lapses (refer to section 4.3); or
- (c) allow their Entitlement to lapse (refer to section 4.4).

Ineligible Shareholders may not take up any of their Entitlements.

KGL Resources reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (AEDT) on 5 December 2019** (however, that date may be varied by KGL Resources, in accordance with the Listing Rules).

4.2 Taking up all of your Entitlement

If you wish to take up your Entitlement in full, follow the instructions set out in the Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 4.6 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than **5.00pm (AEDT) on 5 December 2019** at the address set out below:

KGL Resources Limited
C/- Link Market Services Limited
GPO Box 3560
SYDNEY NSW 2001

You may also take up all of your Entitlement by payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than **5.00pm (AEDT) on 5 December 2019**.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer. Any application monies received for more than your final allocation of New Shares will be refunded to you as soon as practicable (where the amount is \$2.00 or greater). If you wish to advise or change your banking instructions with the Share Registry you may do so by going to investorcentre.linkmarketservices.com.au/ and following the instructions.

4.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required under section 4.2.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and KGL Resources receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

4.4 Allow your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

4.5 Consequences of not accepting your Entitlement

If you do not accept all of your Entitlement in accordance with the instructions set out above, your percentage shareholding in KGL Resources will be diluted.

4.6 Payment

The consideration for the New Shares is payable in full on application by a payment of \$0.23 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**KGL Resources Limited**' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail or by hand delivery. Receipts for payment will not be issued.

4.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms of this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States, excluding any Approved US Shareholder, and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States, excluding any Approved US Shareholder, and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;

- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand;
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States; and
- (d) if you decide to sell or otherwise transfer any New Shares, you will only do so in regular way transactions on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for or on behalf of a person in the United States.

4.8 Brokerage and Stamp Duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

4.9 Notice to Nominees and Custodians

If KGL Resources believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter. Nominees and custodians may not distribute any part of this offer document, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia except:

- (a) to beneficial shareholders of KGL Resources resident in New Zealand or Singapore; and
- (b) with the consent of KGL Resources, to beneficial shareholders of KGL Resources resident in certain other countries where KGL Resources may determine it is lawful and practical to make the Offer.

5 Key risks

References to KGL Resources in this section include its subsidiaries.

5.1 Risk Factors

- Activities in KGL Resources and its controlled entities, as in any business, are subject to risks which may impact on KGL Resources' future performance. There are a number of factors, both specific to KGL Resources and of a general nature, which may affect the future operating and financial performance and position of KGL Resources and the outcome of an investment in KGL Resources. Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of KGL Resources and its Directors and cannot be mitigated.
- Prior to deciding whether to take up their Entitlement, Shareholders should read this entire Information Booklet and review announcements made by KGL Resources to ASX (at www.asx.com.au, ASX: KGL) in order to gain an appreciation of KGL Resources, its activities, operations, financial position and prospects.
- Shareholders should also consider the summary risk factors set out below which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating KGL Resources and deciding whether to increase their shareholding in KGL Resources. The risk factors set out below are not intended to be an exhaustive list of all of the risk factors to which KGL Resources is exposed, and they are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which they currently believe to be immaterial, may also have an adverse effect on KGL Resources.
- An investment in KGL Resources should be considered speculative. There can be no certainty that KGL Resources will be able to successfully implement its business strategy. No representation is or can be made as to the future performance of KGL Resources and there can be no assurance that KGL Resources will achieve its objectives.

5.2 Specific Risk Factors

KGL Resources' exploration and mining operations will be subject to the normal risks of mining, and any revenues will be subject to numerous factors beyond KGL Resources' control. Certain of these risk factors are as follows:

- **Future capital requirements:** KGL Resources' ongoing activities may require substantial further financing in the future, in addition to amounts raised pursuant to the Entitlement Offer. KGL Resources will require additional funding to bring the Jervois Copper Project into commercial production. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Entitlement Offer price) and debt financing, if available, may involve restrictive covenants which limit KGL Resources' operations and business strategy. Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to KGL Resources or at all. If KGL Resources is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse affect on KGL Resources' activities and could affect KGL Resources' ability to continue as a going concern.
- **Exploration risk:** The success of KGL Resources depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the

price of commodities, securing and maintaining title to KGL Resources' exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on KGL Resources' existing tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of KGL Resources and possible relinquishment of the tenements. The exploration costs of KGL Resources are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect KGL Resources' viability. If the level of operating expenditure required is higher than expected, the financial position of KGL may be adversely affected. KGL Resources may also experience unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

