www.kglresources.com.au
7/167 Eagle St, Brisbane 4000

17 July 2020

Entitlement Offer – Notice to ineligible shareholders

Not for release to US wire services or distribution in the United States except by KGL Resources Limited to Approved US Shareholders

Dear Shareholder,

On Thursday, 9 July 2020, KGL Resources Limited (**KGL Resources**) announced an equity raising via a 2 for 25 non-renounceable entitlement offer of fully paid ordinary shares in KGL Resources (**New Shares**) to raise approximately $3,991,272 (**Entitlement Offer**).

Proceeds raised from the Entitlement Offer will be used to complete all the necessary pre-development modelling and costings for the Jervois Project based on information already obtained prior to the onset of the COVID-19 pandemic, and to sustain KGL Resources through to the project financing stage, in preparation for when favourable market conditions return.

Under the Entitlement Offer, Eligible Shareholders (defined below) will be invited to subscribe for 2 New Shares for every 25 existing KGL Resources ordinary shares held at 7.00pm (AEDT) on Tuesday, 14 July 2020 (**Record Date**) at an offer price of $0.16 per New Share (**Entitlement**).

The Entitlement Offer is being made by KGL Resources without a disclosure document or product disclosure statement under section 708AA Corporations Act 2001 (Cth) (**Corporations Act**).

Documents relating to the Entitlement Offer were lodged with ASX on Thursday, 9 July 2020 and will be mailed to Eligible Shareholders. Shareholder approval is not required for KGL Resources to make the offer under the Entitlement Offer.

Eligibility of shareholders to participate in the Entitlement Offer

KGL Resources 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 all 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 Resources 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 Resources shares at 7.00pm (AEDT) on the Record Date who:

- has a registered address in Australia, New Zealand or Singapore or is a shareholder that KGL Resources has otherwise determined is eligible to participate;
- is an 'Approved US Shareholder', being an existing shareholder of KGL Resources that is an institutional 'accredited investor' within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act of 1933, as amended;

- 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
- 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 Resources is unfortunately unable to extend the Entitlement Offer to you.

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 Link Market Services on 1300 306 230 (inside Australia) or +61 1300 306 230 (outside Australia) between 8.30am and 5.30pm (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 Resources.

Yours sincerely

Kylie Anderson
Company Secretary
KGL Resources Limited

This announcement is authorised by the Board of Directors.

Important information

This letter 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..

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