



08 January 2016

## **Despatch of Information Booklet**

KGL Resources Limited (ASX code: KGL) advises that the attached information booklet, in relation to the capital raising announced on 29 December 2015, has today been despatched to eligible shareholders.

The offer will raise up to \$3 million by way of a two for nine pro rata non-renounceable entitlement offer, fully underwritten by Denis Leslie Wood.

### **For general information contact:**

Mr Simon Milroy  
CEO  
Phone: (07) 3071 9003

### **For offer information contact:**

Telephone 1300 730 659 (inside Australia) and + 61 1300 730 659 (outside Australia) between 8.30am and 5.00pm (AEST).

**KGL RESOURCES LIMITED**

**ACN 082 658 080**

# **Entitlement Offer information booklet**

**'Two for nine' pro rata non-renounceable entitlement offer at \$0.095 per Share.**

**Fully underwritten by  
Denis Leslie Wood**

**Last date for acceptance and payment: 5.00pm (AEST) on 22 January 2016**

**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.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

Legal adviser  
The logo for McCullough Robertson, featuring the word "Lawyers" in a vertical orientation to the left of a vertical yellow bar, which is followed by the words "McCullough" and "Robertson" stacked vertically.

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## IMPORTANT NOTICES

This Information Booklet is dated 8 January 2016. 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 Class Order 08/35). 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 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 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 or Top Up 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.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia and New Zealand. 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 and New Zealand.

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 to lawfully receive your Application Monies.

### New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing KGL shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by a New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### Definitions, currency and time

Defined terms used in this Information Booklet are contained in section 4. All references to currency are to Australian dollars and all references to time are to Australian Eastern Standard Time (**AEST**), unless otherwise indicated.

### Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. KGL 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 recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

### Privacy

KGL 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.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to KGL (directly or through the Share Registry). KGL collects, holds and will use that information to assess your Application. KGL collects your personal information to process and administer your shareholding in KGL and to provide related services to you. KGL may disclose your personal information for purposes related to your shareholding in KGL, including to the Share Registry, KGL's 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 holds about you. To make a request for access to your personal information held by (or on behalf of) KGL, please contact KGL 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 or any of its officers.

### Past performance

Investors should note that KGL's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) KGL's future performance including KGL's 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 and certain plans and objectives of the management of KGL. 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, 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. 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 'Risk factors' section of the Investor Presentation included in section 2 of this Information Booklet for a summary of general and specific risk factors that may affect KGL.

# Letter to Shareholders

8 January 2016

Dear Shareholder

I am pleased to write to you, as a valued shareholder of KGL Resources Limited ACN 082 658 080 (**KGL**), and offer you the opportunity to participate in KGL's recently announced two for nine fully underwritten non-renounceable entitlement issue of new ordinary shares in KGL (**New Shares**) at an issue price of \$0.095 per New Share (**Entitlement Offer**) to raise approximately \$3 million.

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. The benefits that are expected to flow from this initiative, for KGL and its shareholders, are described in KGL's investor presentation lodged with the Australian Securities Exchange (**ASX**) on 29 December 2015 (and included in this Information Booklet in section 2).

Under the Entitlement Offer, eligible shareholders have the opportunity to invest at the price of \$0.095 per New Share. The issue price of \$0.095 per New Share represents a 5% discount to the closing price of KGL shares on 24 December 2015 of \$0.10 per share (being the last trading day before announcement of the Entitlement Offer), and a discount of 4.13% to the Theoretical Ex-Rights Price (**TERP**).<sup>1</sup>

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. If you take up your entitlement, you can also apply for additional shares under a 'top-up' facility (refer to section 3 of this Information Booklet for more information).

The Entitlement Offer is fully underwritten by Mr Denis Leslie Wood, KGL's Chairman (**Underwriter**).

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 presentation referred to above, which was released to ASX on 29 December 2015, and provides information on KGL, the Entitlement Offer and key risks for you to consider;
- 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

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<sup>1</sup> The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which KGL shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which KGL's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

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

The Entitlement Offer closes at 5.00pm (AEST) on 22 January 2016.

Please read in full the details on how to submit your application, which are set out in this Information Booklet. For further information regarding the Entitlement Offer, please call +61 7 3071 9003, or visit our website at [www.kglresources.com.au](http://www.kglresources.com.au).

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, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

**Denis Leslie Wood**  
Chairman  
KGL Resources Limited

## Summary of the Entitlement Offer

Entitlement Offer	
<b>Ratio</b>	Two New Shares for every nine existing KGL ordinary shares
<b>Issue Price</b>	\$0.095 per New Share
<b>Size</b>	31,453,458 New Shares
<b>Gross proceeds</b>	\$2,988,079

## Key dates

Activity	Date
Announcement of the Entitlement Offer	29 December 2015
Record Date for Entitlement Offer (7.00pm)	5 January 2016
Information Booklet and Entitlement and Acceptance Form despatched	8 January 2016
Entitlement Offer opens	8 January 2016
Closing date for acceptances under Entitlement Offer (5.00pm AEST)	22 January 2016
Announcement of results of Entitlement Offer and under-subscriptions	28 January 2016
Settlement of New Shares under the Entitlement Offer	29 January 2016
Allotment of New Shares issued under the Entitlement Offer	1 February 2016
Despatch of holding statements for New Shares issued under the Entitlement Offer	1 February 2016
Normal ASX trading for New Shares issued under the Entitlement Offer commences	2 February 2016

Notes: All times are in Australian Eastern Standard Time (**AEST**).

