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11 January 2018

Quarterly Activities Report
Period Ended 31 December 2017

Drilling and DHEM surveying deliver significant copper, silver and gold extensions at the Jervois Project

- **At the Reward Prospect, more high-grade copper, silver and gold discovered with highest gold grades so far in the northern zone**
- **At the Rockface Prospect, high grade copper increased, new broad zones discovered, continuity of mineralisation confirmed**
- **Infill drilling continues towards the preparation of a new Resource estimate**
- **EIS progressing with associated engineering studies commenced**

Overview

During the quarter, the down hole electromagnetic (DHEM) surveying technology delivered further significant copper, silver and gold discoveries for KGL Resources Limited (ASX:KGL) (KGL or the Company) at the 100% owned Jervois Copper Project in the Northern Territory.

DHEM identified multiple targets which were successfully drilled at the Rockface and Reward Prospects as KGL progresses towards an increased and upgraded Resource estimate for Jervois.

Drilling at Reward discovered high grade copper and gold zones, with intervals as high as 1.12m of 15.24% copper and 21.52g/t gold from 696.18m.

Five kilometres south-west along strike at Rockface, areas of high grade copper were extended, new broad zones of copper were revealed closer to the surface, and continuity of mineralisation was confirmed in both the east and west of the expanding prospect.

Jervois Copper Project, Northern Territory (KGL 100%)

The Company announced significant discoveries at both Reward and Rockface during the quarter. Every hole in the 2017 drilling programs at both prospects has intersected mineralisation, with all holes drilled at Reward returning high grade assays.

Reward

During the previous quarter (September 2017), the Company announced that the first hole drilled at the Reward prospect for more than two years had discovered a significant extension of mineralisation and returned high grade copper, silver and gold assay results.

In the December quarter, the Company reported that further drilling at the northern end of the Reward copper deposit, guided by the results of DHEM surveying, continued to intersect high grade copper, silver and gold. Precious metal grades were particularly attractive with one interval greater than 1m in hole KJD223 assaying 21.52g/t gold.

Significant mineralisation in hole KJD220W1, which targeted DHEM Conductors R1 and R3, included:

- **9.57m @ 5.11% Cu, 0.4% Pb, 0.31% Zn, 78.5g/t Ag, 2.44g/t Au from 561.82 m**

In hole KJD223, designed to test conductor R6 coincident with the bottom edge of conductor R1, high grades of copper, silver and gold were intersected. Significant mineralisation included:

- **8.16m @ 5.03% Cu, 35.9g/t Ag, 3.35g/t Au from 691.44 m**

  including 1.12m @ 15.24% Cu, 92.2g/t Ag, 21.52g/t Au from 696.18 m

Rockface

Drilling results announced during the quarter extended high grade mineralisation and encountered broad, lower grade zones both to the east and west at Rockface.

Hole KJCD218 was designed to test the up-dip extension of the eastern zone and is the shallowest hole yet drilled into Conductor 6. Although the width is narrowing the grades of copper, silver and gold remain high, with results including:

- **3.35m @ 5.27% Cu, 31.8g/t Ag, 0.47g/t Au from 421.15 m**

Hole KJCD219 was designed to test the eastern edge of Conductor 3 below KJCD182. It intersected a broad zone of low grade copper, approximately 50m east of KJCD183 and 56m below KJCD182, assaying:

- **29.24m @ 0.35% Cu, 2.1 g/t Ag, 0.06 g/t Au from 319.76m**

  including 1.25m @ 3.6% Cu, 12.3g/t Ag, 0.58g/t Au from 347.75m

Hole KJCD221 intersected a 21.67m zone in Conductor 3 close to the western edge assaying:

- **21.67m @ 1.55% Cu, 8.8g/t Ag, 0.08g/t Au from 303.38m**

  including 5.46m @ 2.35% Cu, 14.2g/t Ag, 0.08g/t Au from 308.54m

Hole KJCD222 intersected a 10.7m interval in Conductor 3 and a further 6.45m wide zone of lower grade mineralisation just above Conductor 5.