- **Feasibility and development risks:** It may not always be possible for KGL Resources to exploit successful discoveries which may be made in areas in which KGL Resources has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as KGL Resources'. Given the early stage of KGL Resources' projects, there will be a complex, multidisciplinary process to be undertaken to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected. There is also a risk that even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.
- **Regulatory risk:** KGL Resources' operations are subject to various Federal, State and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that KGL Resources will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, KGL Resources may be curtailed or prohibited from continuing or proceeding with production and exploration. KGL Resources' business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising KGL Resources' projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of KGL Resources. It is also possible that, in relation to tenements which KGL Resources has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of KGL Resources to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected. KGL Resources has a registered Indigenous Land Use Agreement with the traditional owners for its Jervois Copper Project.
- **Occupational health and safety:** Given KGL Resources' exploration activities (and especially if it achieves exploration success leading to mining activities), it will face the risk of workplace injuries which may result in workers' compensation claims, related common law

claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting any future mining activities of KGL Resources can be dangerous. KGL Resources has, and intends to maintain, a range of workplace practices, procedures and policies which will seek to provide a safe and healthy working environment for its employees, visitors and the community.

- **Limited operating history of KGL Resources:** KGL Resources has limited operating history on which it can base an evaluation of its future prospects. If KGL Resources' business model does not prove to be profitable, investors may lose their investment. KGL's historical financial information is of limited value because of KGL Resources' lack of operating history and the emerging nature of its business. The prospects of KGL Resources must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.
- **Key personnel:** In formulating its exploration programs, KGL Resources relies to a significant extent upon the experience and expertise of the Directors and management. A number of key personnel are important to attaining the business goals of KGL Resources. One or more of these key employees could leave their employment, and this may adversely affect the ability of KGL Resources to conduct its business and, accordingly, affect the financial performance of KGL Resources and its Share price. Recruiting and retaining qualified personnel are important to KGL Resources' success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.
- **Resource estimate risk:** Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect KGL Resources' future plans and ultimately its financial performance and value. Copper and gold price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.
- **Environmental risk:** The operations and activities of KGL Resources are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, KGL Resources' operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. KGL Resources attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. KGL Resources is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase KGL Resources' cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige KGL Resources to incur significant expenses and undertake significant investments which could have a material adverse effect on KGL Resources' business, financial condition and performance.
- **Availability of equipment and contractors:** Given the current level of activity across the Australian mining industry, the availability of appropriate equipment, including drill rigs, is in short supply. There is also high demand for contractors providing other services to the mining industry. Consequently there is a risk that KGL Resources may not be able to source all the equipment and contractors required to fulfil its proposed exploration activities. There

is also a risk that hired contractors may underperform or that equipment may malfunction, either of which may affect the progress of KGL Resources' exploration activities.

- **Fluctuations in copper price:** The copper mining industry is competitive. There can be no assurance that copper and gold prices will be such that KGL Resources can mine its deposits at a profit. Copper and gold prices fluctuate due to a variety of factors including supply and demand fundamentals, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns and speculative activities. Similarly, demand and supply of capital and currencies, forward trading activities, relative interest rates and exchange rates and relative economic conditions can impact exchange rates.
- **Climate change risks:** The operations and activities of KGL Resources are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact KGL Resources and its profitability. While KGL Resources will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that KGL Resources will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by KGL Resources, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which KGL Resources operates.

