www.kglresources.com.au

30 June 2017

Jervois Exploration Update

Further copper confirmed and discovered at Rockface in the Jervois Project

Eastern zone

- **Assays from hole KJCD208 confirm high grade mineralisation**
- **Holes KJCD211 & KJCD212 intersect multiple zones of mineralisation**

Western zone

- **Assays from hole KJCD210 confirm high grade mineralisation**

KGL Resources Limited (ASX:KGL) (KGL or the Company) announces that further encouraging copper mineralisation has been intersected in diamond drilling at the Rockface prospect on KGL's 100% owned Jervois Copper Project in the Northern Territory.

The successful drilling is part of a nine-hole drilling program designed to investigate the high potential geophysical conductor zones on the eastern side of the Rockface prospect as indicated by down hole electromagnetic (DHEM) surveying, and also to facilitate systematic infill drilling in advance of an updated JORC statement of resources planned for later this year.

The results continue to prove the value of DHEM surveying in locating prospective conductor zones and identifying drill targets.

Eastern zone

Hole KJCD208 intersected a number of zones of copper mineralisation while targeting Conductors 5 & 6 (Table 3 and Figure 1).

From 608.75m to 612m down-hole, a 3.25m wide zone of massive and disseminated chalcopyrite and pyrite mineralisation was intersected. This zone has intense magnetite alteration in the immediate hanging wall and is associated with pink carbonate veining that includes lead and zinc mineralisation. This mineralised intersection correlates with the expected position of Conductor 6.

3.25m @ 3.98% Cu, 0.18% Pb, 0.88% Zn, 21.5g/t Ag, 0.16g/t Au from 608.75 m

From 662.4m to 672.7m down-hole a 10.7m wide intersection of disseminated and stringer chalcopyrite and pyrite mineralisation was encountered associated with intense biotite-garnet-magnetite alteration. This intersection lies between the expected position of Conductor 7 and Conductor 5.

10.7 m @ 1.18% Cu, 4.9g/t Ag, 0.21g/t Au from 662 m

Hole KJCD211 intersected 2 zones of visible chalcopyrite mineralisation while targeting Conductors 5, 6 & 7. (Table 1 and Figure 1). The following information is based on a visual inspection of the drill core for which assays are not yet available.

From 517.38 to 523.05m down-hole a 5.67m wide zone of disseminated chalcopyrite and pyrite mineralisation was intersected, including massive chalcopyrite + pyrite, from 520.63 to 523.05m (Photograph 1). As with KJCD208, this intersection correlates with the expected position of Conductor 6. An 11.26m wide lower zone, from 613.72 to 624.98m down-hole, of disseminated and breccia-filling chalcopyrite and pyrite mineralisation was intersected associated with massive magnetite (Photograph 2). This intersection is located between the expected position of Conductor 3 and Conductor 5.

Hole KJCD212 intersected several zones of mineralisation while targeting Conductors 6 & 8 (Table 2 and Figure 1). Again, the following information is based on a visual inspection of the drill core for which assays are not yet available.

Magnetite alteration is evident from 664.2m and by 665.9m becomes predominantly massive magnetite ± hematite that is in places brecciated and containing pyrite and chalcopyrite. (Photograph 3).

From 681.9 to 688.5m down-hole is a 6.6m interval of massive sulphide. Unlike previous massive sulphide intercepts at Rockface this interval has pyrite as the primary sulphide with a lower percentage of fine grained chalcopyrite. (Photograph 4).

In the footwall to the massive sulphide is a muscovite schist with trace pyrite and chalcopyrite.

Western zone

Hole KJCD210 intersected high grade mineralisation while testing the previously undrilled Conductor 1 and shallower regions of Conductor 3 (Table 3 and Figure 3). Conductors 1 and 3 were identified as targets from DHEM surveying of adjacent holes. This drilling formed part of the exploration program designed to facilitate definition drilling ahead of an updated Resources statement.

