



18 November 2019

Entitlement Offer to raise approximately \$8.221 million

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- **Non-renounceable entitlement offer to raise approximately \$8,221,496.**
- **Offer price of \$0.23 per new share, a 6.12% discount to the closing price of KGL Resources shares on Friday, 15 November 2019.**
- **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.**
- **Major shareholders, KMP Investments, Marshall Plenty and Denis Wood (on behalf of his controlled entities) are fully supportive of the Entitlement Offer and have confirmed their intention to take up their full entitlement.**

Entitlement Offer

KGL Resources Limited (**KGL Resources**) intends to conduct an equity raising via a 1 for 8 non-renounceable entitlement offer of fully paid ordinary shares in KGL Resources (**New Shares**) to raise approximately \$8,221,496 (**Entitlement Offer**).

The offer price for the Entitlement Offer will be \$0.23 per share (Offer Price). The Offer Price represents a 6.12% discount to the last traded price of KGL Resources shares on Friday, 15 November 2019.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in KGL Resources for every 8 existing ordinary shares held at 5.00pm (AEDT) on Thursday, 21 November 2019 (**Record Date**) at the Offer Price (**Entitlements**).

Major shareholders KMP Investments, Marshall Plenty and Denis Wood (on behalf of his controlled entities) have confirmed to KGL Resources that they intend to subscribe for their full entitlement under 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.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

Approximately 35.7 million new ordinary shares in KGL Resources may be issued as part of the Entitlement Offer. Shares issued under the Entitlement Offer will rank equally with existing shares.

KGL Resources will notify shareholders as to whether they are eligible to participate in the Entitlement Offer. Eligible shareholders will receive an information booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer.

Key dates¹

Event	Date
Announcement of Entitlement Offer	Monday, 18 November 2019
Shares traded on an 'ex' entitlement basis	Wednesday, 20 November 2019
Record date for eligibility to participate in the Entitlement Offer	5.00pm AEDT, Thursday, 21 November 2019
Despatch of information booklet and personalised Entitlement and acceptance forms to Eligible Shareholders	Tuesday, 26 November 2019
Entitlement Offer opens	Tuesday, 26 November 2019
Last date to extend the closing date for the Entitlement Offer	Monday, 2 December 2019
Entitlement Offer closes	5.00pm AEDT, Thursday, 5 December 2019
Announcement of results of Entitlement Offer and under-subscriptions	Tuesday, 10 December 2019
Allotment of New Shares issued under the Entitlement Offer	Thursday, 12 December 2019
Dispatch of holding statements for New Shares issued under the Entitlement Offer	Thursday, 12 December 2019
Normal ASX trading for New Shares issued under the Entitlement Offer commence	Friday, 13 December 2019

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.

Important information

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws. This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. KGL Resources does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

¹ 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 ASX 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.



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.

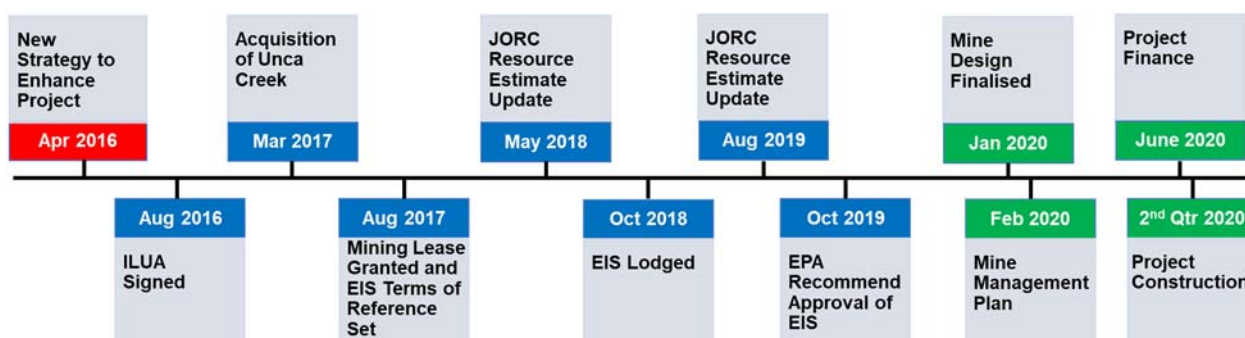
Macmahon Contractors, the preferred mining contractor, is well advanced in optimising the mine plan. This is central to development planning due to the significance of mining costs in the total cost per tonne of concentrate. Concurrent metallurgical studies are well under way, optimising concentrate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