



29 December 2015

Dear Shareholder

KGL Resources Limited fully underwritten entitlement offer – notice to shareholders

Today KGL Resources Limited ACN 082 658 080 (**KGL** or **Company**) announced a two for nine pro rata non-renounceable entitlement offer of fully paid ordinary shares in the Company to raise approximately \$3 million (**Entitlement Offer**).

The Entitlement Offer will be fully underwritten by Denis Leslie Wood (**Underwriter**), the Chairman of KGL.

The proceeds of the Entitlement Offer will be applied principally to working capital, and in particular to the further development of KGL's current projects and operations. Further details about the use of funds raised by the Entitlement Offer are included in the investor presentation lodged with ASX on 29 December 2015.

Terms of the Entitlement Offer

The offer price for the Entitlement Offer will be \$0.095 per share (**Offer Price**).

Under the Entitlement Offer, eligible shareholders will be able to subscribe for two new ordinary shares in the Company for every nine existing shares (**New Shares**) held at 7.00pm (Brisbane time) on 5 January 2016 (**Record Date**) at the Offer Price (**Entitlements**). The information booklet and notice given in accordance with section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) have been lodged with ASX and are available to view on the ASX website (www.asx.com.au).

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

KGL will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Corporations Act as notionally modified by ASIC Class Order 08/35.

Eligible shareholders may also apply for additional New Shares in excess of their Entitlement at the same price as under the Entitlement Offer (**Top-Up Facility**). Additional New Shares will only be available under the Top-Up Facility where there is a shortfall between applications for New Shares received from eligible shareholders and the number of New Shares proposed to be issued under the Entitlement Offer. There is no guarantee that applicants under this top up facility will receive all or any of the shares that they apply for under the top up facility.

Except in relation to the reimbursement of certain reasonable expenses, the Underwriter is not entitled to be paid any amount in connection with the underwriting agreement.

Proposed timetable*

KGL expects that the Entitlement Offer will be conducted according to the following timetable:

Activity	Date
Record Date for Entitlement Offer	5 January 2016
Information Booklet and Entitlement & Acceptance Form despatched	8 January 2016
Entitlement Offer opens	8 January 2016
Closing date for acceptances under Entitlement Offer (5.00pm (Brisbane time))	22 January 2016
Announcement of results of Entitlement Offer	28 January 2016
Allotment of New Shares issued under Entitlement Offer	1 February 2016
Despatch of holding statements for New Shares issued under Entitlement Offer	1 February 2016
Normal ASX trading for New Shares issued under Entitlement Offer commences	2 February 2016

* This timetable is indicative only. The directors may vary these dates subject to the ASX Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares.

The directors of the Company also reserve the right not to proceed with the whole or part of the Entitlement Offer any time prior to allotment and issue of the New Shares under the Entitlement Offer. In that event, the relevant application monies (without interest) will be returned in full to applicants.

Capital structure

The capital structure of KGL following the issue of New Shares, assuming the maximum number of New Shares is issued under the Entitlement Offer, will be as follows:¹

Existing Shares on issue as at 8 January 2016 (the date of despatch of the offer materials)	141,540,563
Approximate new Shares issued under the Entitlement Offer	31,453,458
Approximate total number of Shares after the Entitlement Offer	172,994,021

The New Shares will be fully paid and rank equally with existing ordinary shares on issue in the capital of KGL.

Eligibility of shareholders to participate in the Entitlement Offer

The Entitlement Offer is only available to Eligible Shareholders. An **Eligible Shareholder** means a registered holder of ordinary shares in the capital of KGL as at 7.00pm (Brisbane time) on the Record Date who:

- (a) has a registered address in Australia or New Zealand or is a shareholder that KGL has otherwise determined is eligible to participate;
- (b) subject to a determination by KGL as outlined in paragraph (a), is not in the United States and is not a nominee or custodian acting for the account or benefit of a person in the United States; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

¹ Ignoring the effect of rounding Entitlements.

Eligible Shareholders will receive an information booklet and personalised entitlement and application form.

Ineligible shareholders

If you are not an Eligible Shareholder you cannot participate in the Entitlement Offer. KGL will notify those shareholders who are not Eligible Shareholders.

Further information

If you have any queries, please contact KGL on + 61 7 3071 9003 (within Australia) between 8:30am and 5.00pm (Brisbane time) Monday to Friday during the offer period or, alternatively, consult your stockbroker, solicitor, accountant or other professional financial adviser.

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

Signed for and on behalf of KGL



Kylie Therese Anderson
Company Secretary
KGL Resources Limited