This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriter, 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 730 659 (inside Australia) and + 61 1300 730 659 (outside Australia) between 8.30am and 5.00pm (AEST). 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 730 659 (inside Australia) and + 61 1300 730 659 (outside Australia).

# 1 Description and effect of the Offer

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## 1.1 Overview

The Entitlement Offer is a non-renounceable offer of 31,453,458 New Shares to Eligible Shareholders at \$0.095 per New Share to raise approximately \$3 million (before direct offer costs including fees paid to advisers and to providers of specific services to cover share registry, printing and postage costs, and the reimbursement of certain reasonable expenses incurred by the Underwriter on an indemnity basis).

The proceeds of the Entitlement Offer will be applied to KGL's working capital, and in particular to the further development of KGL's current projects and operations, as described in KGL's investment presentation, included in section 2 of this Information Booklet.

## 1.2 Entitlement Offer

The Entitlement Offer constitutes an offer to Eligible Shareholders who are on KGL's share register on the Record Date to acquire two New Shares for every nine 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 \$0.095 per New Share represents a discount of 5% to the closing price of KGL shares on 24 December 2015 of \$0.10 (being the last trading day before announcement of the Entitlement Offer) and a discount of 4.13% to the TERP.<sup>2</sup>

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 diluted.

Eligible Shareholders should be aware that an investment in KGL involves risks. The key risks identified by KGL are summarised in the Investor Presentation set out in section 2 of this Information Booklet.

## 1.3 Issue of additional Shares under the Top Up Facility

Any New Shares not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top Up Facility.

There is no guarantee that those Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any. The number of New Shares available under the Top Up Facility will not exceed the shortfall from the Entitlement Offer. The Directors reserve the right to allot and issue New Shares under the Top Up Facility at their discretion.

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<sup>2</sup> The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which KGL shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which KGL's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.



## 1.4 Underwriting

The Underwriter has underwritten the Entitlement Offer, up to an amount of approximately \$3 million (**Underwritten Amount**), on the terms set out in the Underwriting Agreement. Customary with these types of arrangements:

- (a) the Underwriting Agreement includes a number of termination events, including but not limited to:
  - (i) a 10% fall in the S&P Small Resources Index or a 7.5% fall of the price for a cash buyer of copper as quoted on the London Metals Exchange;
  - (ii) a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of KGL and its controlled entities;
  - (iii) failure to obtain unconditional ASX approval for official quotation of the shares issued pursuant to the Entitlement Offer;
  - (iv) commencement of an ASIC investigation into KGL or any member of the KGL Group in relation to the Entitlement Offer;
  - (v) KGL ceasing to be admitted to the official list of ASX;
  - (vi) trading in KGL securities on the financial market operated by ASX being suspended for two consecutive ASX normal trading days without the prior approval of the Underwriter;
  - (vii) KGL securities ceasing to be quoted by ASX;
  - (viii) resignation or dismissal of the managing director, chief financial officer or the whole board of Directors of KGL, excluding a resignation that KGL disclosed to the Underwriter prior to the date of the Underwriting Agreement;
  - (ix) a Director being charged with an indictable offence relating to any financial or corporate matter;
  - (x) a Director being subject to public action by a regulatory body in their capacity as director of KGL, or the announcement of an intention by a regulatory body to take any such action;
  - (xi) the disqualification of a Director from managing a corporation under the Corporations Act;
  - (xii) KGL or any member of the KGL group suffering an insolvency event, or otherwise being unable to pay its debts as and when they fall due or failing to comply with a statutory demand;
  - (xiii) the withdrawal by KGL of the Entitlement Offer;
  - (xiv) KGL being prevented, or other unable, to issue shares in accordance with the Entitlement Offer in accordance with the timetable for the Entitlement Offer (as set out on page 1 of this information booklet);
  - (xv) any material change being made to KGL's constitution or issued capital;

- (xvi) notable changes being made to the timetable for the Entitlement Offer (as set out on page 1 of this information booklet) without the prior approval of the Underwriter;
  - (xvii) breach by KGL of the Underwriting Agreement;
  - (xviii) non-compliance by KGL with any provision in its constitution, the Corporations Act, other applicable law, or other order or request made by or on behalf of ASX, ASIC, or any other Governmental Agency;
  - (xix) the making of misrepresentations by KGL;
  - (xx) a change in law or policy occurring;
  - (xxi) the commencement of hostilities not presently existing, whether or not escalating to war;
  - (xxii) the imposition of a general moratorium on commercial banking activities in any of Australia, the United Kingdom or the United States of America;
  - (xxiii) the occurrence of significant market disruption whereby trading of all securities on ASX, the Hong Kong Stock Exchange, the London Stock Exchange or the New York Stock Exchange is suspended, or a material limitation on trading imposed; and
  - (xxiv) there being an adverse change in political or economic conditions in Australia, Singapore, the United Kingdom, the United States of America or the international financial markets.
- (b) except in relation to the reimbursement of certain reasonable expenses, set out at paragraph (c) below, the Underwriter is not entitled to be paid any amount in connection with the underwriting agreement;
- (c) the Underwriter is entitled to reimbursement of certain expenses, including but not limited to:
- (i) any reasonable legal costs incurred in connection with the preparation for the Entitlement Offer (on an indemnity basis); and
  - (ii) any other reasonable costs incurred in respect of the underwriting agreement, such as travel and accommodation expenses, promotional costs, and any stamp duty payable in respect of the underwriting agreement; and
- (d) KGL has agreed to indemnify the Underwriter and other indemnified parties related to the Underwriter against their losses in connection with the Entitlement Offer.

