

13 April 2018

Quarterly Activities Report Period Ended 31 March 2018

Drilling confirms continuity of high grade copper zones at Rockface and Reward prospects at Jervois Project

-) All aspects of project development advanced**
 - **Mine planning, metallurgical, processing studies progressed**
 - **Consultants engaged for engineering design services and rail and port logistics**
 - **Draft Environmental Impact Statement in final stage of preparation**
-) Placement at premium secures funding for 2018 drilling program**

Overview

During the quarter, KGL Resources Limited (ASX:KGL) (KGL or the Company) announced further intersections of high grade copper mineralisation at the Rockface prospect at the 100% owned Jervois Copper Project in the Northern Territory. Results of drilling during the quarter, reported here, confirmed the of continuity of mineralisation at Rockface and at the Reward prospect 5km to the north-east along strike at Jervois.

In other planning for the development of Jervois, the Environment Impact Statement, the only major outstanding regulatory approval, was in the final stages of preparation. Consultants were engaged for engineering design services and rail and port logistics.

The Company raised \$6.73 million during the quarter in a private placement, at a premium price of 5% on the 14 February 2018 closing price and with no costs, providing KGL with the financial security to complete the 2018 drilling program at Jervois.

Jervois Copper Project, Northern Territory (KGL 100%)

Drilling in late 2017 and during the March 2018 quarter was focussed on expanding and infilling the Resources at Rockface and Reward. These programs have served to further define the conductor zones identified by the highly successful down hole electromagnetic (DHEM) technology employed by KGL at Jervois. DHEM has enabled drilling to be cost efficiently targeted to successfully determine the extent and continuity of mineralisation at Rockface and Reward.

Three exploration holes were also completed at Rockhole, Rocky Road and Morley during the March quarter.

Rockface

In the eastern zone at Rockface, results from drilling in late 2017 confirmed high grade copper mineralisation and helped to delineate conductor zones.

Hole KJD226W1 increased knowledge of Conductors 6 and 8. It intercepted:	6.62m @ 3.8% Cu, 0.72% Zn, 33.2g/t Ag, 0.24g/t Au from 590.72 m in Conductor 6, and 4.18m @ 3.16% Cu, 0.32% Zn, 25.6g/t Ag, 0.25g/t Au from 607.57 m in Conductor 8.
Hole KJD227 was confirmed as having encountered the very eastern edge of Conductor 8 with a broad intersection of	14.23m @ 0.76% Cu, 7.5g/t Ag, 0.11g/t Au from 764.12m.
The results of the latest 2018 drilling in the eastern zone indicated the extension of several conductors, with a number of high grade copper intersections.	
Hole KJCD233 , discovered high grade copper mineralisation 30m below the bottom edge of Conductor 5	7.55m @ 5.43% Cu, 16.5g/t Ag, 0.35g/t Au from 732.72 m, ○ including 3.83m @ 8.81% Cu, 25.6g/t Ag, 0.58g/t Au from 734.14 m.
Hole KJCD230 intersected copper mineralisation well below and to the east of Conductor 5 with Hole KJCD230 also encountered massive sulphides, predominantly pyrite in Conductor 8 intersecting	12.65m @ 0.8% Cu, from 857.35 m, including ○ 3.6m @ 1.53% Cu, from 866.09 m. 11.53m @ 0.99% Cu, 0.61% Pb, 1.5% Zn, 26.1g/t Ag, 0.10g/t Au from 829.43 m, including ○ 2.07m @ 0.78% Cu, 9.2g/t Ag from 829.43 m, and ○ 4.32m @ 2.1% Cu, 1.54% Pb, 3.85% Zn, 61.1g/t Ag, 0.21g/t Au from 836.64 m.
Hole KJCD231 the most easterly hole at Rockface to date, indicated the continuity of high grade copper in Conductor 6 with	6.75m @ 4.66% Cu, 0.94% Zn, 31.2g/t Ag, 0.26g/t Au from 543.99 m

Hole KJCD233 also intersected a further extension of Conductor 6 with

4.71m @ 1.28% Cu, 9.3g/t Ag, 0.15g/t Au from 631.09 m.

Hole KJCD245 encountered a zone of massive magnetite-chalcopyrite-pyrite breccia at the centre of Conductor 6. The hole intersected an approximately 8.5m wide zone of massive magnetite-sulphide breccia, including 4m at 60% sulphides with chalcopyrite dominant from 579m (see Photograph 1). Assays are pending.



Photograph 1: Massive sulphide/magnetite breccia ~579-583 m (Conductor 6)

In the western zone at Rockface, assays from drilling in late 2017 also confirmed high grade copper and indicated conductor boundaries.

Hole KJCD228 targeted western edge of Conductor 5

17.37m @ 3.59% Cu, 16.1g/t Ag, 0.24g/t Au from 557.83m

Hole KJCD229 was designed to test the boundaries of Conductor 3 where it intersected:

4.63m @ 1.78% Cu, 5.9g/t Ag, 0.06g/t Au from 546.06m.

Hole KJCD229 intersected additional copper mineralisation beyond the western edge of Conductor 5

2.12m @ 1.9% Cu, 9.6g/t Ag, 0.08g/t Au from 580.65m

Hole **KJC247** drilled in the March 2018 quarter to target shallow mineralisation above Conductor 3 in the western zone intersected mineralisation from 222m. Assays are pending.

