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20 July 2017

Quarterly Activities Report
Period Ended 30 June 2017

- **More high grade copper discovered at Rockface in the Jervois Project**
- **Acquisition completed of the expanded Jervois tenement area where initial work confirmed its potential**
- **Further $1.6M R & D Tax Incentive refund**

Overview

During the quarter, KGL Resources Limited (ASX:KGL) (KGL or the Company) continued to discover more high grade copper mineralisation at the 100% owned Jervois Copper Project in the Northern Territory.

A concentrated drilling program at the Rockface prospect at Jervois extended discoveries to the east and increased known mineralisation in the west, in advance of an updated JORC statement of resources.

The acquisition of the strategically valuable Unca Creek tenement adjoining the Jervois project was completed. Reprocessing of data has confirmed the high prospectivity of prospects to the immediate north, and a gravity survey was commenced to improve geological knowledge and define and confirm drilling targets.

Jervois Copper Project, Northern Territory (KGL 100%)

During the quarter, the Company continued with the 2017 nine-hole drilling program that was commenced at Rockface in the March quarter. The successful results continued to demonstrate the value of down hole electromagnetic (DHEM) surveying in locating prospective conductor zones and identifying drill targets. The drilling program was designed to investigate the high potential conductor zones on the eastern side of Rockface as indicated by DHEM surveying, and also to facilitate with systematic infill drilling a future update of the resources.

Eastern zone

Hole KJCD205 was the first hole in the current drilling program, and one of several holes designed to extend the strike length of Rockface mineralisation to the east. KJCD205 intersected copper mineralisation when targeting Conductors 6 and 7 at a depth of 50m below and 25m along strike to the east of where KJCD198 had intersected high grade copper. KJCD205 assays, announced during the quarter, included:

- **5.55m @ 4.11% Cu, 0.59% Zn, 37.4g/t Ag, 0.65g/t Au from 511.11m (Conductor 6)**

The intersection was in a zone of massive/semi-massive chalcopyrite/pyrite in a strongly altered magnetite host rock.

A second zone of mineralisation intersected by KJCD205 comprises veins, stringer and semi-massive chalcopyrite-pyrite sulphide that is hosted within a strongly silica-garnet-magnetite altered host rock. The main zone assayed:

- **5.5m @ 3.54% Cu, 18.5g/t Ag, 0.25g/t Au from 619m (Conductor 3)**

A lower grade interval of chalcopyrite-pyrite with quartz veining in a silica-garnet-magnetite altered host rock was also intersected and included:

- **12.65m @ 1.03% Cu, 5.2g/t Ag, 0.05g/t Au from 629m (Conductor 5)**

Hole KJCD208 intersected zones of copper mineralisation while targeting Conductors 5 and 6. A zone of massive and disseminated chalcopyrite and pyrite mineralisation assayed:

- **3.25m @ 3.98% Cu, 0.18% Pb, 0.88% Zn, 21.5g/t Ag, 0.16g/t Au from 608.75m (Conductor 6)**

An intersection of disseminated and stringer chalcopyrite and pyrite mineralisation associated with intense biotite-garnet-magnetite alternation assayed:

- **10.7m @ 1.18% Cu, 4.9g/t Ag, 0.21g/t Au from 662m (between Conductors 5 & 7)**

Hole KJCD211 intersected two zones of visible chalcopyrite mineralisation while targeting Conductors 5, 6 and 7. From 517.38m down-hole, a 5.67m wide zone of disseminated chalcopyrite and pyrite mineralisation was intersected, including 2.42m of massive chalcopyrite +pyrite, correlating with the expected position of Conductor 6.

- **5.67m @ 5.2% Cu, 0.2% Zn, 30g/t Ag, 0.45g/t Au from 517.38 m**

Also intersected was an 11.75m wide lower zone, from 611.6 m down-hole, of disseminated and breccia-filling chalcopyrite and pyrite mineralisation associated with massive magnetite, located between the expected positions of Conductors 3 and 5.

- **7.35m @ 0.92% Cu, 5.9g/t Ag, 0.06g/t Au from 611.6 m**
- **4.4m @ 1.93% Cu, 0.12% Zn, 10.9g/t Ag, 0.16g/t Au from 618.95 m**

Hole KJCD212 intersected several zones of mineralisation while targeting Conductors 6 and 8. Assay results are pending. From a visual inspection of the core samples, 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. From 681.9m 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. 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. A zone of stringer and disseminated stringer chalcopyrite and pyrite mineralisation in an intensely garnet-chlorite-carbonate altered magnetite host rock was intersected, assaying:

- **2m @ 0.71% Cu, 0.13% Zn, 3.7g/t Ag, 0.03g/t Au from 325m (Conductor 1)**

A zone of semi-massive and disseminated chalcopyrite and pyrite mineralisation in a carbonate altered magnetite host rock was intersected, assaying:

- **12m @ 2.55% Cu, 14.1g/t Ag, 0.14g/t Au from 329m (Conductor 3)**

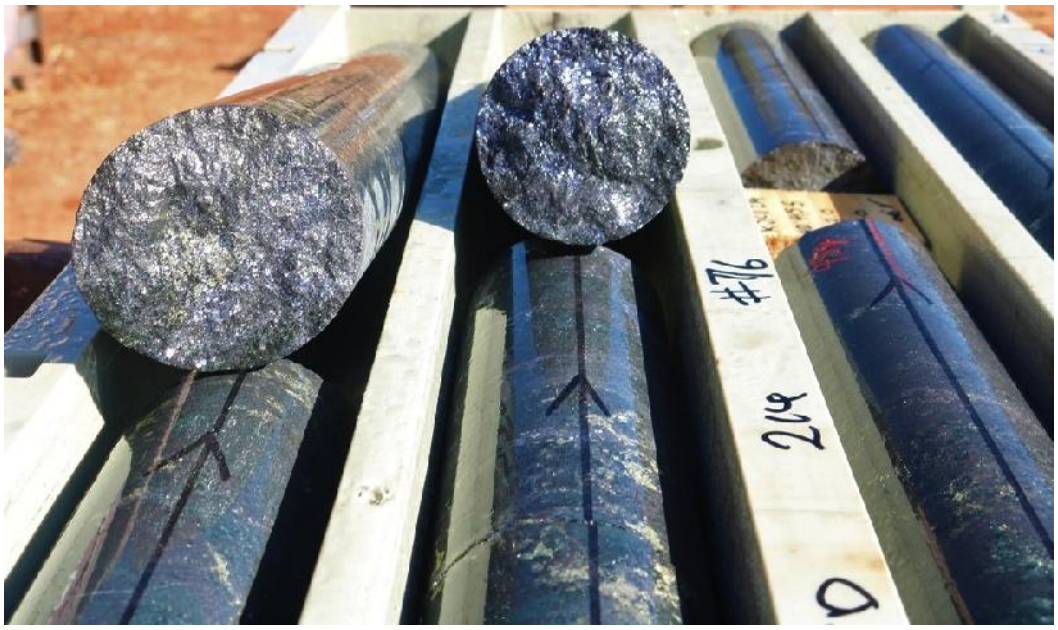
Holes KJC206 and KJCD207 targeted the up-dip portion of Conductor 3, above the main high grade mineralisation and below the existing near surface resource. The mineralisation is similar to the depleted upper portion of the Rockface resource with broad, low grade zones.

Hole KJCD214, for which assays are pending, was designed to test the western edge of Conductor 3, between KJCD183 and KJCD203. A visual inspection of core samples indicates that KJCD214 intersected 32.49m of intensely altered massive magnetite in the Conductor 3 location from 404.86m to 437.35m that included massive, semi-massive, and stringers of chalcopyrite-pyrite. Within the massive magnetite a galena rich zone from 413.45m to 418.60m was observed associated with disseminated and veined calc-silicate alteration.

Enveloping the main zone of chalcopyrite, pyrite and galena mineralisation is a broader zone of weakly mineralised disseminated pyrite and chalcopyrite in a moderately to strongly altered garnet-chlorite-magnetite alteration assemblage.

The hanging-wall alteration halo has been observed from 403.9m to 404.86m and is characterised by chlorite with strong banded garnet alteration.

The footwall alteration halo from 437.35m to 440.9m, with minor disseminated sulphides, is within a schistose sandstone/siltstone lithology with minimal magnetite and terminates abruptly to form the typical footwall lithologies.



Photograph 1. *Hole KJCD214 Zone of semi-massive and breccia of magnetite + galena + minor chalcopyrite circa 414m.*

Photograph 2. *Hole KJCD214 Zone of semi-massive and breccia of magnetite + chalcopyrite circa 422.6m.*

Table 1. KJCD214 Summary Geological Log of mineralised zones.