## 1.5 Shortfall facility

A shortfall may arise if applications received for New Shares under the Entitlement Offer (including after the completion of the Top Up Facility (if any) and the Entitlements of Ineligible Shareholders) are less than the number of New Shares offered and the Underwriter does not acquire that shortfall under the Underwriting Agreement.

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.

## **1.6 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 share register in Australia or New Zealand or is a Shareholder that KGL has otherwise determined is eligible to participate;
- (b) 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;
- (c) 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.

## **1.7 Ranking of New Shares**

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

## **1.8 Allotment**

KGL 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 six Business Days after the close of the Entitlement Offer.

Application Monies will be held by KGL 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.

## **1.9 Capital structure**

Subject to the rounding down of fractional Entitlements and depending on the number of KGL options (if any) that are exercised, and KGL performance rights (if any) that vest, before the Record Date, the capital structure of KGL following the issue of New Shares is expected to be as follows:

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

The above figures assume that no existing options over KGL Shares will be exercised, and no existing performance rights will vest, prior to the Record Date. There are 1,575,000 existing options, and 900,000 existing performance rights. Details of the options and performance rights are set out in the Schedule.

The board of Directors considers it is unlikely that any existing options will be exercised, or that any existing performance rights will vest, before the Record Date. In the event that any existing options are exercised or that any existing performance rights vest, however, any proceeds raised will be applied to the general working capital of KGL, consistent with the use of proceeds specified for any funds raised from the Entitlement Offer.

## 1.10 Effect on KGL's financial position

Set out below is the consolidated balance sheet of KGL as at 30 November 2015. This also includes a pro-forma balance sheet reflecting KGL's post Entitlement Offer position, assuming the Entitlement Offer is fully subscribed and the total funds raised under the Entitlement Offer is therefore approximately \$3 million.

The below consolidated balance sheet, including the pro forma balance sheet, has been prepared by management and approved by the Directors (excluding the Underwriter). The Company's independent auditor has not performed a review of these statements.

	Consolidated	Equity	Consolidated post Entitlement Offer
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,491,538	2,968,079	4,459,617
Trade and other receivables	389,319		389,319
Financial assets	302,344		302,344
Prepayments	46,754		46,754
Inventory	0		0
Other assets	0		0
Disposal group assets classified as held for sale	0		0
Total current assets	2,229,954		5,198,034
<b>Non-current assets</b>			
Financial assets (non-current)	311,992		311,992
Trade and other non-current receivables	(0)		(0)
Trade and other non-current receivables (non-controlled)	137,286		137,286
Property, plant and equipment	313,748		313,748
Intangible assets	(215,737)		(215,737)
Mine development assets	0		0
Exploration expenditure	27,666,287		27,666,287
Other financial assets	458,606		458,606
Investments accounted for using the equity method	58,873		58,873
Other non-current assets	0		0
Total non-current assets	28,731,055		28,731,055

<b>Total assets</b>	30,961,009		33,929,089
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(767,308)		(767,308)
Financial liabilities	0		0
Provisions	0		0
Other liabilities	0		0
Disposal group liabilities classified as held for sale	0		0
<b>Total current liabilities</b>	<b>(767,308)</b>		<b>(767,308)</b>
<b>Non-current liabilities</b>			
Other long-term liabilities	58,917		58,917
Other long-term liabilities – external parties	0		0
Non-current provisions	0		0
Non-current financial liabilities	0		0
<b>Total non-current liabilities</b>	<b>58,917</b>		<b>58,917</b>
<b>Total liabilities</b>	<b>(708,391)</b>		<b>(708,391)</b>
<b>Net assets</b>	<b>30,252,618</b>		<b>33,220,698</b>
<b>Equity</b>			
Issued capital	(141,575,718)	(2,988,079)	(144,563,797)
Non-controlling interest	0		0
Earn in reserve	0		0
FX reserves	201,180		201,180
SBP reserves	(3,850,110)		(3,850,110)
Hedge reserve	0		0
Accumulated profit (losses)	113,257,042		113,257,042
Current year losses	1,714,988	20,000	1,734,988
<b>Total equity</b>	<b>(30,252,618)</b>		<b>(33,220,698)</b>

## 1.11 Information Availability

Eligible Shareholders can obtain a copy of this Information Booklet from the KGL website at [www.kglresources.com.au](http://www.kglresources.com.au) or by calling the Share Registry on + 61 1300 554 474 (toll free within Australia) or + 61 9615 9800 (outside Australia) at any time from 8.30am to 5.00pm (AEST) 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 requested by calling the Share Registry.