- **10.7m @ 4.38% Cu, 20.1g/t Ag, 0.47g/t Au from 485.2m**
  including 4.9m @ 7.29% Cu, 33.9g/t Ag, 0.91g/t Au from 488.65m

Hole KJCD225 and the previously reported hole KJCD214 correspond with the western edge of both Conductors 3 and 5. The grade and nature of both holes are very similar. Both have a lead/zinc zone in the footwall to the copper mineralisation. Preliminary structural interpretation shows that the intercepts are linked by a steeply north plunging shoot along the western edge of Conductor 3. Significant assays for KJCD225 included:

- **8.15m @ 1.28% Cu, 0.49% Pb, 0.36% Zn, 16.4g/t Ag, 0.07g/t Au from 362.55m**
- **11.2m @ 0.66% Cu, 5.0% Pb, 2.17% Zn, 30.7g/t Ag, 0.05g/t Au from 371.5m**

Assays are pending for other holes.

Hole KJD226W1 intersected two zones of mineralisation while targeting Conductor 6 – one from 590.72 to 605.21m and a second, deeper zone from 607.57 to 630.79m. The upper portion of the first zone corresponds with the expected position of Conductor 6 and the upper portion of the second zone corresponds with Conductor 8.

Hole KJCD227 intersected a zone of mineralisation between 764.12m and 785.69m while targeting Conductor 8.

Hole KJCD228 targeted Conductors 3 and 5, and intersected mineralisation from 557.68m to 574.21m between the projection of Conductors 3 and 5.

Hole KJCD229 targeted the edge of Conductor 3 and intersected mineralisation from 542.5m to 548.3m and a narrow zone of mineralisation from 582m to 582.8m coincident with of Conductor 3 and strike extension of Conductor 5.

Photograph 1. Two Drill Rigs operating at Jervois

Down hole electromagnetics (DHEM)

KGL continues to use Down Hole Electromagnetics (DHEM) to target areas of high grade copper mineralisation with great success at Jervois. The GAP Geophysics high powered transmitter ensures the target zones, even at depths of over 1,000m, are highly energised, enabling the DigiAtlantis 3-component DHEM probe to measure responses from conductors at a distance of 100m or more away from the hole.

The survey results are then modelled in 3D that allows the dimensions, orientation and position of the conductors to be estimated. As additional holes are surveyed with DHEM, the modelled responses become progressively more detailed, further improving the accuracy for targeting the conductors.

Copper mineralisation in the form of chalcopyrite and the iron sulphide mineral, pyrite, are both very conductive, and, if in stringer, semi-massive or massive forms, respond well to the DHEM. Similarly, the lead sulphide, galena, also responds well to DHEM.

Results from the recently completed DHEM survey enhanced the company's understanding of the existing R1 conductor at Reward (Figure 1) and resulted in significant increases to both Conductors 6 & 8 in the eastern zone at Rockface (Figure 2).

The remodelled Conductor R1 has similar area to earlier modelling, with the top edge extended further up dip whilst the southern edge of the plate has reduced marginally. Two additional small higher conductive zones are now included, one above KJD223 and the second along strike immediately north of KJD220W1 and both coincident with Conductor R3. Both holes in the most recent program targeting R1 recorded estimated true widths of approximately 6m at over 5% copper with associated high gold and silver grades.

At Rockface conductor 6 extends further to the east than previously modelled and will be the target of resource extension drilling planned for the New Year.

With the benefit of the DHEM results, Conductor 8 is interpreted to be centred approx. 20m to the west compared to earlier modelling, placing the most recent drilling (KJD227) on the eastern edge of the conductor. This has resulted in Conductor 8 being extended a further 80m down dip making it now one of the largest conductors at Rockface.