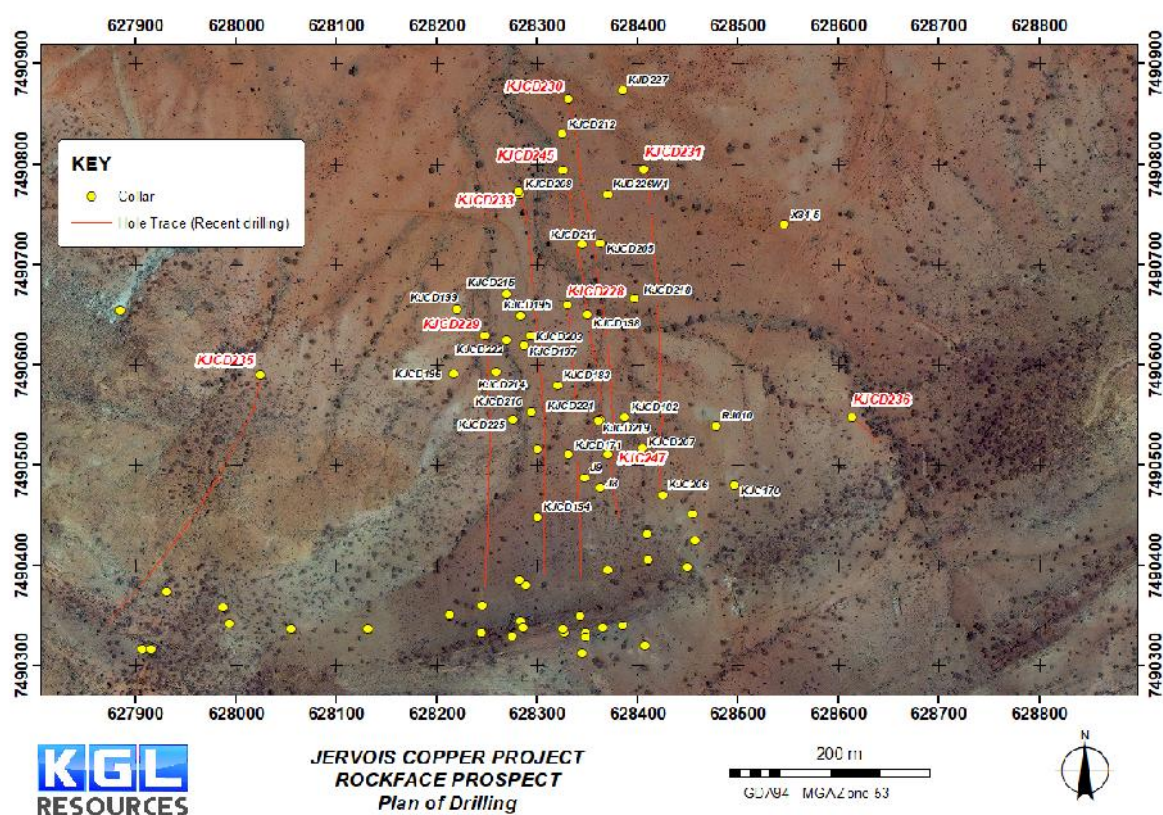


Figure 1 Plan view of drilling at Rockface prospect

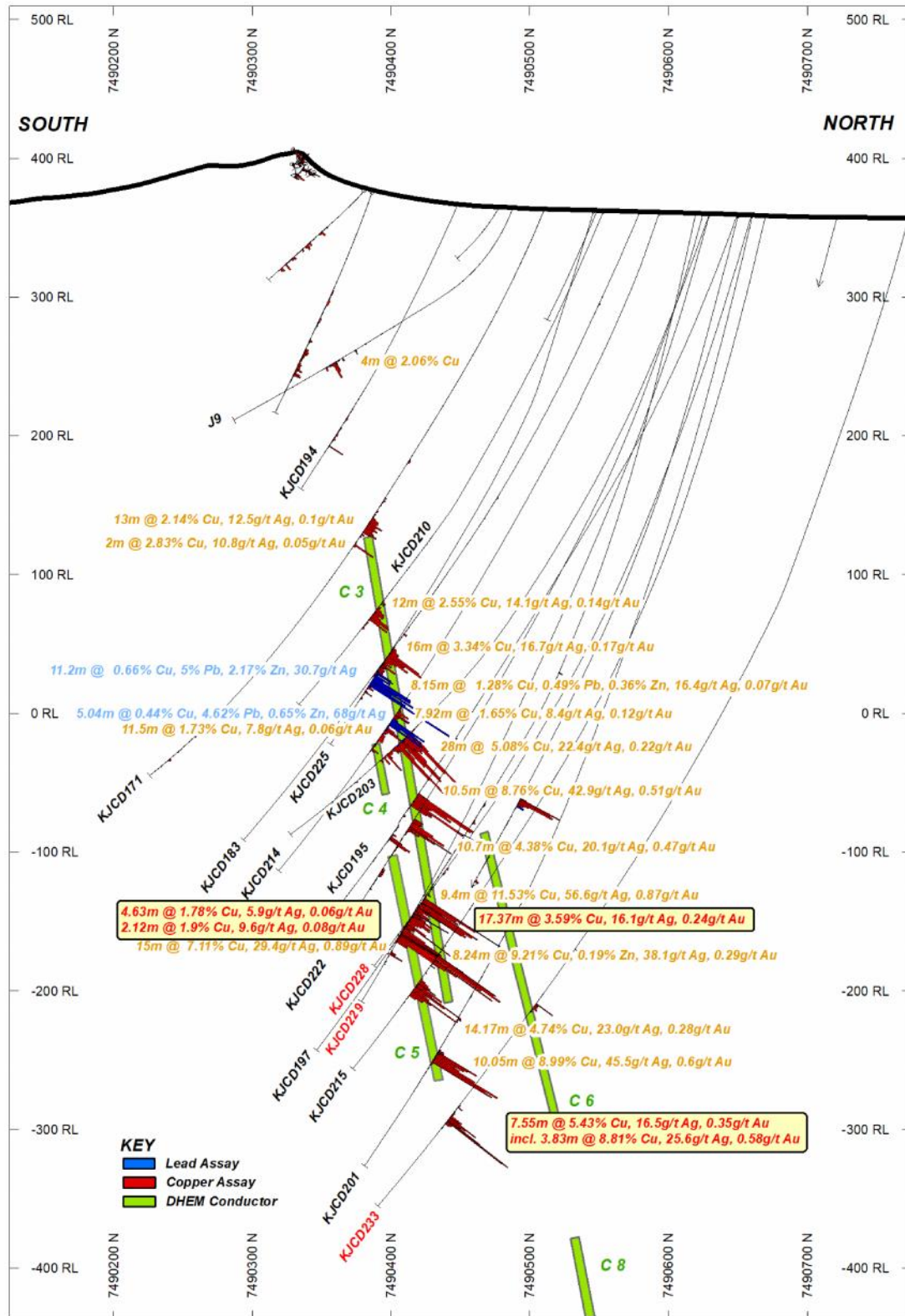


Figure 2 Rockface Cross section 628305E

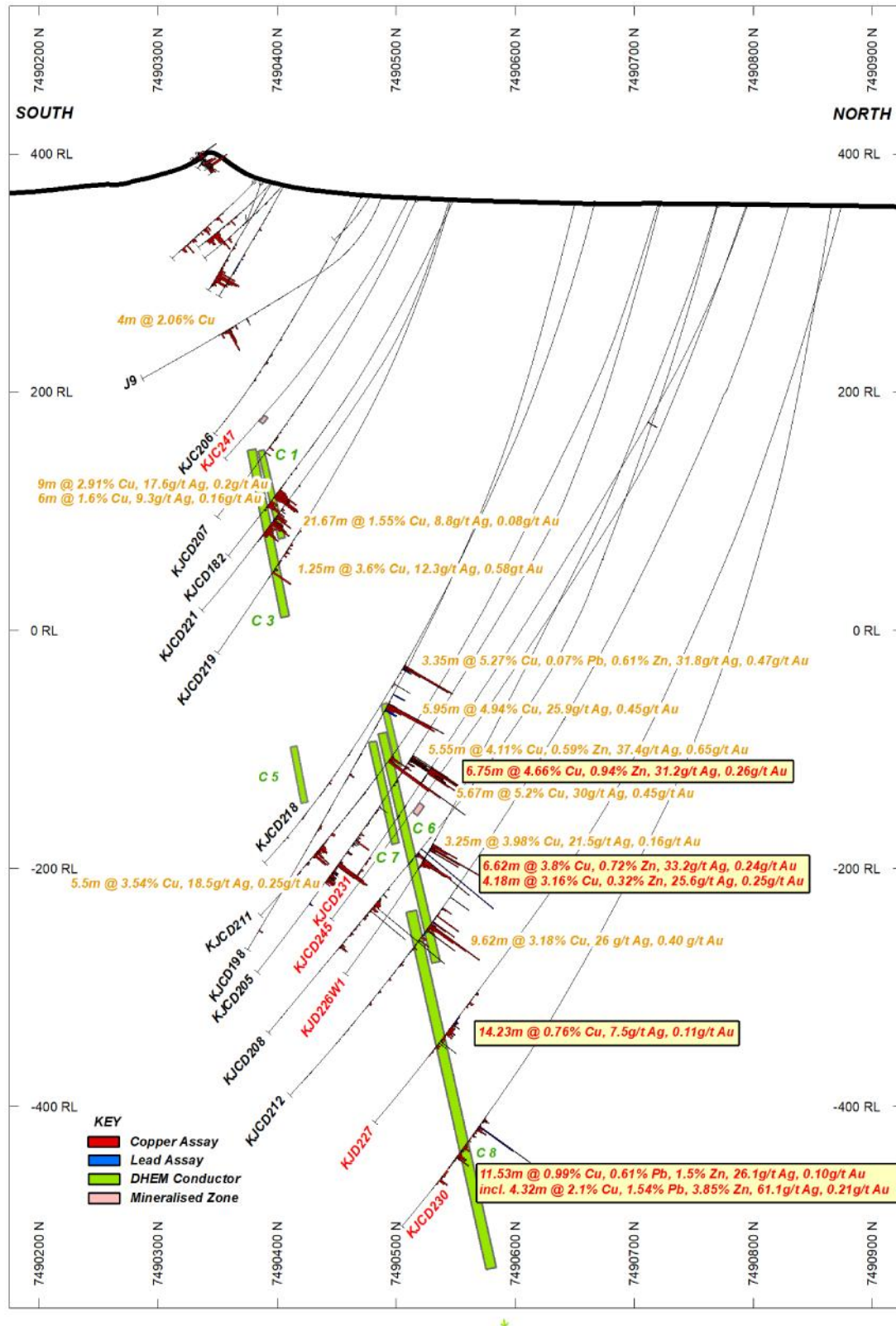


Figure 3 Rockface Cross section 628360E

Reward

Drilling continued at Reward and Reward North during the quarter to improve the geological understanding ahead of a revised Resource estimate.