## **2 ASX announcements and investor presentation**

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The Presentation is also able to be viewed on the Company's website [www.kglresources.com.au](http://www.kglresources.com.au)

# CAPITAL RAISING PRESENTATION

*December 2015*

## Important notices and disclaimers

### **No reliance:**

This capital raising presentation is a document that has been prepared by KGL Resources Limited (**KGL**) for the purpose of providing a company and technical overview to interested investors. None of KGL, nor any of its related bodies corporate, their respective directors, partners, employees or advisers or any other person (**Relevant Parties**) makes any representations or warranty to, or takes responsibility for, the accuracy, reliability or completeness of the information contained in this document, to the recipient of this document (**Recipient**), and nothing contained in it is, or may be relied upon as, a promise or representation, whether as to the past or future. Recipients of the document must make their own independent investigations, consideration and evaluation. By accepting this document, the Recipient agrees that if it proceeds further with its investigations, consideration or evaluation of investing in KGL, it will make and rely solely upon its own investigations and inquiries, and not upon this document.

### **Limited disclosure:**

The information in this document does not purport to be complete, nor does it contain all the information that would be required in a disclosure statement or prospectus prepared in accordance with the *Corporations Act 2001* (Cth). It should be read in conjunction with KGL's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at

### **Seek your own advice:**

This document is not a recommendation to acquire KGL shares and has been prepared without taking into account the individual objectives, financial situation or needs of interested individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate financial, legal, taxation and other appropriate advice. Except to the extent prohibited by law, the Relevant Parties disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete. By obtaining this document, the Recipient releases the Relevant Parties from liability to the Recipient for any loss or damage that it may suffer or incur arising directly or indirectly out of or in connection with any use of or reliance on any of this information, whether such liability arises in contract, tort (including negligence) or otherwise.

### **No offer to acquire KGL shares:**

This document is not, and should not be considered, an invitation to acquire KGL shares or any other financial products, and neither this document nor any of its contents will form the basis of any contract or commitment. In particular, this document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any 'US person' as defined in Regulation S under the U.S. Securities Act of 1993 (**Securities Act**). KGL shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration.

### **Forward-looking statements:**

This presentation includes certain forward-looking statements. The words "forecast", "estimate", "like", "anticipate", "project", "opinion", "should", "could", "may", "target" and other similar expressions are intended to identify forward looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results and future expansion plans and development objectives of KGL are forward-looking statements that involve various risks and uncertainties. Although every effort has been made to verify such forward-looking statements, there can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. You should therefore not place undue reliance on such forward-looking statements.

## Board and management

ASX CODE	KGL
Issued shares	141.5 million
Options	2.475 million
Share price	10.0 cents
Market capitalisation (24 December 2015)	14.1 million
Cash (24 December 2015)	\$1.4 million
Debt	Nil

### BOARD OF DIRECTORS & MANAGEMENT

#### Denis Wood –Non Executive Chairman

Denis is a qualified metallurgist and geologist with over 45 years experience in the mining industry.

#### Chris Bain – Non Executive Director

Chris is a geologist and mineral economist. He has over 35 years experience in the resources industry.

#### Brad Ellis – Non Executive Director

Brad has a Bachelor of Applied Science in Extractive Metallurgy and a Graduate Diploma in Applied Finance and Investment, and has over 30 years experience in the mining industry as a metallurgist and process engineer.

#### Simon Milroy – CEO

Simon is a Mining Engineer with 27 years experience in the resources industry.

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## Capital raising – Overview

- Offer size and structure**
  - Capital raising to raise up to \$3 million by way of a 2 for 9 non-renounceable entitlement offer
  - Eligible shareholders will be able to apply for additional shares through a top-up offer
  - Total shares to be issued under the proposed raising is up to 31.4 million
  - Underwriting commitment of \$3 million for the entitlement offer, by Chairman of KGL, Denis Leslie Wood
- Offer price**
  - An issue price of 9.5 cents per share, representing a discount of 5% to the closing price of KGL shares on 24 December 2015 of \$0.10 (being the last trading day before announcement of the Entitlement Offer) and a discount of 4.13% to the TERP
- Use of proceeds**
  - Funds raised through the capital raising will focus on the exploration and development of the Jervois Copper Project as well as being applied to corporate overheads, working capital and offer costs

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## *Capital raising – Proposed timetable*

Event	Proposed date
Announcement of rights issue	Tuesday, 29 December 2015
Despatch letter to eligible shareholders containing Appendix 3B information, and letter to optionholders	Tuesday, 29 December 2015
“Ex” date for the rights issue	Thursday, 31 December 2015
Record date for the rights issue	Tuesday, 5 January 2016
Despatch of information booklet to eligible shareholders, and letter to ineligible shareholders – rights issue offer opens	Friday, 8 January 2016
Offer closes (5:00pm Brisbane time)	Friday, 22 January 2016
Securities quoted on a deferred settlement basis	Monday, 25 January 2016
Allotment of new shares issued under rights issue and despatch of holding statements – deferred settlement trading ends	Monday, 1 February 2016
Normal ASX trading for new shares issued under the rights offer commences	Tuesday, 2 February 2016

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## *Capital raising – Denis Leslie Wood*

