KGL RESOURCES
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22 May 2018

Annual General Meeting Address

The attached address will be given by the Chairman at the company’s Annual General Meeting this morning.

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Company Secretary
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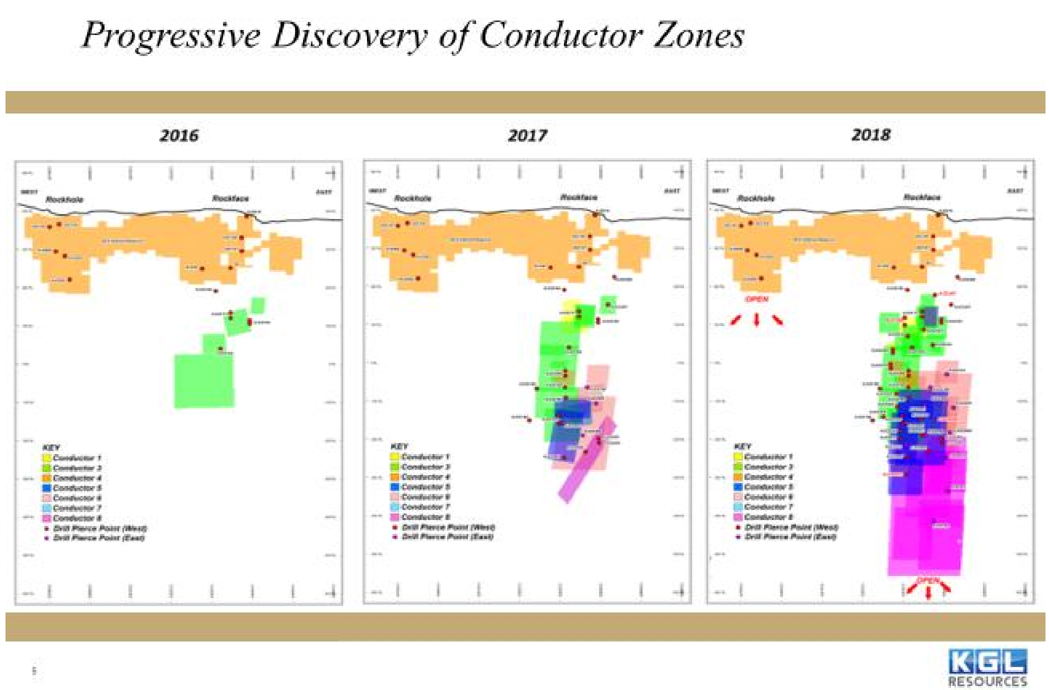
Chairman’s Address to the AGM of KGL Resources Limited, 22 May 2018

I appreciate your time while I outline the achievements for the past 12 months and our goals for the coming year.

We have spent much of the last two years aiming to improve the mineral resource at Jervois, particularly to increase the grade of copper. Before committing to mine development, we want to be confident that Jervois will be a low-cost producer.

Our modern, cost efficient exploration methods have resulted in a second successful year of progress. Down hole electromagnetic (DHEM) surveying has given us the targets for drilling that has produced multiple high-grade intersections at Rockface, both at increased depth and laterally. The zones of mineralisation at Rockface have been expanded and infill drilling has improved continuity.