From (m)	To (m)	Interval (m)	ETW (m)	Minerals	Nature	*Est % Total Sulphide	Alteration
403.90	404.86	0.96	0.7	Pyrite	Disseminated in alteration halo	tr	tr magnetite, garnet, chlorite
404.86	413.45	8.59	6.1	Chalcopyrite & pyrite	Disseminated and stringer	6	Magnetite
413.45	418.60	5.15	3.6	Chalcopyrite & pyrite & galena	Disseminated to semi-massive	10	Magnetite
418.60	422.60	4.00	2.8	Chalcopyrite & pyrite	Disseminated and stringer	6	Magnetite
422.60	422.90	0.30	0.21	Chalcopyrite & pyrite	Massive	80	Magnetite
422.90	437.35	14.45	10.2	Chalcopyrite & pyrite	Disseminated and stringer	6	Magnetite
437.35	440.90	3.55	2.5	Pyrite & tr chalcopyrite	Alteration halo	tr-5	Sericite, chlorite

**KJCD214 Visual observations, Assays pending, ETW – Estimate of True Width*

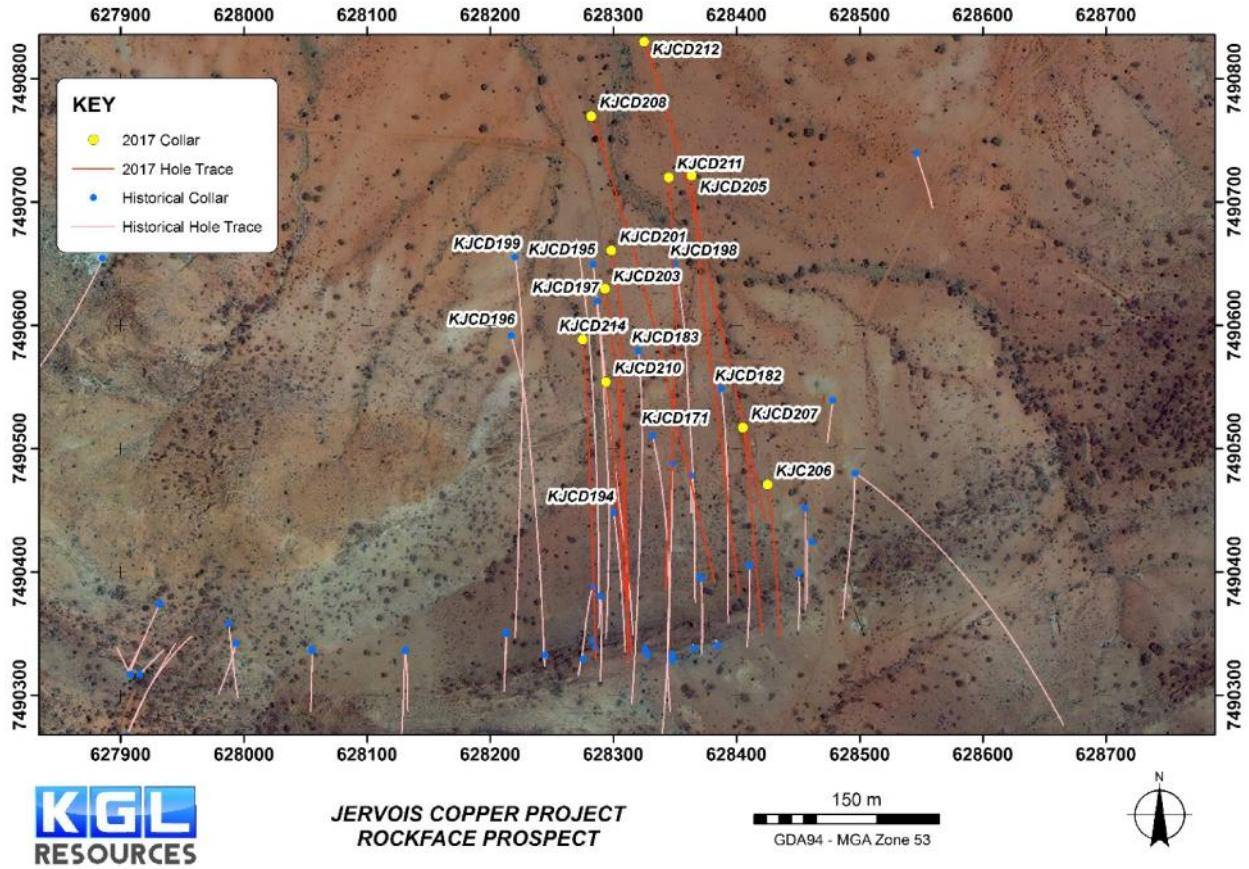


Figure 1 Rockface plan of drilling

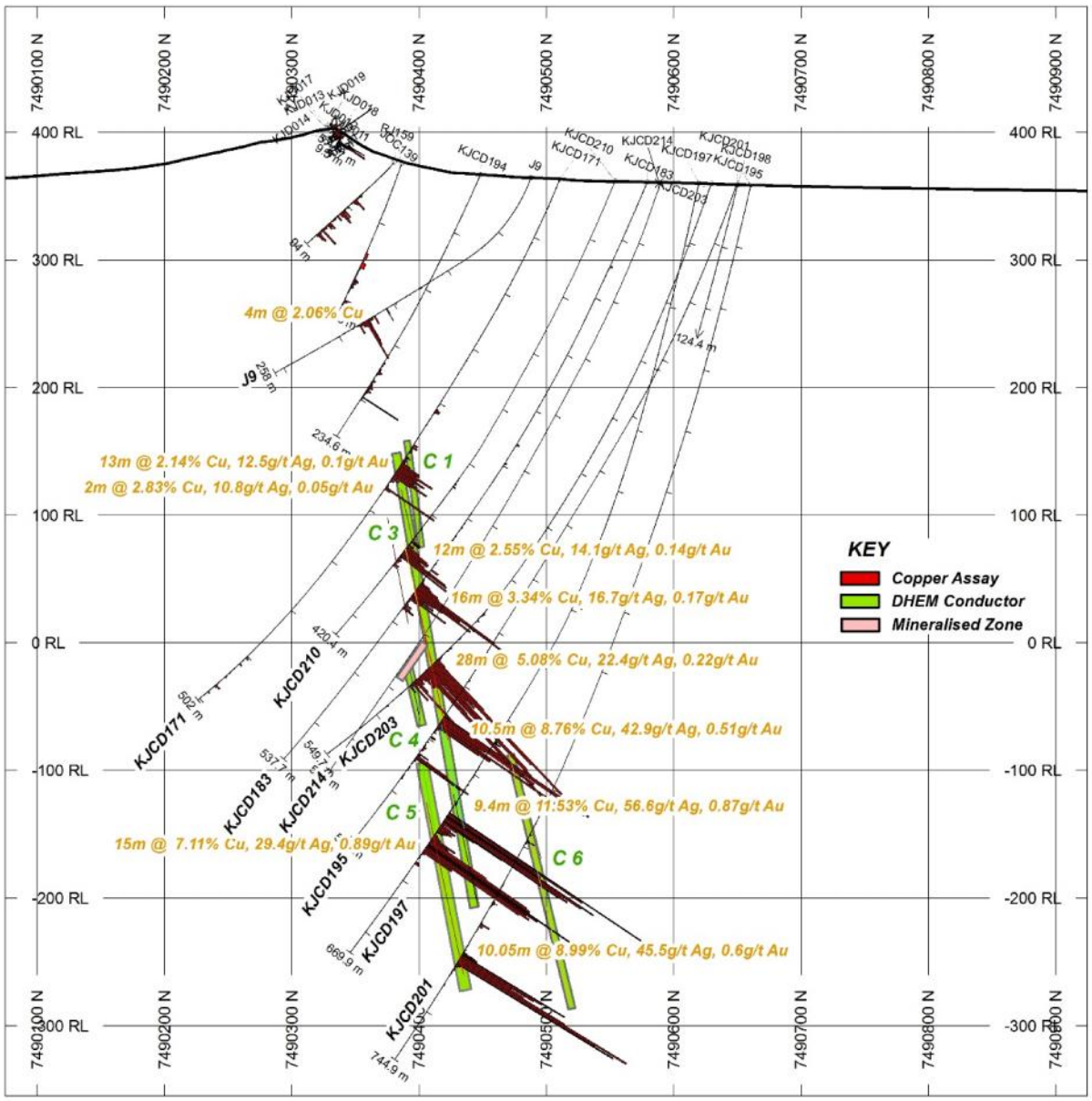


Figure 2 Rockface Section 628315E highlighting mineralised zone intersected in KJCD214