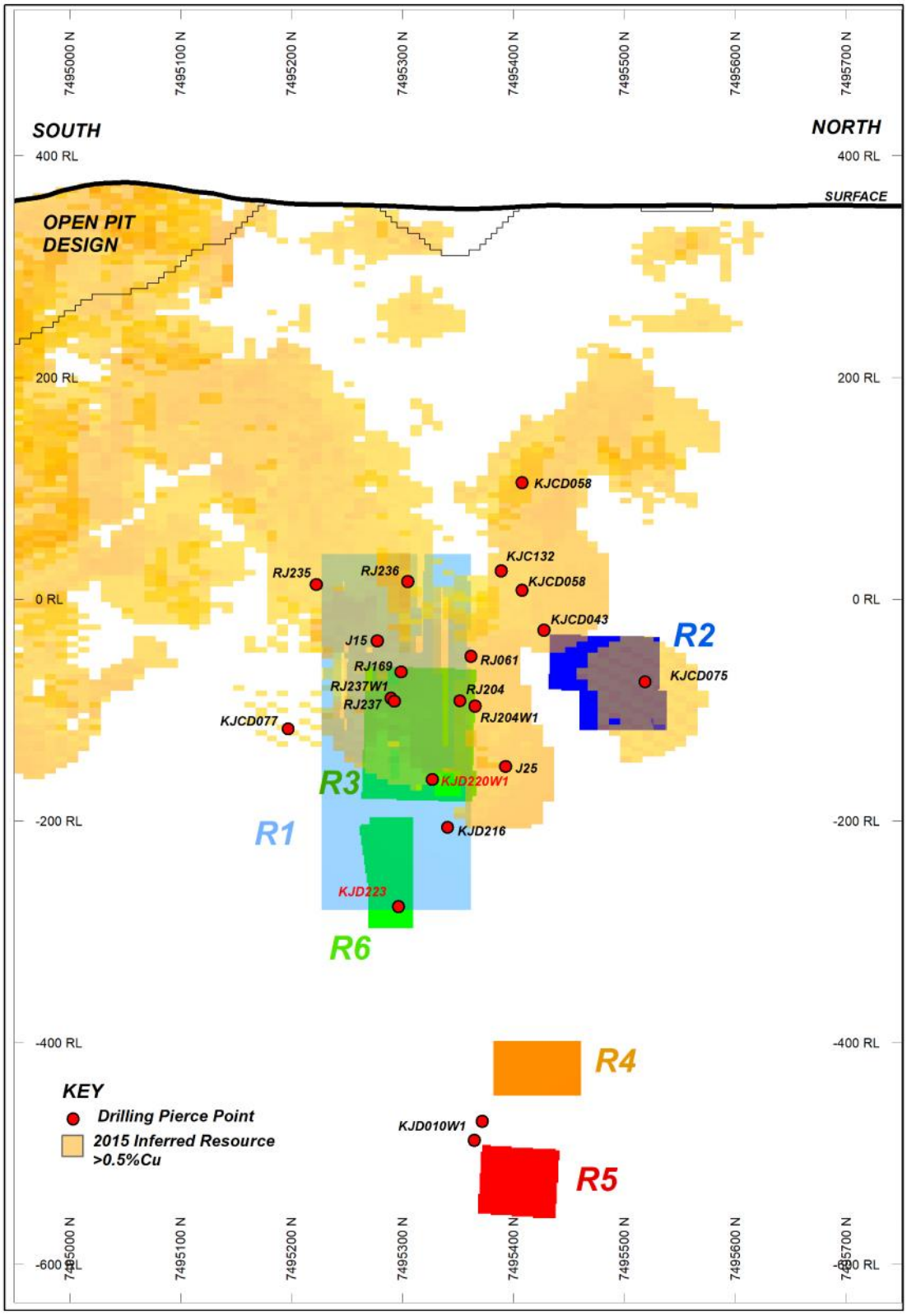

Figure 1 Reward Long-section 630380E highlighting DHEM conductors and drilling pierce points