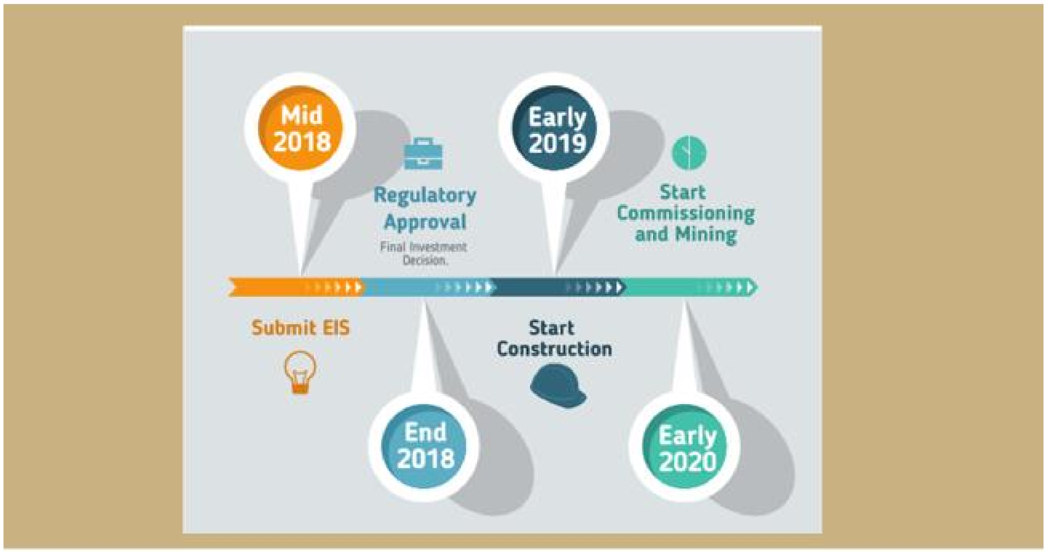
Slide 1



This slide shows the progressive discovery of conductor zones and the drill targets that the DHEM surveying has provided at Rockface. At Reward, five kilometres along strike to the north-east, we have used the same technologies which continue to improve our knowledge of the Reward deposit. The board is now confident that this exploration technique will be beneficial in locating further high-grade underground mineralisation on both the Jervois and Unka Creek leases.

Slide 2

Proposed Timeline



As you can see, we are working towards project construction next year and production start-up in 2020. We are well on course with the progress that has been made.

The Northern Territory Government awarded Jervois major project status last year, and this facilitated the negotiation of government approval processes. The only major approval that is outstanding is the Environmental Impact Statement (EIS) the draft of which is in the final stages of preparation. As part of the stakeholder engagement on the social impact of the mine, as required by the EIS process, I spent time earlier this year meeting people from Jervois to Alice Springs and Darwin, and was encouraged by their support for the project.

An Indigenous Land Use Agreement (ILUA) was concluded with the traditional owners and the Central Land Council last year, and is registered with the National Native Title Tribunal.

Following that, the NT Government granted KGL an additional mining lease so that we now have leases covering the total area needed to proceed with all planned mining and mineral processing activities.

We obtained the Aboriginal Areas Protection Authority certificate confirming that no Aboriginal heritage matters would impact on the Jervois Project, and that was followed by a similar certificate in relation to the proposed drilling at the adjoining Unka Creek exploration project.