KJCD210 intersected zones of copper mineralisation in both Conductor 1 and Conductor 3.

A zone of stringer and disseminated stringer chalcopyrite and pyrite mineralisation in an intensely garnet-chlorite-carbonate altered magnetite host rock was intersected, correlating well with the modelled position of Conductor 1.

2m @ 0.71% Cu, 0.13% Zn, 3.7g/t Ag, 0.03g/t Au from 325 m

A zone of semi-massive and disseminated chalcopyrite and pyrite mineralisation in a carbonate altered magnetite host rock was intersected correlating well with the modelled position of Conductor 3.

12m @ 2.55% Cu, 14.1g/t Ag, 0.14g/t Au from 329 m

Photograph 1. *Hole KJCD211 - Zone of semi-massive and breccia of chalcopyrite + pyrite linked to Conductor 6, at 520.63-523.05m.*

Photograph 2. *Hole KJCD211 - Zone between Conductors 3 and 5, 607-633.8m: massive magnetite/chalcopyrite.*

Photograph 3. *Hole KJCD212 - Zone of semi-massive and breccia of pyrite + chalcopyrite at 679-680.3m.*

Photograph 4. *KJCD212 - Massive sulphide zone comprised of pyrite + chalcopyrite, at 682-688.6m.*

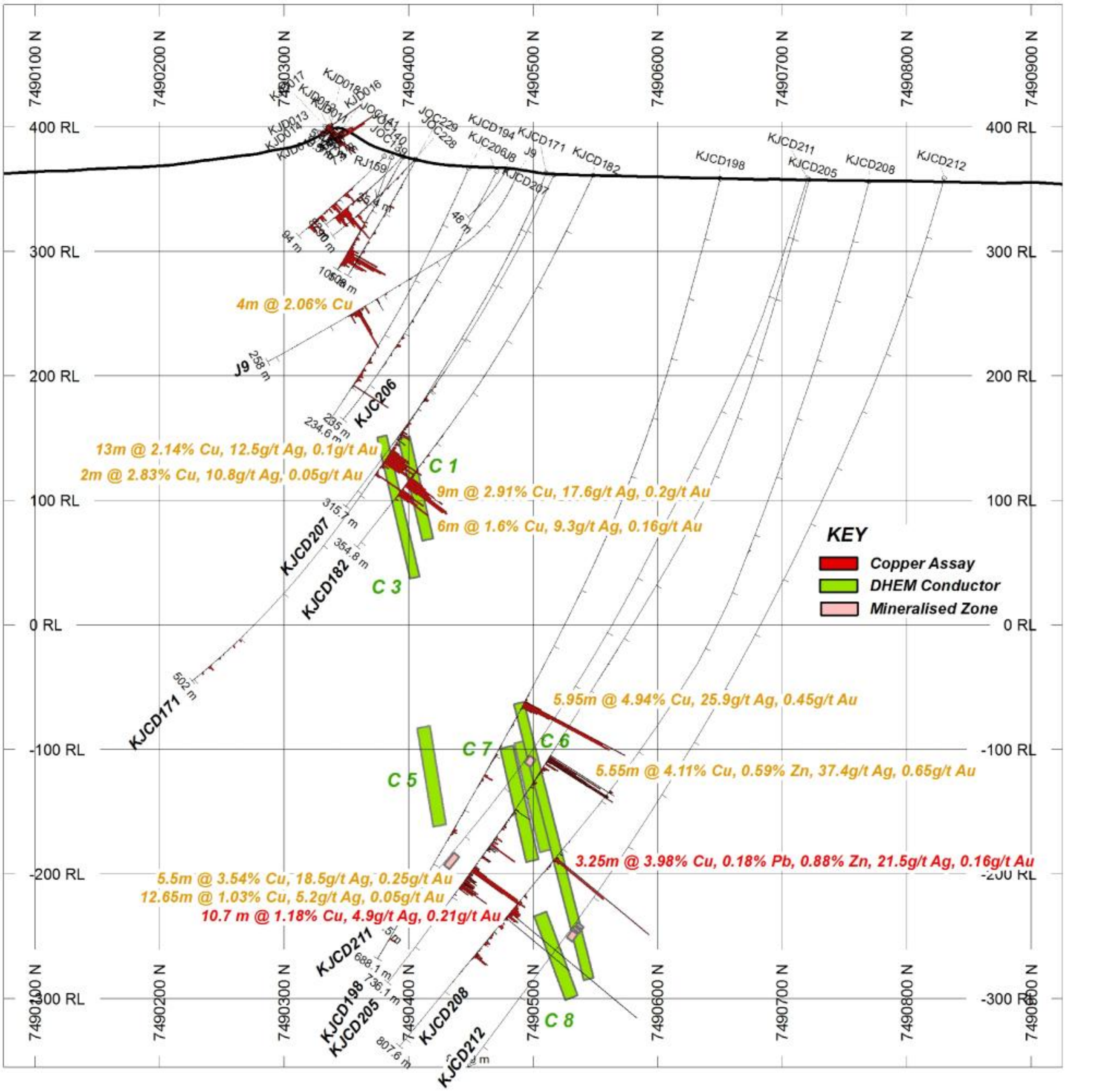

Figure 1 Rockface Cross Section 628360E Showing KJCD208, KJCD211 & KJCD212

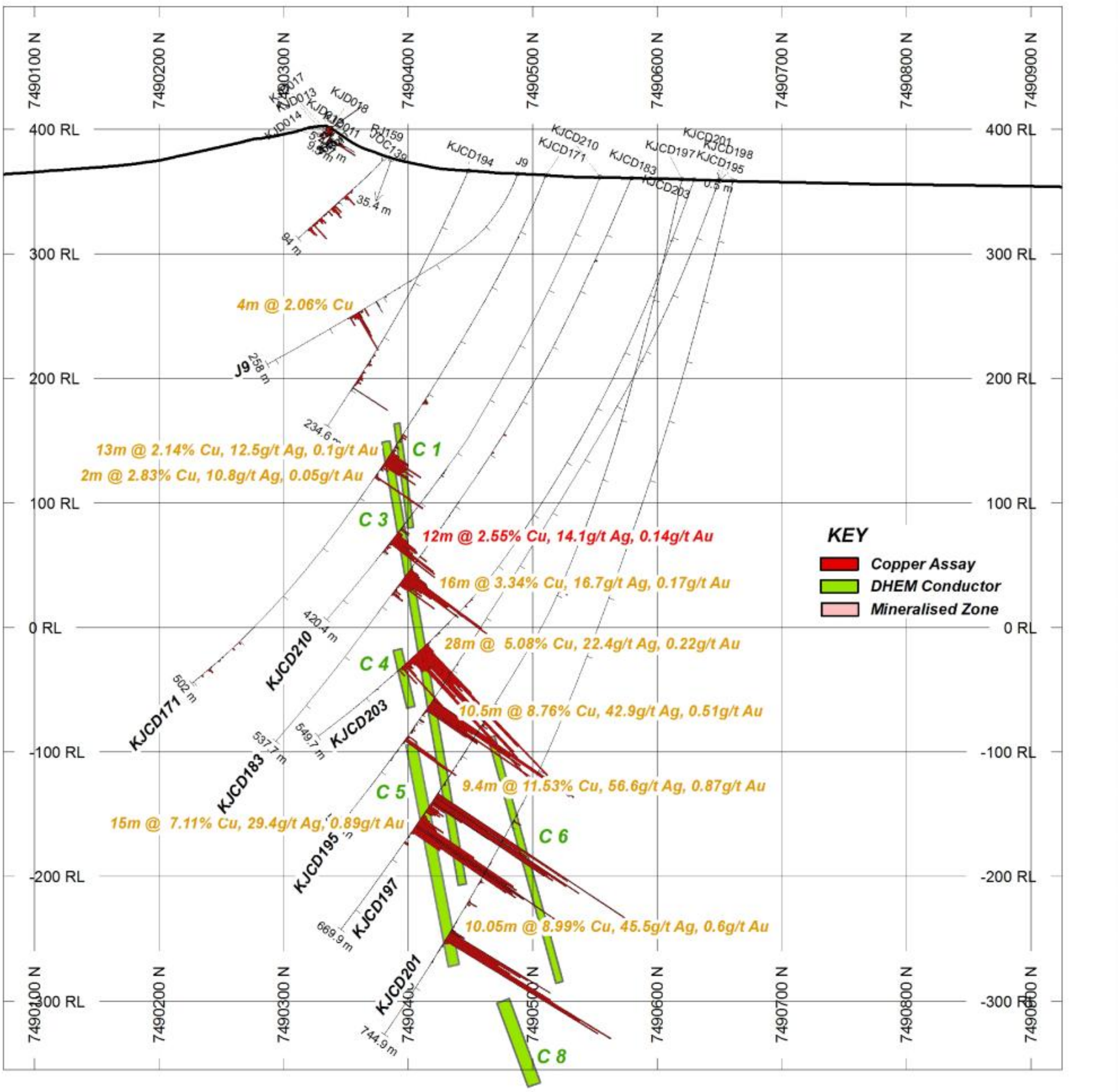

Figure 3 - Rockface Cross Section 628315E showing KJCD210

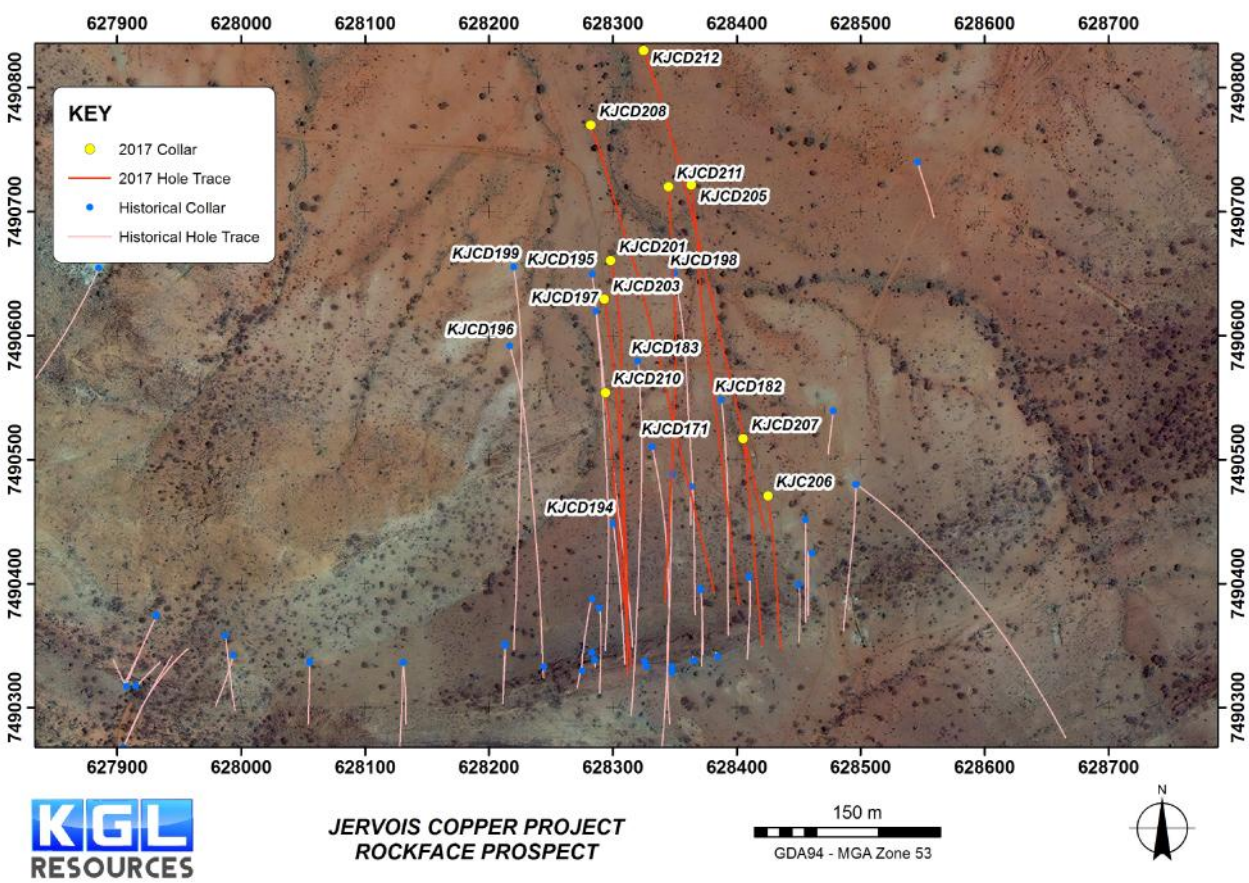

Figure 2 - Plan of Rockface drilling

Table 1 - KJCD211 Summary Geological Log of mineralised zones.

From (m)	To (m)	Interval (m)	ETW (m)	Minerals	Nature	*Est % Total Sulphide	Alteration
517.38	518.41	1.03	0.8	Chalcopyrite & pyrite	Disseminated pervasive	15	Magnetite-sulphide
518.41	520.63	2.22	1.7	Chalcopyrite & pyrite	Disseminated weak	4	Magnetite-sulphide
520.63	523.05	2.42	1.9	Chalcopyrite & pyrite	Semi-Massive	45	Magnetite-sulphide