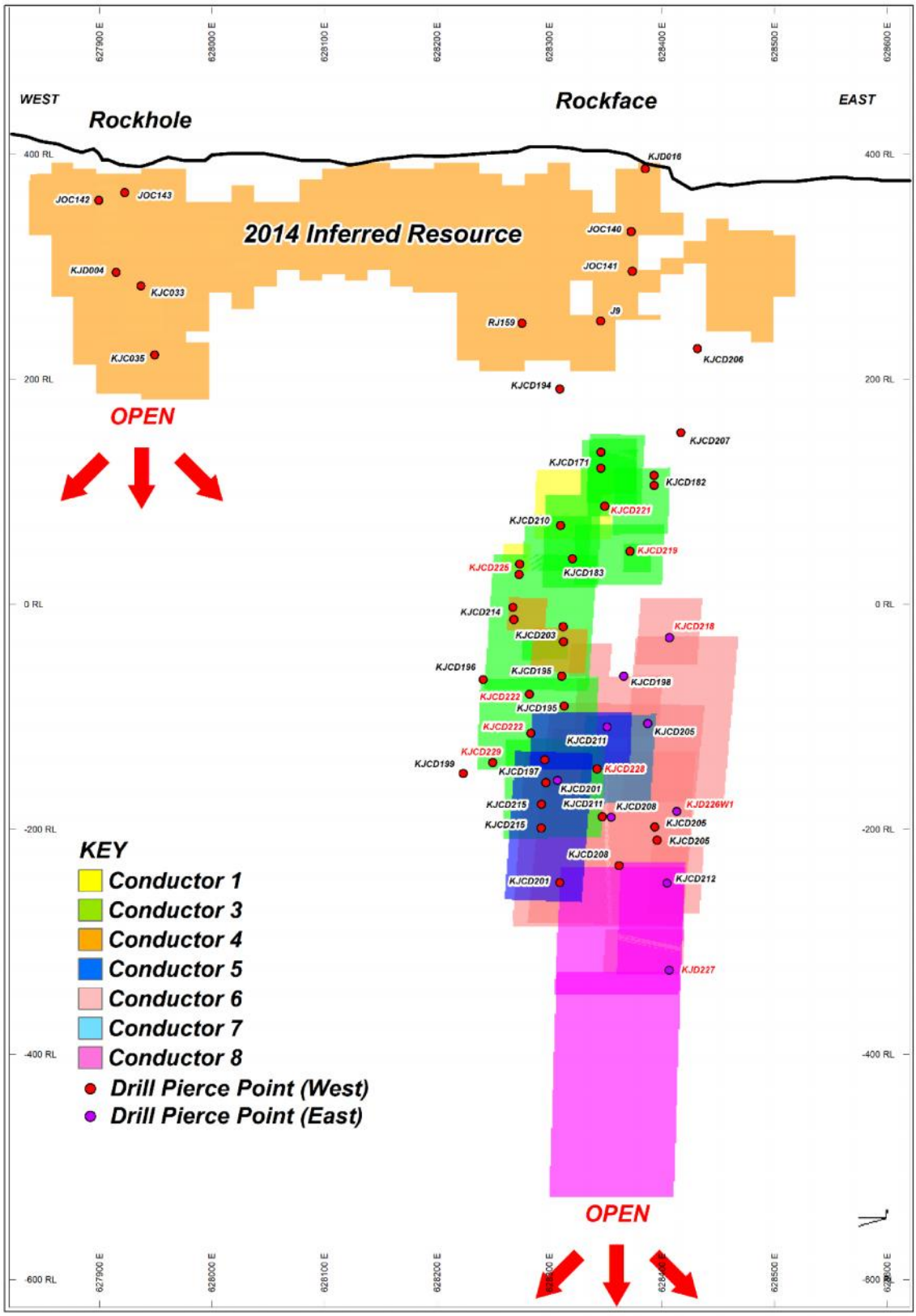

Figure 2 Rockface long-section 7490390N highlighting DHEM conductors and drilling pierce points

Expanded Jervois area – Unca Creek Exploration Project

Following the gravity survey at the recently acquired Unca Creek tenement surrounding Jervois, the Company proceeded with a program to identify and prioritise drilling targets.

Work continued towards obtaining an Aboriginal Areas Protection Authority certificate to confirm that Aboriginal heritage matters would not be impacted by proposed drilling, and clearance is anticipated during Q1 2018.

EIS and project development

Preparation of the Environmental Impact Statement (EIS) for the Jervois Project proceeded during the quarter. The terms of reference for the EIS were finalised in the preceding quarter and since then a team of consultants has been working on all aspects given this is an essential component towards the project's approval.

In parallel, initial engineering design work has commenced with a particular focus on mining and processing based on the higher-grade underground mineralisation. Separately preliminary discussions have been initiated with relevant rail and port operators.

New director

KGL announced the appointment of Mr Peter Hay as a director of the Company. KGL Chairman Denis Wood said that the skills and experience of Mr Hay, a mining engineer who has held CEO and other senior executive management roles and board positions in the resources industry, would complement those of other KGL directors.