At Reward North two relatively shallow holes intersected disseminated sulphide mineralisation. Results included:

Hole KJCD234 targeted a gap in the existing resource coincident with shallow extension of Conductor R1 with	14.46m @ 2.52% Cu, 25.2g/t Ag, 0.84g/t Au from 266.54m
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Hole KJC237 targeted a gap in the existing resource coincident with shallow extension of Conductor R1 with	5m @ 1.67% Cu, 42.1g/t Ag, 0.27g/t Au from 209m, and 5m @ 0.38% Cu from 289m
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In drilling at Reward Deeps,

Hole KJCD241W1 targeted DHEM conductors and intersected a zone of high grade mineralisation in the expected position of Conductor R6. Results included	9.12m @ 3.55% Cu, 30.1g/t Ag, 0.67g/t Au from 635.85 m including: <ul style="list-style-type: none"> 2.79m @ 7.49% Cu, 60.7g/t Ag, 1.23g/t Au from 640.29 m.
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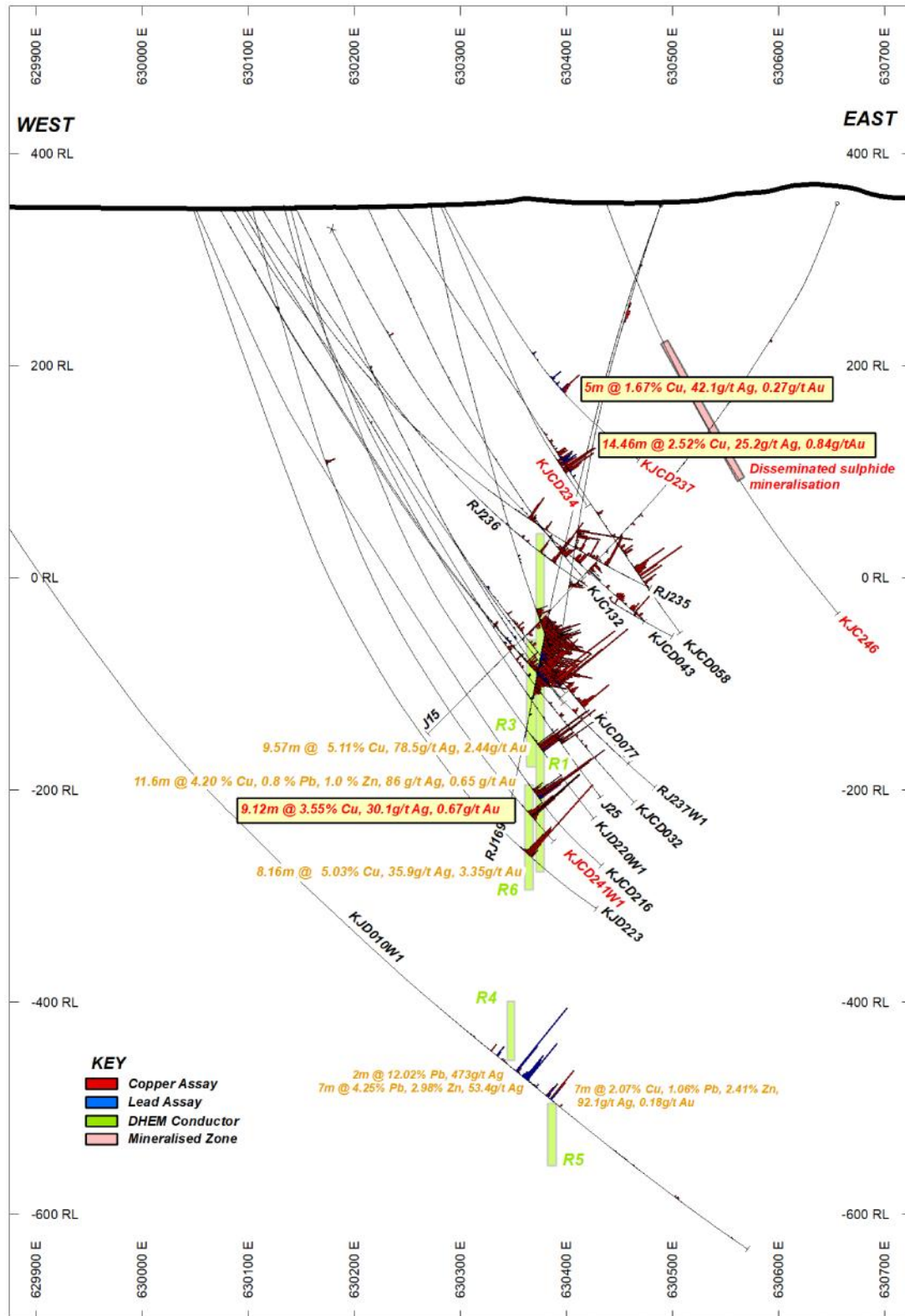


