

ASX Announcement

Entitlement offer to raise up to approximately \$20.2 million



Level 5, 167 Eagle Street
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26 April 2023

KGL Resources Limited (ASX:KGL) (**KGL** or **Company**) is pleased to announce a proposed 10 for 27 pro-rata traditional non-renounceable entitlement offer of fully paid ordinary shares in KGL (**New Shares**) to raise up to approximately \$20.2 million (**Offer**).

The Offer is not underwritten and is subject to a minimum raise condition of \$9 million. Three of KGL's major shareholders, KMP Investments Pte. Ltd., entities associated with Denis Wood, and Marshall Plenty Investments, LLC, have committed to take up their respective entitlements in full, which would provide funding of \$8.6 million.¹

In November 2022, the Company completed and released a robust and financially viable feasibility study. The Offer will fund the activities following on from the feasibility study – (1) the project development and (2) ongoing expansion of the resource.

Executive Chairman, Denis Wood, commented:

"We completed the Feasibility Study in November 2022 and since that time have been working on de-risking and preparing for the project. We also recommenced drilling in March 2023 with some exciting targets to explore. Proceeds from the Offer, if fully subscribed, will allow the Company to continue with these activities well into 2024. My opinion is that the current share price is well below the intrinsic value of the Company, especially considering the forthcoming copper shortages the world faces. We have sought to structure the Offer in such a way that is fair to all shareholders, which has meant some limitations on the top-up facility under the Offer but priority has been given to smaller shareholders. I encourage you to review the Offer information booklet, when released, and look forward to your ongoing support."

Project Development

The current work streams include mine plan optimisation and tenders for contracts with experienced contractors for construction, mining and operations. The Company is also implementing a risk management plan which is critical to being able to meet delivery timelines and desired outcomes. Project commencement will be subject to market conditions but anticipated copper deficits and higher incentive prices for copper are likely to improve development options and returns for shareholders.

Resource Expansion

The opportunity exists to focus on growing the high-grade resource at Jervois given the outlook for chronic shortfalls in copper over the next decade.

Recent drilling success at Marshall Deepes and Rockface demonstrate potential to expand the high-grade resource with the potential to extend mine life to drive capital efficiencies, cashflow and IRR improvements.

Offer

Ratio	10 New Shares for every 27 existing fully paid ordinary shares in KGL held
Offer Price for New Shares	\$0.12 per New Share
Size	Up to approximately 168.4 million New Shares
Gross proceeds (minimum)	\$9 million
Gross proceeds (maximum)	Up to approximately \$20.2 million

¹ In respect of KMP Investments Pte. Ltd., subject to compliance with Chapter 6 of the *Corporations Act 2001* (Cth). If to take up its entitlement under the Offer in full would result in KMP Investments Pte. Ltd. breaching Chapter 6 of the *Corporations Act 2001* (Cth), it will take up the maximum number of New Shares which it is legally permitted to acquire.

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

Key dates

Event	Date
Announcement of the Offer	Wednesday, 26 April 2023
"Ex" date	Friday, 28 April 2023
Record date for Offer (7.00pm (Sydney time))	Monday, 1 May 2023
Offer information booklet and personalised entitlement and acceptance forms despatched, and announcement of despatch	Thursday, 4 May 2023
Offer opens	Thursday, 4 May 2023
Last day to extend the closing date for the Offer	Monday, 15 May 2023
Closing date for the Offer (5.00pm (Sydney time)) ²	Thursday, 18 May 2023
Securities quoted on a deferred settlement basis (from market open)	Friday, 19 May 2023
Announcement of results of the Offer	Tuesday, 23 May 2023
Settlement of the Offer	Wednesday, 24 May 2023
Allotment of New Shares issued under the Offer	Thursday, 25 May 2023
Normal trading on ASX for New Shares issued under the Offer commences	Friday, 26 May 2023
Despatch of holding statements for New Shares issued under the Offer	Monday, 29 May 2023

Further information

The timetable above is indicative only and may change. The Company may amend any of these dates and times without notice, subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date for the Offer, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the closing date for the Offer will have a consequential effect on the issue date of New Shares.

² Eligible shareholders who wish to take up all or a part of their entitlement must complete and return their personalised entitlement and acceptance form with the requisite application monies or pay their application monies via BPAY® by following the instructions set out on the personalised entitlement and acceptance form so that they are received by the Company's share registry by no later than 5.00pm (Sydney time) on 18 May 2023. Eligible shareholders should refer to Section 2 of the Offer information booklet for options available to them to deal with their entitlement.

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The commencement of quotation of New Shares is subject to confirmation from ASX. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible shareholders wishing to participate in the Offer are encouraged to submit their entitlement and acceptance form as soon as possible after the Offer opens to ensure their application is received by the Company's share registry in time.

Enquiries

If you have any questions, please contact the Offer information line on 1800 653 805 (within Australia) or +61 1800 653 805 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you have any further questions, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

Approved for release by KGL's Board of Directors.

Important information

This announcement has been prepared for publication in Australia and may not be released to U.S. wire services 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 U.S. Securities Act of 1933 (**US Securities Act**) 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 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.