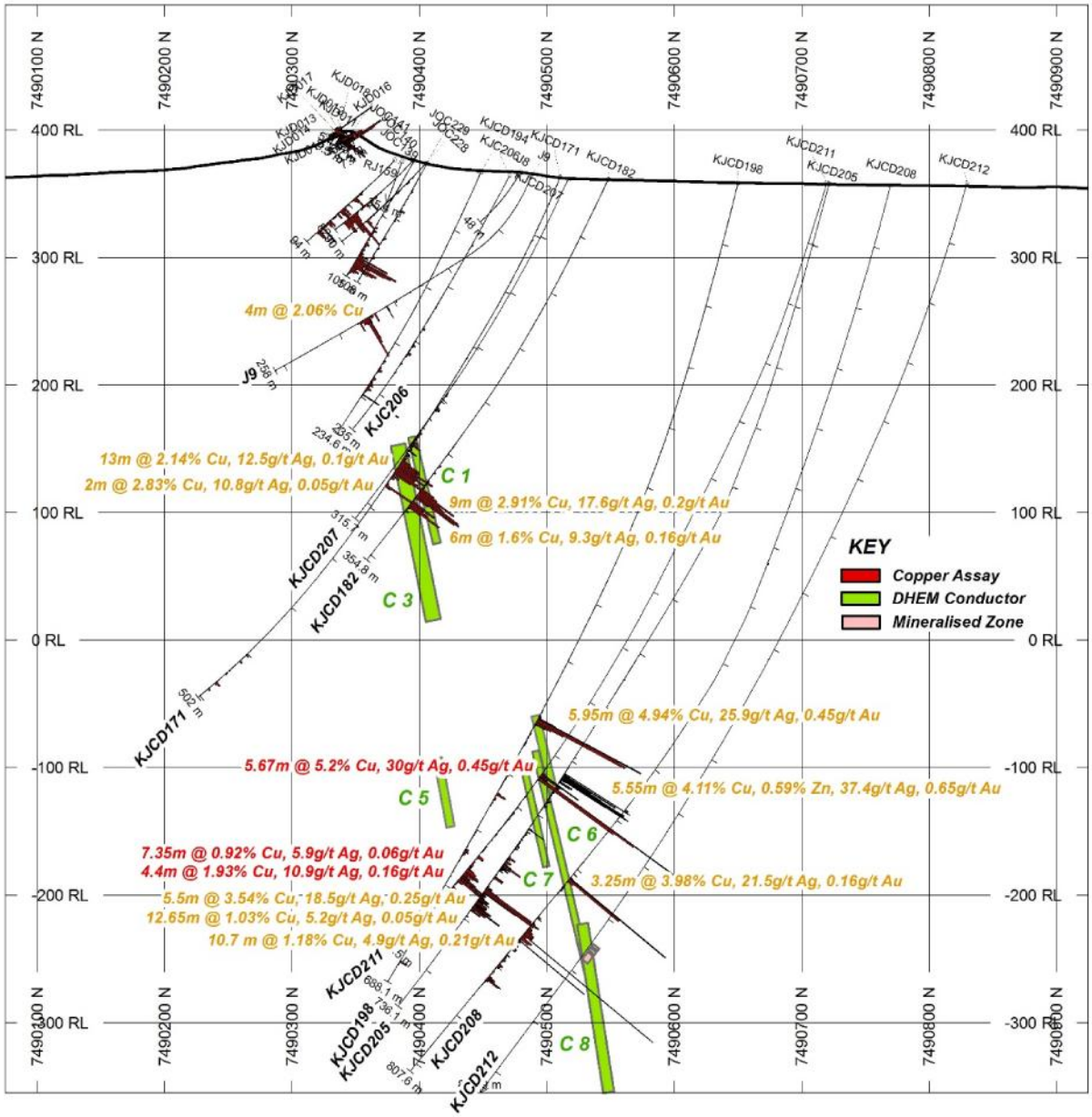


Figure 3 Rockface Section 628360E highlighting mineralised zone intersected in KJCD211