Figure 4 Reward Cross section 7495275N

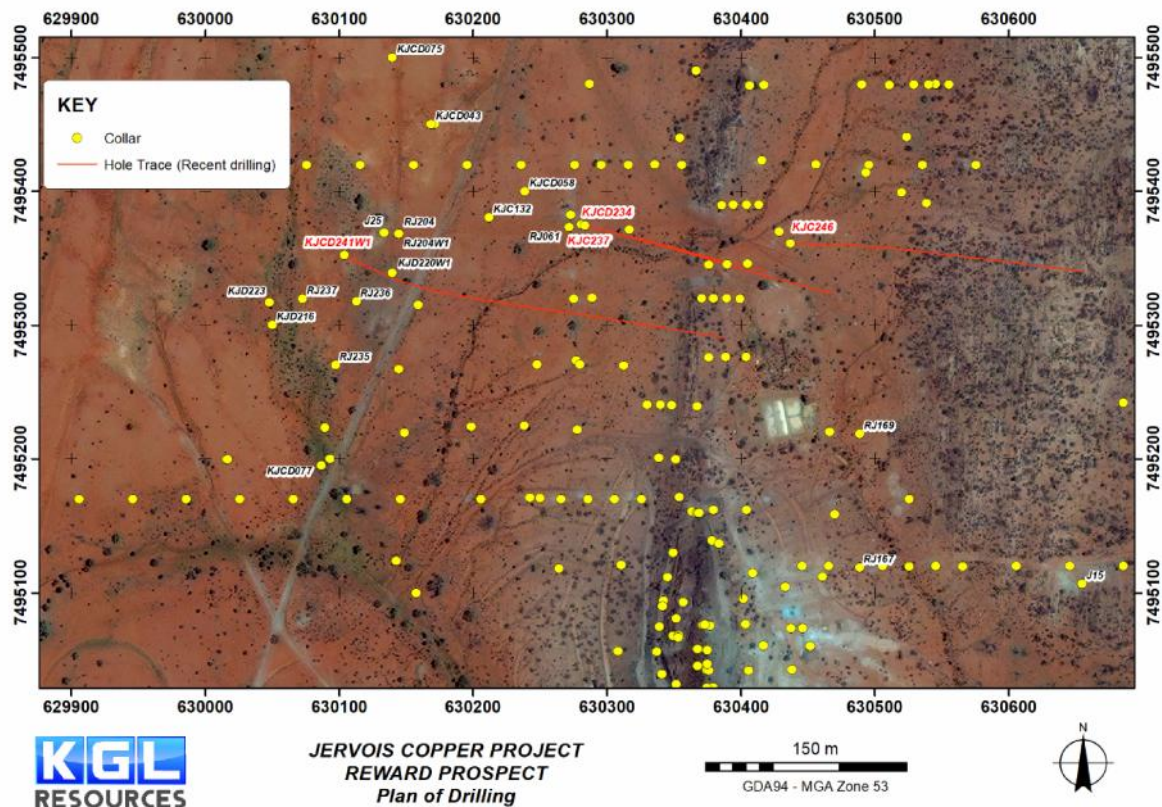


Figure 5 Plan view of drilling at Reward prospect

Down Hole Electromagnetics (DHEM)

DHEM surveys were conducted on 2 holes at Rockface **KJCD230**, **KJCD231**, one hole at Rockhole **KJCD235** and one hole at Rocky Road **KJCD236**.

Hole **KJCD230** was designed to target the down dip extension of Conductor 8. A strong, broad on-hole anomalous response was observed at downhole depth centred at 840m. A secondary on-hole anomalous response was observed at downhole depth centred at 830m. Both anomalous responses are interpreted to be generated by the broad mineralisation intersected 829m to 846.67m in hole **KJCD230**. The positioning of Conductor 8 was modelled from the response surveyed in **KJCD227**. However, hole **KJCD230** intersected the conductor ~10m earlier than the previously modelling predicted. The updated modelling suggests that the centre of both on-hole conductors are interpreted to be to the east of hole **KJCD230**.

This is in contrast to results from the survey of **KJD227** which suggests Conductor 8 is mostly to the west of hole **KJD227**. The end result is a significant increase in the size of Conductor 8 both to the east and the west when compared to earlier modelling.

Hole **KJCD231** was designed to intersect Conductor 6. The modelling of DHEM with existing Rockface DHEM plates, fits reasonably well with the observed data. This suggests that hole **KJCD231** has intersected the mineralisation as expected with no change to Conductor 6. A weak off-hole conductor was detected potentially beyond the end of this hole suggesting this hole should be extended to test the anomaly.

KJCD235 was designed to test the potential for a down dip extension to the Rockhole mineralisation. It was drilled to a depth of 526m and was collared approx. 400m west of the Rockface mineralisation. No significant mineralisation was intersected in hole **KJCD235**. Unfortunately, hole **KJCD235** could not be surveyed due to a blockage. The hole will be cleaned out and cased to allow the DHEM survey to proceed.

The final hole to be surveyed was hole **KJCD236** that was designed to test the Amigo target though was terminated prematurely due to excessive deviation. The hole does, however, pass close to the Rocky Road target and a narrow zone of copper mineralisation was intersected in this position. There is a weak in-hole anomaly observed in the DHEM survey of **KJCD236** centred on 128/129m coinciding with the sulphide intersection. There is no off-hole anomaly observed suggesting limited potential for a significant conductor within close proximity of the hole.