- Full underwriting of the entitlement offer
- Total commitment of \$3 million
- Mr Wood currently holds 2,542,459 KGL shares and, consequently, is an eligible shareholder for the purposes of the entitlement offer
- Given his position as Chairman of KGL, Mr Wood is a related party of the Company
- Mr Wood will not receive a commission for the underwriting but will be reimbursed for reasonable legal costs on an indemnity basis
- The underwriting agreement with Mr Wood has been deemed by the Company, independent of Mr Wood, to be on arms lengths terms, and the Company considers that the underwriting agreement contains standard commercial terms and conditions in accordance with current market practice

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## *Capital raising – Denis Leslie Wood*

	Shares held by Denis Leslie Wood	Denis Leslie Wood ownership
Existing holding (prior to capital raising)	2,542,459	1.8%
Holding after the entitlement offer if Denis Leslie Wood takes up his entitlement and all other eligible holders take up their entitlement in full	3,107,449	1.8%
Holding after the entitlement offer if Denis Leslie Wood takes up his entitlement and all other eligible holders take up 75% of their entitlement	10,829,567	6.26%
Holding after the entitlement offer if Denis Leslie Wood takes up his entitlement and all other eligible holders take up 50% of their entitlement	18,551,684	10.72%
Holding after the entitlement offer if Denis Leslie Wood takes up his entitlement and all other eligible holders take up 25% of their entitlement	26,273,800	15.19%
Holding after the entitlement offer if Denis Leslie Wood takes up his entitlement and no eligible holders take up their entitlement	33,995,917	19.65%

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## *Capital raising – Source and use of funds*

Source of funds	
Cash on hand December 2015	\$1.4 million
Funds raised after costs	\$3 million
<b>Total funds available</b>	<b>\$4.4 million</b>
Use of funds	
Exploration	\$2.8 million
Project development (follow up drilling, EIS and other studies)	\$0.3 million
Working capital	\$1.3 million
<b>Total budget</b>	<b>\$4.4 million</b>

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### *Jervois – Location*

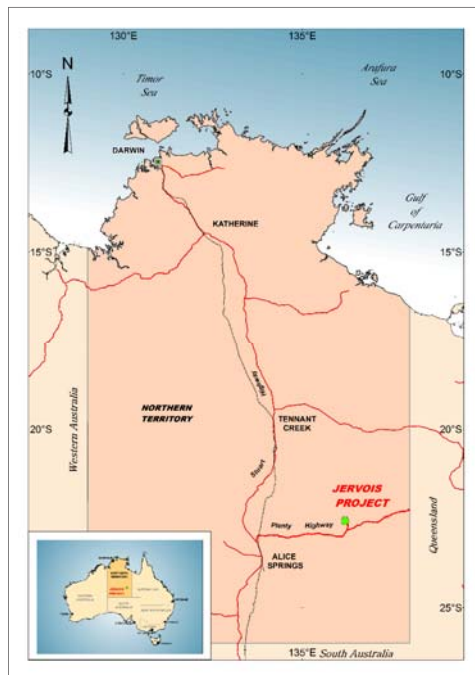
**The Jervois Copper Project is located  
380km by road from Alice Springs**

**Copper concentrate will be transported by road to Alice Springs then by rail to Darwin for export**

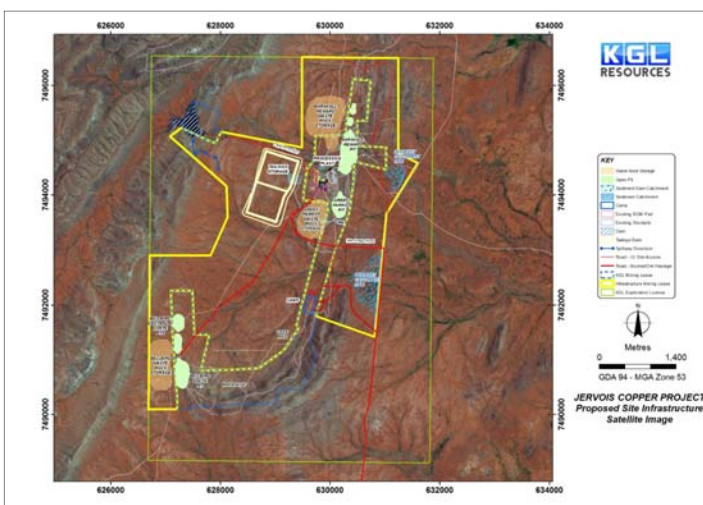
### Project located on existing mining licence

### Pre-feasibility study completed

## Environmental impact assessment commenced



### *Jervois planned site layout*



- 12 km strike length
- Open pit and underground mines to feed a centralised flotation plant  
*See ASX announcement dated 16 October 2015*
- Production of copper concentrate and a separate silver-lead-zinc concentrate