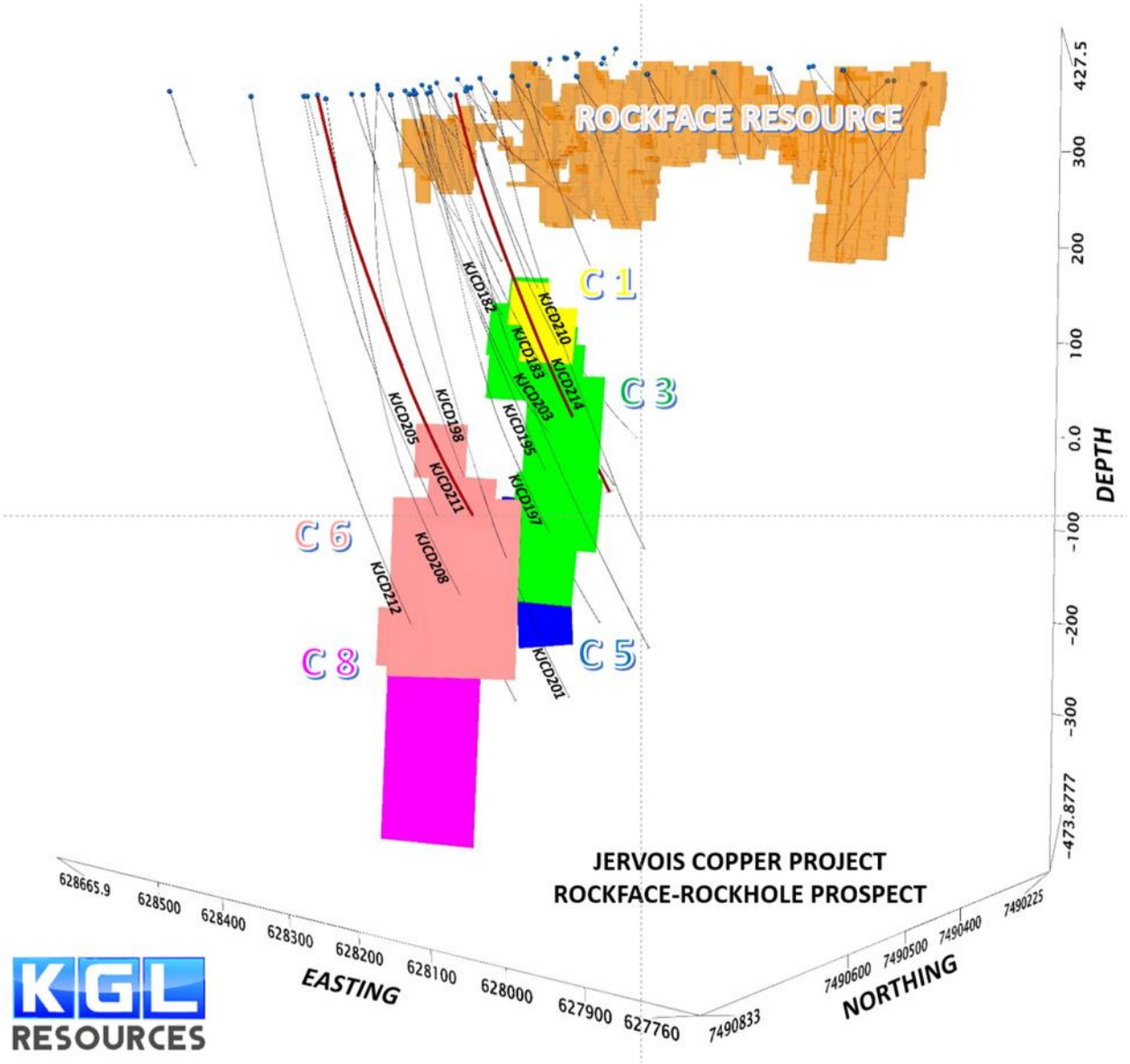


Figure 4 Rockface DHEM survey conductor plates

Reviewing DHEM Surveys

Three holes were surveyed with DHEM to confirm targets were intersected and explore and refine the size and orientation of conductors off the hole.

Surveying of KJCD210 confirmed Conductor 1 and Conductor 3 were intersected as planned. Recent DHEM surveying of KJCD207, now further confirmed by KJCD210 in combination with earlier surveys for KJCD182 &183 have extended Conductor 3 83m east of KJCD183 and over 100m below KJCD182. This is a relatively shallow area and will be the target of future drilling.

The DHEM survey of hole KJCD211 confirmed the location of Conductor 6 as previously modelled. Mineralisation further down the hole coincided with the modelled location of Conductors 3 & 5 where the very eastern edge of these plates was intersected.

Hole KJCD212 was designed to intercept Conductor 6 and Conductor 8 at a point where the modelling suggested they came close to converging. The Conductor 8 anomaly was observed in the survey of KJCD208 and subsequent modelling suggested that it was centred to the east and below KJCD208. KJCD212 successfully intercepted Conductor 8 and subsequent modelling of the DHEM survey of this hole has significantly changed the size and orientation of the anomaly. Final modelling suggests Conductor 8 has a strike length of 115m and extends down dip for 250m with the bottom edge at -473m RL. This is 900m below the top of the outcrop at Rockface and over 200m below the intercept in KJCD212. This confirms the potential of the eastern zone to grow significantly beyond the limits of existing drilling.

Expanded Jervois area – Unca Creek Exploration Project

During the quarter, KGL completed the acquisition of the exploration tenement EL28082 that adjoins the Jervois Project. Known as the Unca Creek Exploration Project, the acquisition has considerable strategic value to the Company. It has almost trebled the size of the Jervois Project to 110.8km^2. It offers geological similarities to Jervois, and although it has been relatively underexplored, work undertaken by previous tenement holders indicates exploration potential and offers multiple walk-up drill targets.

A review of previous exploration confirmed a strong copper trend extending north into Unca Creek from the Marshall-Reward deposits which represent a substantial part of the current Resource at Jervois.

In an Update released during the quarter (16 May), KGL brought together drill results by previous tenant holders including good grade copper intersections.

The Company reprocessed a previous IP survey revealing a strong chargeability anomaly from the tenement boundary to the Pioneer prospect 1.2km to the north. At the Hamburger Hill prospect to the north-east, reprocessing of existing SAM (Sub-Audio Magnetics) data has recovered information showing a good chargeability anomaly coincident with known mineralisation and has outlined an untested northern extension of the anomaly.

A gravity survey commenced during the quarter to improve the understanding of the geology, and in combination with existing drilling results, previous geophysical surveys and structural mapping, to define and refine new and existing drill targets.

Early results have highlighted residual gravity anomalies coincident with mineralisation at both Pioneer, located on the northern extension of the Marshall-Reward trend and at Hamburger Hill.