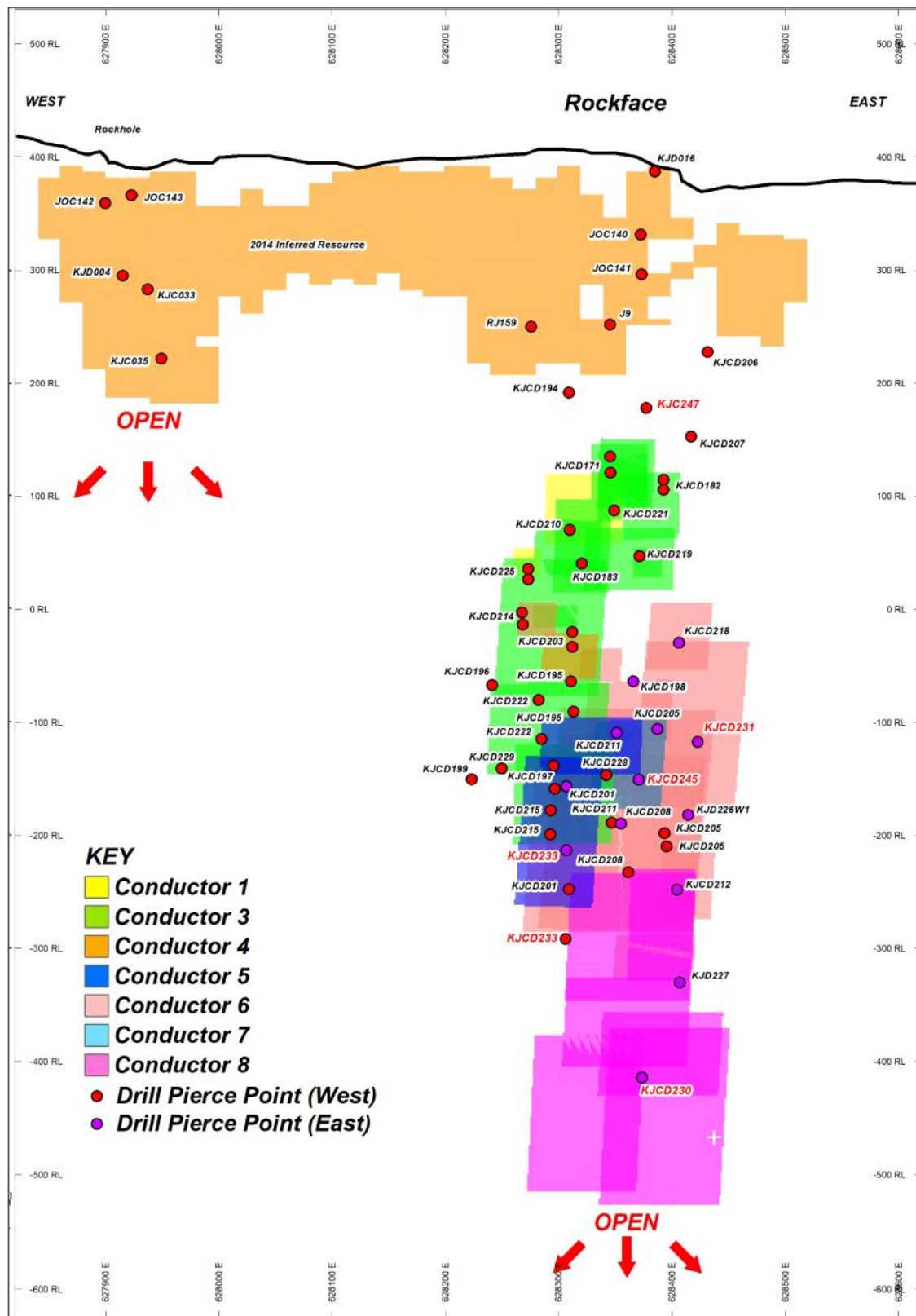


Figure 6 Rockface long section 7490390N

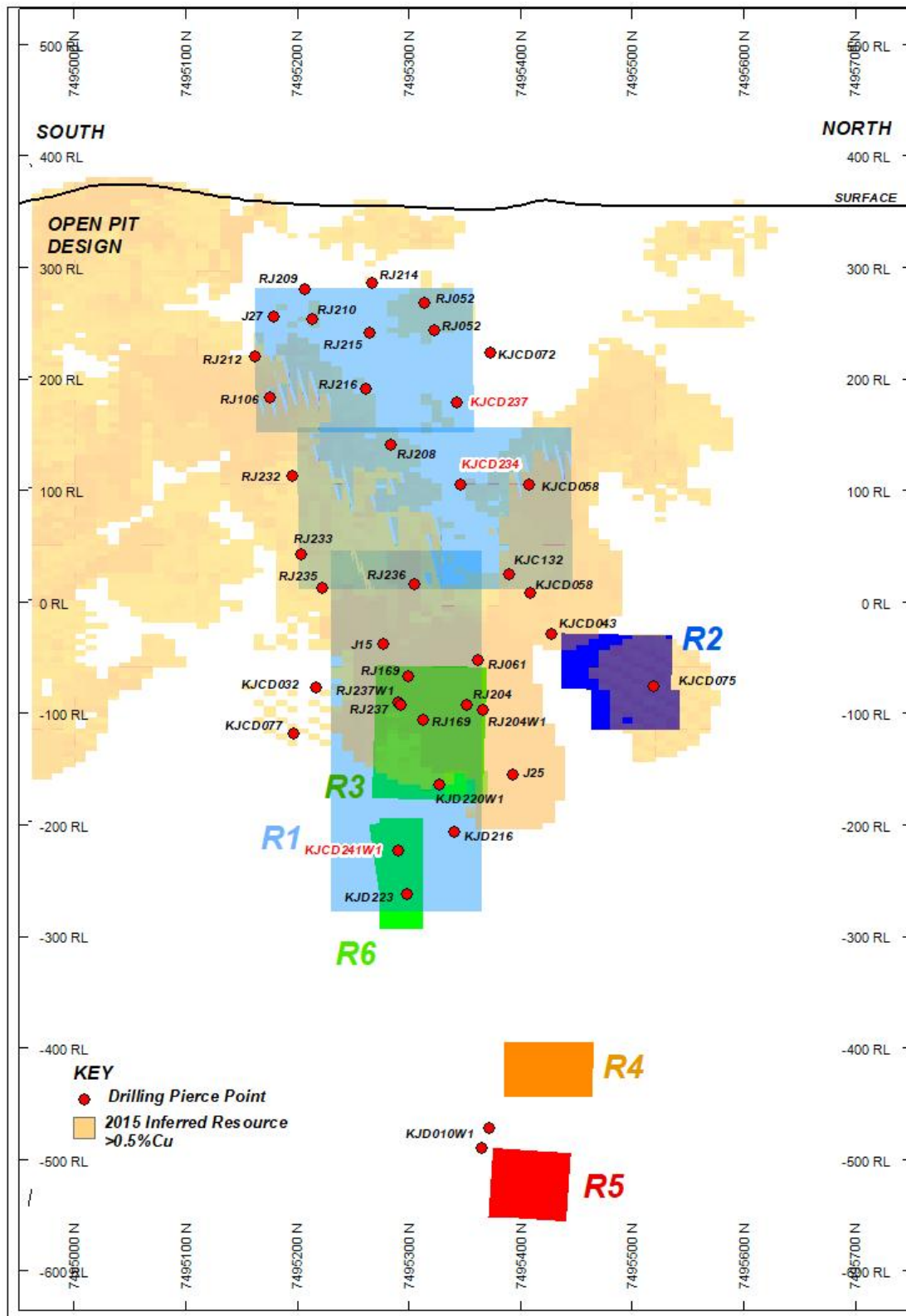


Figure 7 Reward Long section 630380E

Draft EIS and project development

Preparation of the draft Environmental Impact Statement (EIS) for the Jervois Project was well advanced during the quarter. With most field studies completed, the Company focused on stakeholder engagement on the social impact of the planned re-opening of the mine. Numerous meetings supportive of the project were held with local people at Jervois and locations along the Plenty Highway including the police from Harts Range, and at Alice Springs where representatives from the Northern Territory Government and the Office of the Prime Minister attended.

Mining, metallurgical, processing, infrastructure and commercial studies were progressed.

The Company engaged Balance Advisory Pty Ltd as consultants for rail and port logistics, and Sedgman Pty Ltd (Sedgman), a member of the CIMIC Group (ASX:CIM) for engineering design services.

APPA clearance for Unca Creek Exploration Project

The Company received clearance from the Aboriginal Areas Protection Authority to confirm that Aboriginal heritage matters would not be impacted by proposed exploration on the tenement surrounding Jervois.

While the Company now has approvals to explore the potential continuation of the mineralised structure from Jervois into Unca Creek, exploration on both Jervois and Unca Creek tenements outside the immediate resource drilling area is on hold as priority is given to progressing the current mine development activity.

Placement

