KGL RESOURCES

ABN 52 082 658 080

10 July 2014

Dear Kobe,

Please find below our response to your letter dated 9 July 2014

1. The Appendix 3Y was lodged late as the director concerned did not realise immediately that a very small part of an open order had been filled. As soon as the director realised the purchase had been made, the appropriate notifications were made.
2. All directors are aware of their obligations and procedures to be followed when a purchase/sale of any securities in the Company occurs.
3. The Company considers the current arrangements in place to ensure compliance with listing rule 3.19B are adequate but reminders will be sent to all directors regarding the need to monitor open orders.

Regards

Kylie Anderson

Company Secretary

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9 July 2014

Ms Kylie Anderson
Company Secretary
KGL Resources Limited

By Email

Dear Kylie,

KGL Resources Limited (the "Company")

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX on 9 July 2014 for Mr Christopher Bain;

2. Listing rule 3.19A which requires an entity to tell ASX the following:

   3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
   - *On the date that the entity is admitted to the official list.*
   - *On the date that a director is appointed.*

   The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

   3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

   3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

3. Listing rule 3.19B which states as follows.

   An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that changes in Mr Bain's notifiable interest occurred on 30 June 2014. It appears that the Notice should have been lodged with ASX by 7 July 2014. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at Zheng.Li@asx.com.au or by facsimile on facsimile number (03) 9614 0303. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. E.S.T.) on Monday, 14 July 2014.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

Sent electronically without signature

Kobe Li
Senior Adviser, ListingsCompliance (Melbourne)