This link between gravity anomalies and mineralisation has been evident at the known deposits at Jervois. Residual gravity anomalies have been identified previously at all of the major deposits - Bellbird, Rockface, Green Parrot and Marshall-Reward. This is due at least in part to the association of higher density minerals such as magnetite and garnet with the sulphides minerals which themselves have a high density.

All of the Unca Creek tenement will be surveyed by the gravity crews in addition to some infill stations over priority target areas including Rockface. This program is anticipated to be completed during August.

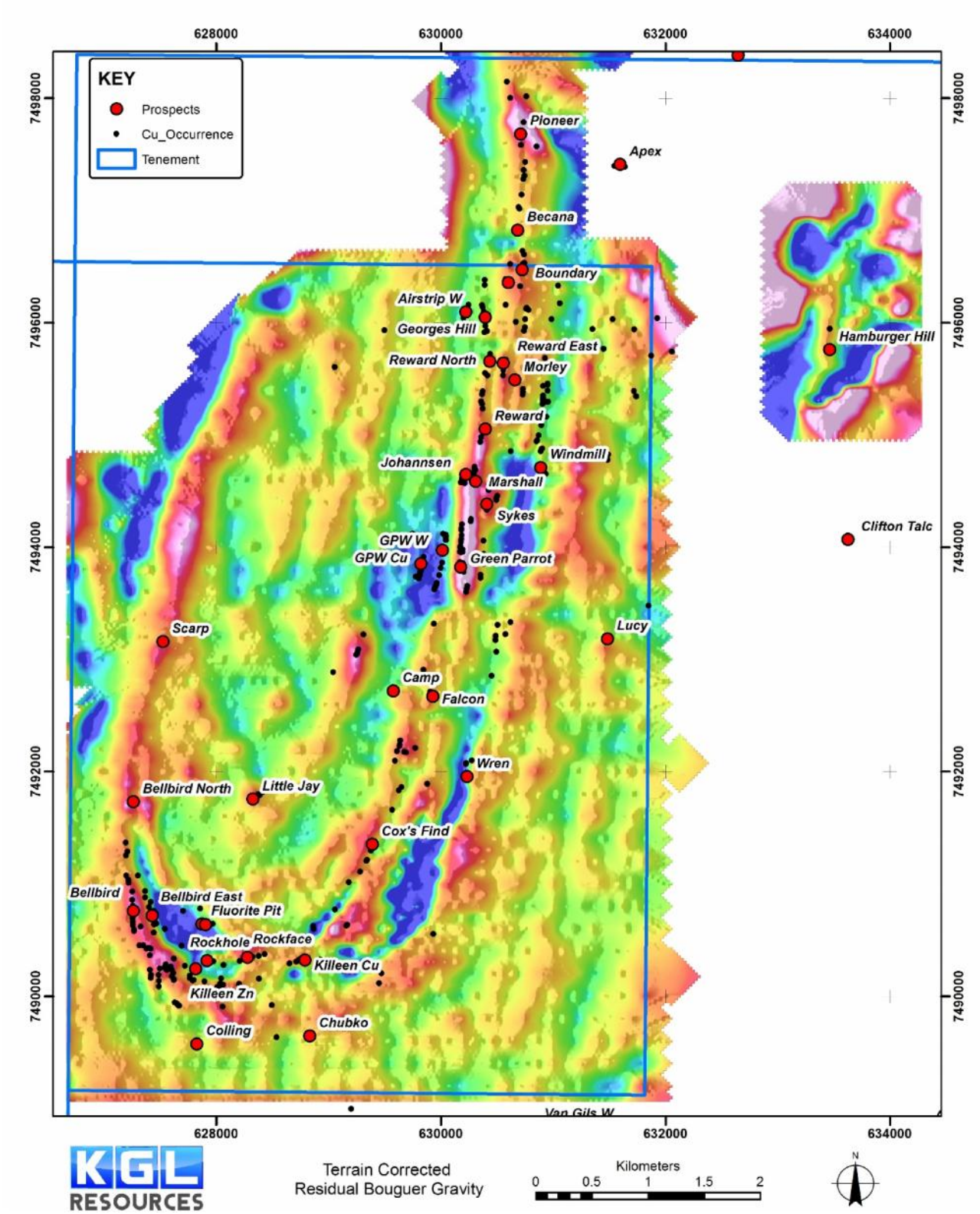


Figure 5 Jervois Residual Bouguer Gravity

Environment and land access

The terms of reference for the Environmental Impact Statement for the Jervois project advanced to the final stages of settlement with government. Environmental studies continued to be progressed during the quarter.

An Indigenous Land Use Agreement (ILUA) signed with the traditional owners and the Central Land Council was registered with the National Native Title Tribunal. The registration of the ILUA completes the processes for the application for the mining lease over the area of the Jervois lease not currently covered by the existing lease.