During the quarter, the Company raised \$6.73 million through a placement of 12.5 million shares to a company related to international mineral resources identity Mr Ernie Thrasher and 4.32 million shares to KGL's existing major shareholder KMP Investments Pty Ltd (KMP). The shares were priced at 40 cents representing a premium of 5% on the closing price on 14 February 2018 and a 30% premium to the Company's previous placement and entitlement offer last October.

The funds raised are enabling the Company to complete the 2018 exploration program and the EIS at Jervois.

Outlook

The company will maintain an intensive drilling program at Jervois, with two drill rigs on site. Drilling results will be incorporated in a new Resources estimate being prepared. The draft EIS will be completed for approval and planning processes continued ahead of project commitment.

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.

Hole	Date originally Reported	JORC Reported Under
KJD010W1	15/01/2015	2012
KJCD171	22/10/2015	2012
KJCD183	26/04/2016	2012
KJCD195	02/08/2016	2012
KJCD197	19/09/2016	2012
KJCD201	09/02/2017	2012
KJCD203	09/02/2017	2012
KJCD210	29/06/2017	2012
KJCD211	29/06/2017	2012
J9	08/11/2013	2004
KJCD205	22/03/2017	2012
KJCD208	30/06/2017	2012
KJCD207	17/05/2017	2012
KJCD182	09/05/2016	2012
KJCD198	10/11/2016	2012
KJCD194	17/11/2014	2012
KJCD225	14/12/2017	2012
KJCD214	04/09/2017	2012
KJCD221	14/12/2017	2012
KJCD219	14/12/2017	2012
KJCD218	14/12/2017	2012
KJCD212	01/08/2017	2012
KJCD222	14/12/2017	2012
KJCD215	04/09/2017	2012
KJD220W1	12/12/17	2012
KJCD216	25/09/2017	2012
KJCD223	12/12/17	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