613.72	618.92	5.2	4.3	Chalcopyrite & pyrite	Disseminated pervasive	6	Magnetite-sulphide
618.92	623.35	4.43	3.6	Chalcopyrite & pyrite	Breccia	11	Magnetite-sulphide
623.35	624.98	1.63	1.3	Pyrite & chalcopyrite	Breccia	4	Magnetite-sulphide

**KJCD211 Visual observations, Assays pending, ETW – Estimate of True Width*

Table 2 - KJCD212 Summary Geological Log of mineralised zones.

From (m)	To (m)	Interval (m)	ETW (m)	Minerals	Nature	*Est % Total Sulphide	Alteration
672.9	673.75	0.85	0.6	Pyrite & chalcopyrite	Breccia	7	Magnetite
679	680.3	1.3	1	Pyrite & chalcopyrite	Semi-Massive	65	Magnetite
682	688.6	6.6	4.7	Pyrite & chalcopyrite	Semi-Massive to Massive	80	Magnetite + Hematite

**KJCD212 Visual observations, Assays pending, ETW – Estimate of True Width*

Table 3 Summary of significant results

Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azimuth	BOX[1] (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW[2] (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJCD208	628282	7490769	356.21	-75	161.6	n/a	807.6	604.37	604.85	0.48	0.37	0.38	8.48	3.62	40.2	0.03
								608.75	612	3.25	2.5	3.98	0.18	0.88	21.5	0.16
								654.7	655.5	0.8	0.6	0.26	0.37	3.07	12.6	0.01
								662	672.7	10.3	7.9	1.18	0.01	0.04	4.9	0.21
								710	713	3	2.3	0.91	0	0.02	6.2	0.05
KJCD210	628294	7490554	361.8	-67	173	n/a	420.4	325	327	2	1.5	0.71	0.02	0.13	3.7	0.03
								329	341	12	9	2.55	0.05	0.04	14.1	0.14

[1]Base of Oxidisation down hole depth *[2]Estimated True Width*

For further information contact:

Phone: (07) 3071 9003

About KGL Resources

KGL Resources Limited is an Australian mineral exploration company focussed on increasing the high-grade Resource at the Jervois Copper-Silver-Gold Project in the Northern Territory and developing it into a multi-metal mine.