Outlook

The Company will maintain the commitment to apply the majority of the funds raised in 2017 to drilling at Jervois. Modelling of the drilling results and DHEM surveys in the December quarter continued over the Christmas New Year period, and drilling will recommence before the end of January. The new program at both the Rockface and Reward prospects will aim to extend knowledge of the mineralised zones and will include infill drilling to move towards the preparation of a new Resource estimate.

Planning will continue on identifying priority drilling targets in the adjoining Unca Creek tenement.

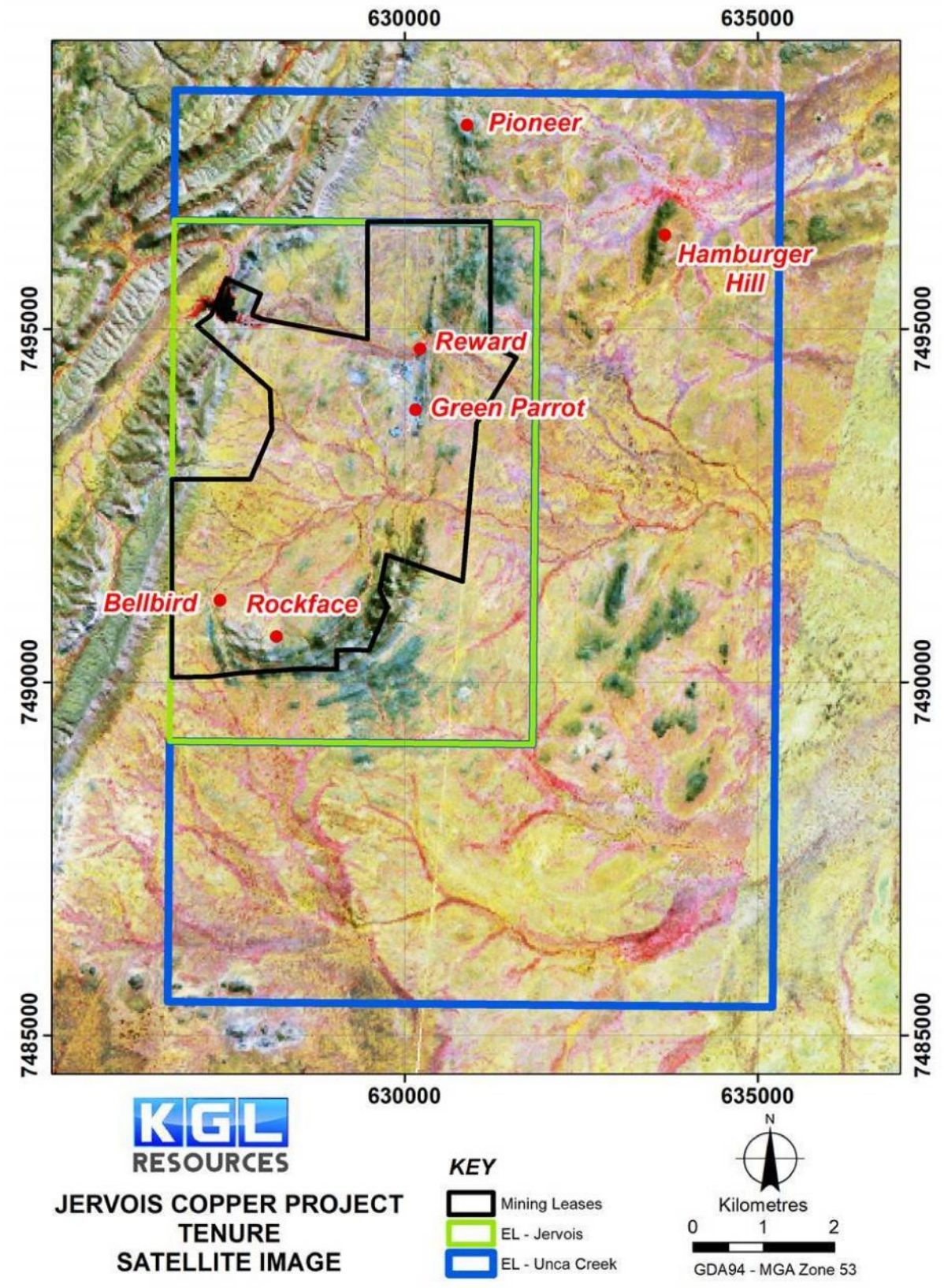

Figure 3 Location Diagram for the Jervois Copper Project

Table 1 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[1] (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJCD218	628396.8	7490666.6	359.0	-75.84	172.34	n/a	618	421.15	424.5	3.35	2.25	5.27	0.07	0.61	31.8	0.47
								439.1	439.3	0.2	0.15	3.16	0.01	0.1	12.5	0.19
KJCD219	628363.0	7490546.0	361.4	-73.87	170.18	n/a	430.4	319.76	347.75	27.99	19.6	0.21	0	0.03	1.4	0.03
								347.75	349	1.25	0.9	3.6	0.02	0.11	12.3	0.58
KJD220W1	630139.8	7495339.2	348.9	-75.47	89.9	n/a	625	561.82	571.39	9.57	5.8	5.11	0.4	0.31	78.5	2.44
KJCD221	628361.1	7490544.7	361.5	-73.28	180.86	n/a	406	299.17	299.53	0.36	0.3	0.96	0.01	0.09	6	0.05
								303.38	325.05	21.67	15.8	1.55	0.03	0.07	8.8	0.08
							including	308.54	314	5.46	4.0	2.35	0.07	0.07	14.2	0.08
KJCD222	628270.2	7490624.8	359.8	-75.19	174	n/a	577.4	485.2	495.9	10.7	7.2	4.38	0.02	0.05	20.1	0.47
							including	488.65	493.55	4.9	3.3	7.29	0.02	0.04	33.9	0.91
								527.82	534.27	6.45	4.3	0.59	0.03	0.12	2.4	0.01
KJCD223	630048.1	7495317.1	348.1	-60.98	91.7		777.4	647.0	648.73	1.73	1.2	0.76	0.03	0.11	5.5	0.1
								691.44	699.6	8.16	6.1	5.03	0.07	0.09	35.9	3.35
							Including	696.18	697.3	1.12	0.8	15.24	0.12	0.09	92.2	21.52
KJCD225	628276.0	7490545.8	361.8	-73.52	172.42	n/a	431	362.55	370.7	8.15	5.6	1.28	0.49	0.36	16.4	0.07
								371.5	382.7	11.2	7.6	0.66	5.00	2.17	30.7	0.05
								385.08	386.32	1.24	0.8	1.29	0.03	0.03	6.2	0.05

[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 Adriaan van Herk, a member of the Australian Institute of Geoscientists, Chief Geologist and a full-time employee of KGL Resources Limited. Mr. van Herk 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. van Herk 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
KJD220W1	12/12/2017	2012
KJD223	12/12/2017	2012
KJCD218	14/12/2017	2012
KJCD219	14/12/2017	2012
KJCD221	14/12/2017	2012
KJCD222	14/12/2017	2012
KJCD225	14/12/2017	2012

Tenements

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	Jervois Project, Northern Territory	100%
ML30829	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