5.3 General Risk Factors

Mineral exploration and mining may be hampered by circumstances beyond the control of KGL Resources and are speculative operations which by their nature are subject to a number of inherent risks. These include general risk factors such as:

- **Market Risk:** As with all stock market investments, there are risks associated with an investment in KGL Resources. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares. The price at which KGL Resources Shares trade on the ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlook and changes in the supply of, and demand for, exploration and mining industry securities, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates. The market for KGL Resources Shares may also be affected by a wide variety of events and factors, including variations in KGL Resources' operating results, recommendations by securities analysts, and the operating and trading price performance of other listed exploration and mining industry entities that investors consider to be comparable to KGL Resources. Some of these factors could affect KGL Resources' share price regardless of KGL Resources' underlying operating performance.
- **Taxation risk:** Any change in KGL Resources' tax status or the tax applicable to holding Shares or in taxation legislation or its interpretation, could affect the value of the investments held by KGL Resources, affect KGL Resources' ability to provide returns to Shareholders and/or alter the post tax returns to Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to KGL Resources' interpretation may lead to an increase in KGL Resources' tax liabilities and a reduction in Shareholder returns. Personal tax liabilities are the responsibility of each individual investor. KGL Resources is not responsible either for tax or tax penalties incurred by investors.

- **Liquidity risk:** There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Entitlement Offer.
- **Securities investment risk:** Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of KGL Resources' performance. The past performance of KGL Resources is not necessarily an indication as to future performance of KGL Resources as the trading price of Shares can go up or down. Neither KGL Resources nor the Directors warrant the future performance of KGL Resources or any return on an investment in KGL Resources.
- **Economic factors:** The operating and financial performance of KGL Resources is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on KGL Resources' operating and financial performance and financial position. KGL Resources' future possible revenues and Share price can be affected by these factors, which are beyond the control of KGL Resources.
- **Accounting standards:** Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**) and are outside KGL Resources' control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in KGL Resources' financial statements.

6 Definitions

These definitions are provided to assist the understanding some of the expressions used in this Information Booklet.

Term	Definition
KGL Resources	means KGL Resources Limited ACN 082 658 080.
\$	means Australian dollars.
AEDT	means Australian Eastern Daylight Saving Time.
Applicant	means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application	means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application Monies	means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.
Approved US Shareholders	means existing shareholders of KGL Resources who are institutional 'accredited investors' within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Business Day	means a business day as defined in the Listing Rules.
Closing Date	means 5 December 2019, the day the Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Denis Wood Entities	means entities associated with the KGL Resources chairman, Denis Wood, specifically: (a) Coal Industry Services Pty Ltd; and (b) The Wood Investment Trust (the trustees of which are Denis Wood and Anne Wood).
Directors	means the directors of KGL Resources.
Eligible Shareholder	means a Shareholder as at the Record Date who is not an Ineligible Shareholder.
Entitlement	means the right to subscribe for New Shares under the

Term	Definition
	Entitlement Offer.
Entitlement and Acceptance Form	means the Entitlement and Acceptance Form accompanying this Information Booklet.
Entitlement Offer	means the non-renounceable entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 8 Shares of which the Shareholder is the registered holder on the Record Date, at the Issue Price pursuant to this Information Booklet.
Existing Shares	means the Shares already on issue in KGL Resources as at the Record Date.
Ineligible Shareholder	means a Shareholder as at the Record Date who does not satisfy the eligibility requirements set out in section 1.2 of this Information Booklet. (a)
Information Booklet	means this document.
Investor Update	means the update to investors, in section 2 of this Information Booklet, announced to ASX on 18 November 2019.
Issue Price	means \$0.23 per New Share.
KMP Investments	means KMP Investments Pte Ltd.
Listing Rules	means the official listing rules of ASX.
Marshall Plenty	means Marshall Plenty Investments, LLC.
New Shares	means Shares to be allotted and issued under the Entitlement Offer.
Record Date	means 7.00pm AEDT on 21 November 2019.
Shareholders	mean holders of Shares.
Shares	means fully paid ordinary shares in the capital of KGL Resources.
Share Registry	means Link Market Services Limited ACN 083 214 537.
Shortfall Shares	means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer, together with those New Shares to which any Ineligible Shareholders would otherwise have been entitled.
US Securities Act	means the Us Securities Act of 1933, as amended.

7 Corporate information

Company

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Directors

Denis Wood	Executive Chairman
Ferdian Purnamasidi	Non-executive Director
Peter Hay	Non-executive Director
John Gooding	Non-executive Director
Fiona Murdoch	Non-executive Director

Company Secretary

Kylie Anderson

Principal Share Register

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