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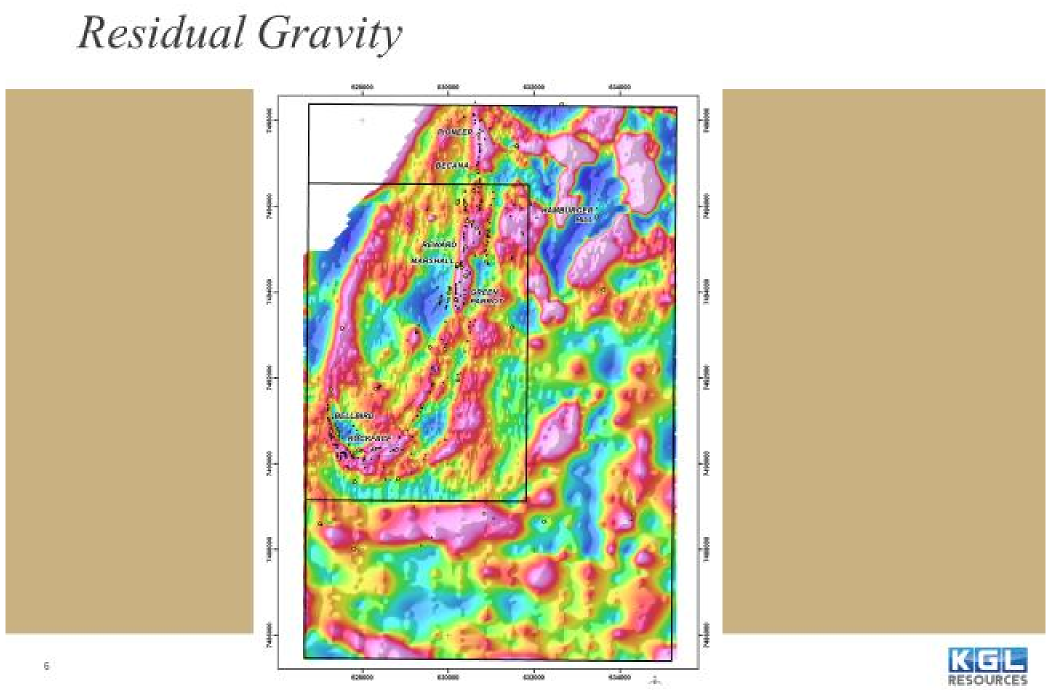
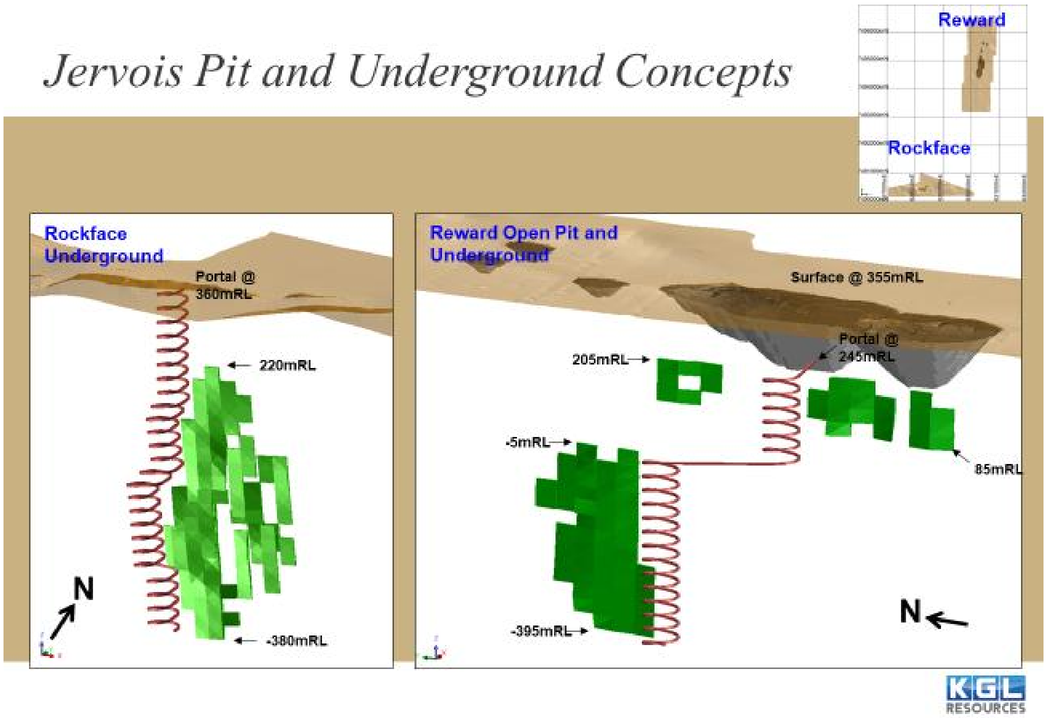


I reported the acquisition of the Unka Creek tenement to last year's meeting. A gravity survey and data reviews have strengthened our view of the potential for economic mineralisation. Large gravity highs from Pioneer in the Unka Creek tenement north of Reward through to Rockface and Bellbird suggest a deep seated zone of higher density that may be associated with the alteration and mineralisation observed in these areas at higher levels.

Slide 4



In parallel to the exploration, work on all aspects of project development was progressed over the last year, including preliminary mine planning, metallurgical testing, processing, infrastructure and commercial studies.

This indicative 3D mine plan points to the extent of the design work that has been undertaken. The board's current plan is to commence mining with the Reward open cut concurrent with the Rockface underground. Once the Reward open cut has reached closure, the open cut operation will move to the Bellbird deposit. The Rockface underground will be followed by the underground at Reward and then Bellbird. This plan gives a blend of the higher-grade underground ore with the lower grade open cut ore.