See ASX announcement dated 16 October 2015

## Reward prospect looking south

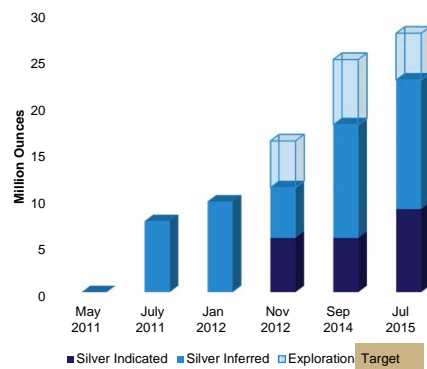
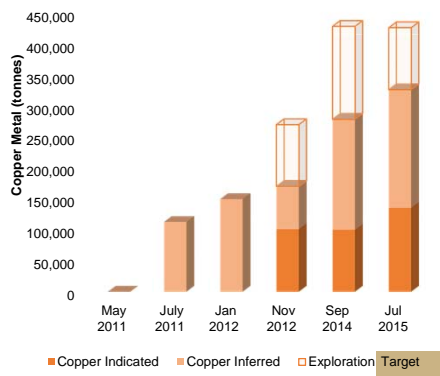


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## Jervois – Mineral Resource

30.5 Mt @ 1.1% Cu for 327,000 t Cu

30.5 Mt @ 23 g/t Ag for 23 Moz Ag



See ASX announcement dated 29 July 2015. Exploration Target quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in these areas.

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## *Jervois – Mineral Resource*

- 327,000 tonnes of copper\*
- 22.6 million ounces of silver
- 143,000 tonnes of lead
- 47,000 tonnes of zinc
  
- Resources remain open down dip and along strike
- 12km of prospective strike length to explore

\* Full resource statement shown in Appendix 1

\* See ASX announcement dated 29 July 2015

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## *Risks – Company specific*

### **Company specific risks:**

- **Exploration, development, mining and processing risks**

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) successful conclusions to feasibility studies;
- (b) access to adequate capital for project development;
- (c) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (d) securing and maintaining title to tenements and compliance with the terms of those tenements;
- (e) obtaining consents and approvals necessary for the conduct of exploration and mining; and
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. A range of factors including but not limited to costs, actual mineralisation, consistency and reliability of ore grades and commodity prices can affect successful project development and mining operations.

- **Construction and operational cost risk**

The capital expenditure required to develop the Jervois Project may differ from the current expectations of KGL. In addition, actual operational costs may differ from current estimates. Increases in capital or operating expenditure will adversely affect the profitability of the Jervois Project.

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## *Risks – Company specific*

### **Company specific risks:**

- **Licences and permits**

KGL must obtain a number of permits issued by various governmental agencies and regulatory bodies to carry out its planned operations. KGL may be unable to obtain and renew permits and licences necessary for its exploration, development or mining. In particular, licenses and permits are required to develop the Jervois Project in to an operating mine. The notice of intent has been lodged with the Northern Territory government and the terms of reference for the environmental impact assessment have been issued by the Environmental Protection Authority. An additional mining license for infrastructure purposes has been applied for to provide areas for the waste dumps, tailings dam and other infrastructure.

- **Resource and production estimates**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should KGL encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the operations of KGL.

- **Future financing**

There can be no assurance that any future financing required by KGL to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect KGL and result in a default in tenement obligations and forfeiture of permits or licences if not remedied.

- **Potential dilution**

The rights issue will result in the issue of new shares. If you do not participate in the rights issue or you do not take up your full entitlement, your percentage holding in KGL (held at the Record Date) will be reduced.

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## *Risks – Company specific*

### **Company specific risks:**

- **Key personnel**

The success of KGL depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate in the metals and mining industry and the ability of KGL to retain its key executives. KGL may be adversely affected if any of the directors or management leaves KGL. KGL might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and KGL may incur additional expenses to recruit, train and retain personnel.

- **Environmental risks**

Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, there is a risk of an adverse environmental event occurring which could delay the further development of the Jervois Project and may subject KGL to substantial penalties including fines, damages, clean-up costs or other penalties.

- **Capital raising risk**

If a significant number of eligible shareholders do not participate in the rights issue and the underwriting is terminated, a shortfall may result. Should this occur, KGL will revise the use of funds to match the total amount raised through the rights issue. This may result in some of KGL's projects, including but not limited to the Jervois Project, being delayed, or having the extent of its scope reduced.

- **Political and regulatory**

Mining is an industry which has become subject to increasing legislative regulation, including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of KGL.

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## *Risks – General*

### **General investment risks:**

- Interest and exchange rates, and inflation
- General economic conditions and business climate in Australia, and investment sentiment
- Stock market fluctuations
- Commodity price fluctuations
- The nature of competition in the markets in which KGL operates
- The operating and trading price performance of other comparable listed entities
- Inclusion or removal from major market indices
- Liquidity of shares and a lack of an active market
- Variations in KGL's operating results
- Recommendations by securities analysts
- Dilution of shareholdings due to future capital raisings
- Changes in fiscal, monetary, regulatory and other government policies in Australia
- Sovereign risk issues
- Any future changes to tax law or accounting standards
- Geo-political conditions such as acts or threats of terrorism or military conflicts

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## *For more information, contact:*

### **SIMON MILROY**

+61 7 3071 9003

[info@kglresources.com](mailto:info@kglresources.com)

[www.kglresources.com](http://www.kglresources.com)

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Brisbane, QLD 4000  
AUSTRALIA



**ASX CODE: KGL**

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## Competent Person Statement

The Jervois Exploration data in this report is based on information compiled by Martin Bennett, who is a member of the Australian Institute of Geoscientists and a full time employee of KGL Resources Limited.