Further R & D Tax Incentive refund

KGL received a further R & D Tax Incentive refund of $1.6 million during the quarter. Under the program the Australian Government reimburses part of eligible research and development expenditure. The refund acknowledges innovative metallurgical and related work by KGL on Jervois. The payment brings total R & D Tax Incentive refunds to KGL to more than $4.6 million.

Outlook

The nine-hole drilling program at Rockface is expected to be completed during the current quarter. The Company continues to build on its highly successful exploration strategy while improving our geological understanding of the style and controls on mineralisation at Rockface. This knowledge is aiding the assessment of the potential for further high-grade Rockface style of mineralisation throughout the now expanded Jervois Project area.

The current gravity survey that will be an important element of the drill targeting criteria at the Unca Creek Exploration area adjoining Jervois should also be completed.

Table 2 Summary of significant results for KJCD211

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
KJCD211	628345.2	7490719.9	358.0	-73	174.5		690.5	517.38	523.05	5.67	4.1	5.2	0.01	0.2	30	0.45
								611.6	618.95	7.35	5.7	0.92	0.02	0.06	5.9	0.06
								618.95	623.35	4.4	3.4	1.93	0.03	0.12	10.9	0.16

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

For further information, contact:

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Company Secretary
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 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
KJCD205	22/03/2017	2012
KJCD208	30/06/2017	2012
KJCD210	30/06/2017	2012
KJCD171	20/10/2015	2012
KJCD183	26/04/2016	2012
KJCD203	09/02/2017	2012
KJCD195	02/08/2016	2012
KJCD197	19/09/2016	2012
J9	17/05/2011	2004
KJCD207	17/05/2017	2012
KJCD182	09/05/2016	2012
KJCD198	10/11/2016	2012
KJCD201	09/02/2017	2012
KJCD203	09/02/2017	2012

Tenements

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	Jervois Project, Northern Territory	100%
EL 25429	Jervois Project, Northern Territory	100%
EL 30242	Jervois Project, Northern Territory	100%
E28340	Yambah, Northern Territory	100%
E28271	Yambah, Northern Territory	100%
EL28082	Unka Creek, Northern Territory	100%

Mining Tenements Acquired and Disposed during the quarter.*	Location	Beneficial Holding
EL28082	Northern Territory	100%

Tenements subject to farm-in or farm-out agreements	Location	Beneficial Holding

Tenements subject to farm-in or farm-out agreements acquired or disposed of during the quarter	Location	Beneficial Holding

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*	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

Criteria	JORC Code explanation	Commentary
	of the sample preparation technique.) *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.*	intervals with shorter samples at geological 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 GDA94 MGA Zone 53 grid. All downhole surveys were converted to GDA94 MGA 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 EL25429 and EL28082 100% owned by Jinka Minerals and operated by Kentor Minerals (NT), both wholly owned subsidiaries of KGL Resources.) The Jervois project is covered by Mining Leases and two Exploration licences 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.*	) EL25429 and EL28082 lie on the Huckitta 1: 250 000 map sheet (SF 53-11). The tenement is located mainly within the Palaeo-Proterozoic Bonya Schist on the north-eastern 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 cutting of high grades) and cut-off grades are usually Material*	) Grades reported are uncut

Criteria	JORC Code explanation	Commentary
	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.*	• Refer Figures 4 & 5
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, 4 & 5

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

KGL Resources

ABN	**Quarter ended ("current quarter")**
52 082 658 080	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**	-	-
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(1,313)	(1,888)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(143)	(275)
	(e) administration and corporate costs	(136)	(245)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	1,618	1,618
1.8	Restructuring costs	-	-
1.9	**Net cash from / (used in) operating activities**	**33**	**(779)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(30)	(30)
	(b) tenements (see item 10)	(548)	(548)
	(c) investments	–	–
	(d) other non-current assets	–	–

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(578)**	**(578)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	3,481
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(2)**	**3,479**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**5,230**	**2,561**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	**33**	**(779)**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	**(578)**	**(578)**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	**(2)**	**3,479**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,683**	**4,683**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	191	88
5.2	Call deposits	4,492	4,642
5.3	Trust	-	500
5.4	Bank overdrafts		
5.5	Other (provide details)		
5.6	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,683**	**5,230**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	32
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Remuneration and expenses paid to non-executive directors for the quarter.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	715
9.2	Development	-
9.3	Production	-
9.4	Staff costs	121
9.5	Administration and corporate costs	112
9.6	Fixed Assets	15
9.7	**Total estimated cash outflows**	**963**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EL28082	Contract settled in the quarter.	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: .....20/07/2017.....
(~~Director~~/Company secretary)

Print name: ..Kylie Anderson.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.