



14 September 2017

Dear Shareholder

### **KGL Resources Limited – Entitlement Offer – Notice to Ineligible Shareholders**

On 13 September 2017, KGL Resources Limited (**KGL**) announced an equity raising of up to \$14.2 million via a placement to institutional investors to raise approximately \$6.9 million (**Placement**) and a pro rata non-renounceable entitlement offer of fully paid ordinary shares in KGL (**New Shares**) to raise up to approximately \$5.5 million (**Entitlement Offer**).

The purpose of the Placement and Entitlement Offer is to fund further drilling at KGL's 100% owned Jervois Copper Project in the Northern Territory and working capital.

As announced on 12 September 2017, KGL completed down hole electromagnetic (DHEM) surveys and is awaiting assay results from recent drilling at the Reward Prospect. Separately the assays announced on 4 September 2017 for recent holes drilled at Rockface delivered good continuity of high-grade copper mineralisation, which will assist in future exploration planning. KGL will announce the results of the assays in due course. Summary of key terms of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (defined below) will be invited to subscribe for one (1) New Share for every eleven (11) existing KGL ordinary shares held at 5.00pm (AEDST) on Tuesday, 19 September 2017 (**Record Date**) at an offer price of \$0.30 per New Share (**Entitlement**).

### **Eligibility of shareholders to participate in the Entitlement Offer**

KGL has determined, under ASX Listing Rule 7.7.1(a) and section 9A(3) Corporations Act, that it would be unreasonable to make offers to shareholders in all countries in connection with the Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) Corporations Act, this letter is to inform you that KGL has determined that you are not an Eligible Shareholder and therefore are ineligible to apply for New Shares under the Entitlement Offer.

### **You are not required to do anything in response to this letter.**

The Entitlement Offer is only available to Eligible Shareholders. An Eligible Shareholder means a holder of KGL Shares at 5.00pm (AEDST time) on the Record Date who:

- ) has a registered address in Australia or New Zealand or is an institutional investor in Singapore or a Shareholder that KGL has otherwise determined is eligible to participate;
- ) is not in the United States and is not a nominee, custodian or other person acting for the account or benefit of a person in the United States; and
- ) 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.

As you do not satisfy the criteria for eligibility, KGL is unfortunately unable to extend the Entitlement Offer to you. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Shareholder will be allocated to Eligible Shareholders who subscribe for New Shares in excess of their entitlement under the Entitlement Offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for these entitlements in respect of any New Shares that would have been offered to you if you were eligible.

#### **Further information**

If you have any queries, please call Kylie Anderson on 07 3071 9003 (inside Australia) or #61 7 3071 9003 (outside Australia) between 9.00am and 5.00pm (AEST) Monday to Friday during the offer period or, alternatively, consult your professional adviser.

On behalf of the Directors, I thank you for your continued support of KGL.

Yours sincerely

**Kylie Anderson**  
Company Secretary  
KGL Resources Limited

#### **Important information**

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the New Shares have been, and will not be, registered under the United States Securities Act of 1933 (the 'US Securities Act') or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements in the Entitlement Offer may only be taken up by, and the New Shares in the Entitlement Offer may only be offered or sold to, directly or indirectly, certain persons outside the United States in 'offshore transactions' (as defined in Rule 902(h) of Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.