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
KJCD230	628331	7490865	358	-81	167.5	na	943.2	829.43	840.96	11.53	8.66	0.99	0.61	1.5	26.1	0.1
							including	829.43	831.5	2.07	1.56	0.78	0.05	0.1	9.2	0.09
							& including	836.64	840.96	4.32	3.25	2.1	1.54	3.85	61.1	0.21
								857.35	870	12.65	9.5	0.8	0.01	0.05	2.9	0.06
							including	866.09	869.69	3.6	2.7	1.53	0.01	0.02	4.2	0.1
								892.1	894.24	2.14	1.61	1.26	0.01	0.04	5.2	0.22
KJCD231	628407	7490794	359	-70	169.5	na	655.2	543.99	550.74	6.75	5.07	4.66	0.04	0.94	31.2	0.26
							including	543.99	546.43	2.44	1.83	7.43	0.07	1.29	45	0.43
							& including	549.3	550.74	1.44	1.08	4.94	0.01	1.68	21.5	0.21
KJCD233	628281	7490772	357	-74	161.6	na	825	631.09	635.8	4.71	3.69	1.28	0.01	0.02	9.3	0.15
							including	631.09	631.63	0.54	0.42	4.69	0.02	0.03	34.5	0.29
								732.72	740.27	7.55	6.04	5.43	0.02	0.03	16.5	0.35
							including	734.14	737.97	3.83	3.06	8.81	0.02	0.04	25.6	0.58
KJCD234	630281	7495375	359	-67	102.6	na	318.7	266.54	281	14.46	9.64	2.52	0.07	0.17	25.2	0.84
							including	266.54	274	7.46	4.97	1.77	0.38	1.57	24.6	0.82
							& including	275.13	281	5.87	3.91	3.95	0.11	0.15	41.6	1.02
KJCD236	628612	7490548	366	-73	125.1	na	136.2	126	131	5	3.33	0.83	0.23	0.02	3.7	0.12
							including	127	129	2	1.33	1.43	0.24	0.03	6.3	0.19
KJC237	630253	7495364	358	-61	103	na	310.3	209	214	5	3.94	1.67	0.27	0.28	42.1	0.27
								289	294	5	3.94	0.28	0.21	0.07	3.4	0
KJCD241W1	630103	7495352	348	-74	120	na	672.5	250.18	252.11	1.93	0.7	1.14	0	0.05	20.2	0.06
								635.85	644.97	9.12	6.2	3.55	0.07	0.04	30.1	0.67
							Including	640.29	643.08	2.79	1.9	7.49	0.12	0.07	60.7	1.23

¹Base of Oxidisation down hole depth²Estimated True Width

1 1 JORC CODE, 2012 EDITION – TABLE 1

1.1 Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 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	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> RC samples were not weighed on a regular basis but no sample recovery issues were encountered during the drilling program. Overweight samples (>3kg) were re-split with portable riffle splitter
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All RC and diamond core samples are geologically logged. Core samples are also orientated and logged for geotechnical information.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> 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. 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.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The QAQC data includes standards, 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 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.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Data is validated on entry into the Datashed database. Further validation is conducted when data is imported into Vulcan
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Surface collar surveys were picked up using a Trimble DGPS. Downhole surveys were taken during drilling with a Ranger or Reflex survey tool every 30m with checks conducted with a Gyrosmart gyro and Azimuth Aligner. All drilling is conducted on the MGA 94 Zone 53 grid. All downhole magnetic surveys were converted to MGA 94 grid.
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 drilling was used for Indicated resources. Shallow oxide RC drilling was conducted on 80m spaced traverses with holes 10m apart
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Holes were drilled perpendicular to the strike of the mineralization a default angle of -60 degrees but holes vary from -45 to -80.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous exploration has primarily been conducted by Reward Minerals, MIM and Plenty River.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> 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

Criteria	JORC Code explanation	Commentary
		in the geological history of the area.
<i>Drill hole Information</i>	<p>) 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:</p> <ul style="list-style-type: none"> 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. <p>) 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.</p>) Refer Table 1
<i>Data aggregation methods</i>	<p>) 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.</p> <p>) 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.</p> <p>) The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>) Minimum grade truncation 0.5%Cu
<i>Relationship between mineralisation widths and intercept lengths</i>	<p>) These relationships are particularly important in the reporting of Exploration Results.</p> <p>) If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>) 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').</p>) Refer Table 1
<i>Diagrams</i>	<p>) 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.</p>) Refer Figures 1, 2, 3, 4, 5, 6 & 7
<i>Balanced reporting</i>	<p>) 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.</p>) Refer Table 1
<i>Other substantive exploration data</i>	<p>) 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.</p>	<p>) Outcrop mapping of exploration targets using Real time DGPS.</p> <p>) Refer Figure 6 & 7, Photograph 1</p>
<i>Further work</i>	<p>) The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>) Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>) Refer Figures 6 & 7

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

52 082 658 080

Quarter ended ("current quarter")

31 Mar 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities	-	-
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(2,122)	(2,122)
(b) development	-	-
(c) production	-	-
(d) staff costs	(184)	(184)
(e) administration and corporate costs	(119)	(119)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Restructuring costs	-	-
1.9 Net cash from / (used in) operating activities	(2,392)	(2,392)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(36)	(36)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(36)	(36)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	6,730	6,730
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	(22)	(22)
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	6,708	6,708

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,349	12,349
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,392)	(2,392)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(36)	(36)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,708	6,708
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	16,629	16,629

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	115	242
5.2 Call deposits	16,514	12,107
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)	16,629	12,349

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
43
-

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

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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.		


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9. Estimated cash outflows / (inflows for next quarter)	\$A'000
9.0 Equity Raising	-
9.1 Exploration and evaluation	2,066
9.2 Development (Jervois Project)	2,156
9.3 Production	-
9.4 Staff costs	124
9.5 Administration and corporate costs	183
9.6 Fixed Assets	41
9.7 Total estimated cash outflows / (inflows)	4,570

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:13/04/2018.....
(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.