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 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, Figures 1 and 2
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 and should be stated.*	) Grades reported are uncut

Criteria	JORC Code explanation	Commentary
	) *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
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 and 2
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 Tables 1
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 1 and 2
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 and 2

+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	31 Dec 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**	-	-
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(2,042)	(5,786)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(134)	(528)
	(e) administration and corporate costs	(104)	(579)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	24	41
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	1,618
1.8	Restructuring costs	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,256)**	**(5,234)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(5)	(37)
	(b) tenements (see item 10)	-	(548)
	(c) investments	–	–
	(d) other non-current assets	–	–

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 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**	**(5)**	**(585)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	6,847	15,878
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	(247)	(271)
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**	**6,600**	**15,607**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**8,010**	**2,561**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	**(2,256)**	**(5,234)**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	**(5)**	**(585)**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	**6,600**	**15,607**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**12,349**	**12,349**

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	242	167
5.2	Call deposits	12,107	7,843
5.3	Trust	-	-
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)**	**12,349**	**8,010**

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	50
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 / (inflows for next quarter**	**$A'000**
9.0	Equity Raising	-
9.1	Exploration and evaluation	1,505
9.2	Development (EIS)	336
9.3	Production	-
9.4	Staff costs	184
9.5	Administration and corporate costs	112
9.6	Fixed Assets	35
9.7	**Total estimated cash outflows / (inflows)**	**2,172**

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				

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: ....11/01/2018.....
(~~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.