Mr. Bennett has sufficient experience which is relevant to the style of the mineralisation and the type of deposit under consideration and to the activity to which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Bennett has consented to the inclusion of this information in the form and context in which it appears in this report.

The Jervois Resources information and Exploration Potential were first released to the market on 29 July 2015 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'

The Jervois Reserves information was first released to the market on 16 October 2015 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Jervois Pre-feasibility information was first released to the market on 16 October 2015 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'

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## Appendix 1: Jervois – Mineral Resource

Copper Resources	Category	Mt	Cu %	Ag g/t	Pb %	Zn %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Marshall Copper	Indicated	1.4	1.45	35.6	-	-	20.1	1.6	-	-	0.5
	Inferred	0.3	0.90	20.2	-	-	2.5	0.2	-	-	0.5
Reward Copper	Indicated	5.0	1.14	25.3	-	-	57.1	4.1	-	-	0.5
	Inferred	7.6	1.02	22.2	-	-	78.0	5.4	-	-	0.5
East Reward	Inferred	2.0	0.82	7.1	-	-	16.9	0.5	-	-	0.5
Bellbird	Indicated	4.1	1.22	7.7	-	-	49.9	1.0	-	-	0.5
	Inferred	4.3	1.29	8.5	-	-	55.9	1.2	-	-	0.5
Cox's Find	Inferred	0.7	0.87	2.8	-	-	6.0	0.1	-	-	0.5
Rock Face	Inferred	0.7	0.82	3.1	-	-	6.0	0.1	-	-	0.5
TOTAL	Indicated	10.5	1.21	19.8	-	-	127.0	6.7	-	-	-
	Inferred	16.2	1.06	14.6	-	-	172.1	7.6	-	-	-
	TOTAL	26.7	1.12	16.6	-	-	299.1	14.3	-	-	-

Lead/Zinc Resources	Category	Mt	Cu %	Ag g/t	Pb %	Zn %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Reward Lead/Zinc	Indicated	0.5	0.74	70.7	6.8	0.9	3.6	1.1	33.6	4.4	None
	Inferred	0.8	0.51	90.9	8.6	1.2	4.1	2.3	69.4	9.4	None
Green Parrot	Indicated	0.5	0.99	64.0	0.9	0.6	5.1	1.1	4.7	3.2	0.3
Lead/Zinc	Inferred	1.4	0.81	78.0	1.8	0.9	11.1	3.4	24.4	12.8	0.3
Bellbird North	Inferred	0.7	0.57	17.9	1.7	2.5	3.8	0.4	11.3	16.7	0.2
	Indicated	1.0	0.87	67.3	3.8	0.8	8.7	2.2	38.3	7.6	-
TOTAL	Inferred	2.8	0.67	67.6	3.7	1.4	19.0	6.2	105.1	38.9	-
	TOTAL	3.8	0.72	67.5	3.7	1.2	27.7	8.4	143.4	46.5	-

2015 Combined	TOTAL	30.5					327.0	22.6	143	47	
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### 3 How to apply

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#### 3.1 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 and, if they do so, they may apply for additional New Shares under the Top Up Facility (refer to section 3.2);
- (b) take up part of their Entitlement, in which case the balance of the Entitlement lapses (refer to section 3.3); or
- (c) allow their Entitlement to lapse (refer to section 3.4).

Ineligible Shareholders may not take up any of their Entitlements.

KGL 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 (AEST) on 22 January 2016** (however, that date may be varied by KGL, in accordance with the Listing Rules and the Underwriting Agreement).

#### 3.2 Taking up all of your Entitlement and participating in the Top Up Facility

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

If you have applied to take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 3.6 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than **5.00pm (AEST) on 22 January 2016** at the address set out below:

KGL Resources Limited  
C/- Link Market Services Limited  
Reply Paid 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 (AEST) on 22 January 2016**.

If you do not return the Entitlement and Acceptance Form, amounts received by KGL in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many additional New Shares under the Top Up Facility as your Excess Amount will pay for in full.

If you apply for additional New Shares under the Top Up Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. There is no guarantee you will receive any New Shares under the Top Up Facility. The Directors reserve their right to allot and issue New Shares under the Top Up Facility at their discretion.

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. If you wish to advise or change your banking instructions with the Share Registry you may do so by going to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and following the instructions.

### **3.3 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 3.2.

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 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.

### **3.4 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.

### **3.5 Consequences of not accepting your Entitlement**

If you do not accept all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the Underwriter or under the Top Up Facility.

### **3.6 Payment**

The consideration for the New Shares (including under the Top Up Facility) is payable in full on application by a payment of \$0.095 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 – Entitlement Offer**' 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. Receipts for payment will not be issued.

### **3.7 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 and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States 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 of 1933, as amended, or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (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.

### **3.8 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.

### **3.9 Notice to Nominees and Custodians**

Nominees and custodians may not distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand, and beneficial holders of Shares who are institutional or professional investors in other countries listed, and to the extent permitted, in the section captioned "International Offer Restrictions" in the Investor Presentation, as well as any other country to the extent KGL may determine it is lawful and practical to make the Entitlement Offer.