Competent Person Statement

The Jervois Exploration data in this report is based on information compiled by Rudy Lennartz, a member of the Australasian Institute of Mining and Metallurgy and a full time employee of KGL Resources Limited.

Mr. Lennartz 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. Lennartz has consented to the inclusion of this information in the form and context in which it appears in this report.

The following drill holes were originally reported on the date indicated and using the JORC code specified in the table. Results reported under JORC 2004 have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported.

Hole	**Date originally Reported**	**JORC Reported Under**
KJCD171	22/10/2015	2012
KJCD182	09/05/2016	2012
KJCD183	26/04/2016	2012
KJCD195	02/08/2016	2012
KJCD198	10/11/2016	2012
KJCD201	09/02/2017	2012
KJCD203	09/02/2017	2012
KJCD205	17/05/2017	2012
KJCD207	17/05/2017	2012
J9	08/11/2013	2004

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Diamond drilling and reverse circulation (RC) drilling were used to obtain samples for geological logging and assaying. RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg. Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with shorter samples at geological contacts. Field duplicate samples were taken to determine representivity of the primary sample. RC samples are routinely scanned with a Niton XRF. Samples assaying greater than 0.1% Cu, Pb or Zn are submitted for analysis at a commercial laboratory.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	RC drilling was conducted using a reverse circulation rig with a 5.25" face-sampling bit. Diamond drilling was either in NQ2 or HQ3 drill diameters. Metallurgical diamond drilling (JMET holes) were PQ
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Diamond core recoveries are determined by orientating core and measuring the recovered core between drill intervals provided by the drilling company. Any core loss is recorded as a percentage of the interval. At the start of each RC drill program the bulk sample residue (drill cuttings) for 2-3 holes were weighed and compared to the theoretical weight of sample based on the interval length (1m) and the bit diameter. The ratio between the split and the bulk residue is calculated to ensure the split is representative applying Gy's sample theory (~1:15). Drill rigs with high air pressure and CFM are utilised to ensure samples are dry and sample recovery is maximised. Drill intervals with suspected sample loss are recorded on the drill log. RC holes are twinned with diamond holes to determine if there is a sampling bias from loss of fines.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	All RC and diamond core samples are geologically logged with fields including lithology, alteration, mineralisation and structural fabric. Representative samples of core were submitted for petrology and a logging atlas created to standardize geological logging. Diamond core is orientated and logged for geotechnical information including recovery, RQD and structural fabric. RC drilling is logged in 1m intervals. Diamond core is logged in intervals based on the lithology, alteration and mineralisation.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg. Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with shorter samples at geological