## 4 Definitions

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

Term	Definition
<b>\$</b>	means Australian dollars.
<b>AEST</b>	means Australian Eastern Standard Time.
<b>Applicant</b>	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.
<b>Application</b>	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.
<b>Application Monies</b>	means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>Business Day</b>	means a business day as defined in the Listing Rules.
<b>Closing Date</b>	means 22 January 2016, the day the Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	means the directors of KGL.
<b>Eligible Shareholder</b>	means a Shareholder as at the Record Date who is not an Ineligible Shareholder.
<b>Entitlement</b>	means the right to subscribe for New Shares under the Entitlement Offer.
<b>Entitlement and Acceptance Form</b>	means the Entitlement and Acceptance Form accompanying this Information Booklet.
<b>Entitlement Offer</b>	means the non-renounceable entitlement offer to Eligible Shareholders to subscribe for two New Shares for every nine Shares of which the Shareholder is the registered holder on the Record Date, at the Issue Price pursuant to this Information Booklet.
<b>Existing Shares</b>	means the Shares already on issue in KGL as at the Record Date.

<b>Term</b>	<b>Definition</b>
<b>Governmental Agency</b>	means: <ul style="list-style-type: none"> <li>(a) a government or government department or other body;</li> <li>(b) a governmental, semi-governmental or judicial person;</li> <li>(c) a person (whether autonomous or not) who is charged with the administration of a law; or</li> <li>(d) a stock exchange.</li> </ul>
<b>Ineligible Shareholder</b>	means a Shareholder as at the Record Date whose registered address is not located in Australia or New Zealand.
<b>Information Booklet</b>	means this document.
<b>Investor Presentation</b>	means the presentation to investors, contained in section 2 of this Information Booklet.
<b>Issue Price</b>	means \$0.095 per New Share.
<b>KGL</b>	means KGL Resources Limited ACN 082 658 080.
<b>Listing Rules</b>	means the official listing rules of ASX.
<b>New Shares</b>	means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Top Up Facility or to the Underwriter.
<b>Record Date</b>	means 7.00pm on 5 January 2016.
<b>Shareholders</b>	mean holders of Shares.
<b>Shares</b>	means fully paid ordinary shares in the capital of KGL.
<b>Share Registry</b>	means Link Market Services Limited ACN 083 214 537.
<b>Shortfall Shares</b>	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.
<b>TERP</b>	means the theoretical price at which the Shares should trade immediately after the ex-date of the Entitlement Offer assuming 100% take up of the Entitlement Offer.
<b>Top Up Facility</b>	means the facility described in section 1.3 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlement.
<b>Top Up Shares</b>	means extra Shares a Shareholder may apply for in excess of their Entitlement under the Top Up Facility.
<b>Underwriter</b>	means Denis Leslie Wood.
<b>Underwriting Agreement</b>	means the underwriting agreement dated 28 December 2015 between KGL and the Underwriter.

## 5 Corporate information

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### **Company**

KGL Resources Limited  
Level 7, 167 Eagle Street  
BRISBANE QLD 4000  
Tel: + 61 7 3071 9003  
[www.kglresources.com.au](http://www.kglresources.com.au)

### **Directors**

Denis Leslie Wood (Chairman)  
Christopher Bain (Non Executive Director)  
Brad Ellis (Non Executive Director)

### **Company Secretary**

Kylie Therese Anderson

### **Underwriter**

Denis Leslie Wood  
Chairman of KGL Resources

### **Legal adviser**

McCullough Robertson Lawyers  
Level 11, 66 Eagle Street  
BRISBANE QLD 4000  
Tel: 07 3233 8888  
[www.mccullough.com.au](http://www.mccullough.com.au)

### **Principal Share Register**

Link Market Services Limited  
Level 1, 333 Collins Street  
MELBOURNE VIC 3000  
Tel Within Australia: + 61 1300 730 659 (toll free)  
Tel Outside Australia: + 61 3 9615 9800  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

# Schedule

## Options and performance rights

Holder	Number	Exercise price/Vesting Condition	Expiry date
<b>Options</b>			
Simon Milroy	1,100,000	\$1.165 - \$2.808	Various
Rudy Lenartz	50,000	\$1.137 - \$1.365	25/07/2016
Keith Mayes	100,000	\$1.256 - \$1.507	01/07/2016
James Pollock	100,000	\$1.455 - \$1.746	30/05/2016
Martin Bennet	25,000	\$0.744 - \$0.893	1/10/2017
Kylie Anderson	100,000	\$2.078 - \$2,493	31/05/2016
John Taylor	100,000	\$1.165	28/05/2017
<b>Performance rights</b>			
Simon Milroy	300,000	Commencing fully funded DFS	31/06/2016
Gerard Kelly	100,000	Upon completion of Jervois DFS	24/02/2017
James Pollock	100,000	Upon completion of Jervois DFS	24/02/2017
Kylie Anderson	100,000	Upon completion of Jervois DFS	24/02/2017
Keith Mayes	100,000	Upon completion of Jervois DFS	24/02/2017
Martin Bennett	75,000	Upon completion of Jervois DFS	24/02/2017
Rudy Lenartz	75,000	Upon completion of Jervois DFS	24/02/2017
Jo O'Brien	50,000	Upon completion of Jervois DFS	24/02/2017