Criteria	JORC Code explanation	Commentary
	- *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* - *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* - *Whether sample sizes are appropriate to the grain size of the material being sampled.*	contacts. - RC sample splits (~3kg) are pulverized to 85% passing 75 microns. - Diamond core samples are crushed to 70% passing 2mm and then pulverized to 85% passing 75 microns. - Sample preparation has been designed to ensure compliance with Gy's sample theory. - RC duplicates are collected as an additional split from the cone splitter on the drill rig. - Diamond core duplicates are a second interval of quarter core.
Quality of assay data and laboratory tests	- *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* - *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* - *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	- The QA/QC procedure includes standards, blanks, duplicates and laboratory checks. In ore zones Standards are added at a ratio of 1:10 and duplicates and blanks 1:20. - Basemetal samples are assayed using a four acid (total) digest with an ICP AES finish. Gold samples are assayed by Aqua Regia with an ICP MS finish. Samples over 1ppm Au are re-assayed by Fire Assay with an AAS finish. - An umpire laboratory is used to check ~1% of samples analysed. - QA/QC data is assessed on a monthly basis to assess precision and accuracy of sample assays. Variances in the assay value of standards of greater than 10% (~3 standard deviations) triggers reanalysis of the sample batch. - XRF analyses are only used to prescan samples. Samples with greater than 0.1% Cu, Pb or Zn are then submitted for analysis at a commercial laboratory.
Verification of sampling and assaying	- *The verification of significant intersections by either independent or alternative company personnel.* - *The use of twinned holes.* - *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* - *Discuss any adjustment to assay data.*	- Data is validated on entry into the Datashed database using the Logchief data acquisition software. - Further validation is conducted by a geologist when data is imported into Vulcan. - Validation of drill results at each resource was aided by twinning selected holes with variances investigated to determine the source of sampling or assaying error.
Location of data points	- *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* - *Specification of the grid system used.* - *Quality and adequacy of topographic control.*	- Surface collar surveys were picked up using a Trimble DGPS. - A selection of drill collars were periodically checked by a surveyor. - Downhole surveys were taken during drilling with a Reflex MEMS gyro or a Reflex EZ gyro. - All drilling is conducted on the MGA 94 Zone 53 grid. All downhole surveys were converted to MGA 94 Z53 grid. - A DTM has been generated from a close spaced grid of sample points using a DGPS. Additional sample points have been added is areas with steep or rugged topography.
Data spacing and distribution	- *Data spacing for reporting of Exploration Results.* - *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* - *Whether sample compositing has been applied.*	- Drilling for Inferred resources has been conducted at a spacing of 50m along strike and 80m within the plane of the mineralized zone. Closer spaced 50m by 40m drilling was used for Indicated resources. - Shallow oxide RC drilling was conducted on 80m spaced traverses with holes 10m

Criteria	JORC Code explanation	Commentary
		apart
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Holes were drilled perpendicular to the strike of the mineralization at a default angle of -60 degrees but holes vary from -45 to -80. The orientation of drill holes relative to the mineralised structures is not thought to have generated any significant sample bias.
Sample security	*The measures taken to ensure sample security.*	Samples were stored in sealed polyweave bags on site and transported to the laboratory at regular intervals by KGL staff or a transport contractor.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The sampling techniques are regularly reviewed.

1.2

1.3 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Jervois project is within E30242 100% owned by Jinka Minerals and operated by Kentor Minerals (NT), both wholly owned subsidiaries of KGL Resources. The Jervois project is covered by Mineral Claims and an Exploration licence owned by KGL Resources subsidiary Jinka Minerals.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Previous exploration has primarily been conducted by Reward Minerals, MIM and Plenty River.
Geology	*Deposit type, geological setting and style of mineralisation.*	EL30242 lies on the Huckitta 1: 250 000 map sheet (SF 53-11). The tenement is located mainly within the Palaeo-Proterozoic Bonya Schist on the northeastern boundary of the Arunta Orogenic Domain. The Arunta Orogenic Domain in the north western part of the tenement is overlain unconformably by Neo-Proterozoic sediments of the Georgina Basin. The copper-lead-zinc mineralisation is interpreted to be stratabound in nature, probably relating to the discharge of base metal-rich fluids in association with volcanism or metamorphism or dewatering of the underlying rocks at a particular time in the geological history of the area. The copper mineralisation is interpreted to be a later structurally controlled, mineralising event(s)
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Table 1 & 2 Figures 1, 2 & 3
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg*	Grades reported are uncut

Criteria	JORC Code explanation	Commentary
	cutting of high grades) and cut-off grades are usually Material and should be stated.) *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*) *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	) *These relationships are particularly important in the reporting of Exploration Results.*) *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*) *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	) Refer Table 1 & 2
Diagrams	) *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	) Refer Figures 1, 2 & 3
Balanced reporting	) *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	) Refer Table 1 & 2
Other substantive exploration data	) *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	)
Further work	) *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*) *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	) Refer Figures 1, 2 & 3