Slide 5

Jervois Plant Design

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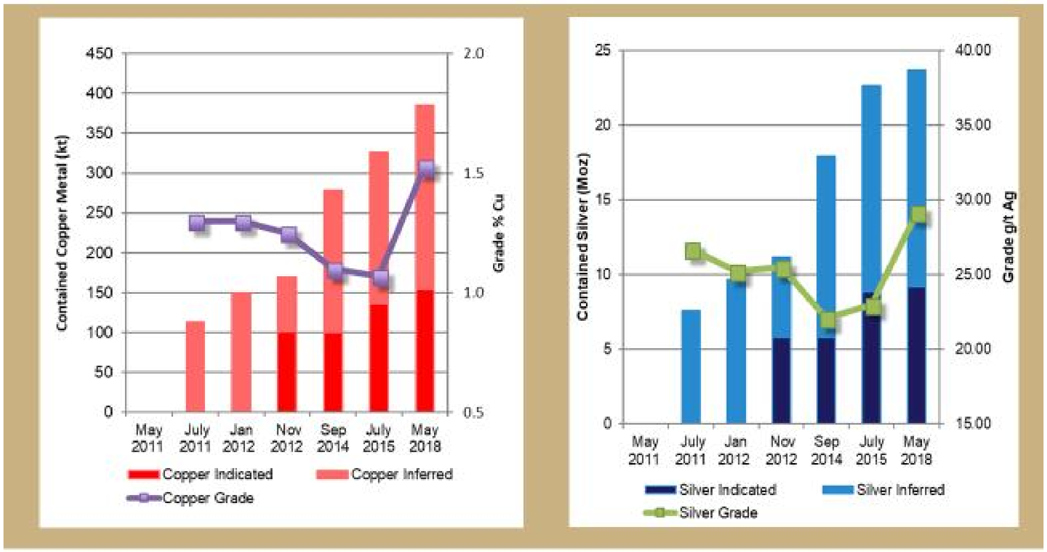
The materials handling, site infrastructure and process plant design is well underway and the success of our exploration program is producing clear cost benefits in these areas. The higher-grade feed to the plant should result in lower capital and operating costs. The 2.2Mtpa plant from the pre-feasibility study has now been reduced in the current planning to 1.6Mtpa. This will allow a small capital saving but a significant power and water cost reduction per tonne of copper. The board also expects, using the current understood resource grade, that there will also be an increase in annual concentrate production resulting in reduction in labour costs per tonne of copper from that predicted in the 2015 Pre-feasibility Study.

Slide 6

Jervois Resources



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I began by referring to the priority we have given to improving the resource at Jervois, particularly the grade of copper. Last week, the Company announced the new Mineral Resource Estimate for Jervois. The new copper Resource totals 25.2 million tonnes containing 384,800 tonnes of copper with 23.6 million ounces of silver, at average grades of 1.53% copper and 29.2 grams per tonne silver.

The contained copper has increased by 18% over the 2015 estimate. Significantly, the average grade is 43% higher.

There are two key factors in the increased average grade – the discoveries at Rockface and the doubling of the cut-off grade throughout Jervois from 0.5% to 1% for the deeper resource mineable from underground. This harsher cut-off discipline has had the inevitable effect of reducing the Resource tonnes in the deposits included in the previous 2015 estimate. However, that reduction has been more than offset in contained copper tonnes by the newly included resource at Rockface where intensive exploration continues to reveal substantial high-grade mineralisation.

Our drilling program going forward for this current 12 months is focussed on infill JORC drilling. To go forward KGL must improve the quality of the resource to at least indicated to allow the reporting of the all important Reserve. The company has completely ceased pure exploration drilling and is entirely focussed on the necessary drilling to allow project development.

This is not to say that the board and management do not have confidence in the ongoing potential of finding further copper mineralised zones. But in the best interests of the shareholders it is felt that the cost of continued exploration would be better funded from planned operations rather than calling on further shareholder contributions.

Capital raisings last year and early this year included a share purchase plan and entitlement offer. I would like to thank shareholders for their strong support, including our major shareholder KMP Investments Pte Ltd (KMP) who also participated in all three placements. Among new investors in KGL in the two most recent placements were the RCF Opportunities Fund LP and an entity related to international mineral resources identity Mr Ernie Thrasher.

We now have the funds to complete the intensive 2018 drilling program that is under way at Jervois.

Jervois is proposed to come into production at an auspicious time. Demand for copper is increasing, there are questions over the supply sources, and higher prices for copper are being forecast.

In the short term, as we prepare to commence mining at Jervois over the next two years, the supply-demand balance for copper is expected to move from surplus into deficit.

CRU Group, as reported by Investor Intel, forecasts a deficit next year, deepening through to 2022.

BMO Capital Markets sees copper slipping into deficit as early as this year, with the shortfall extending to 900,000 tonnes in 2021 and 2022.

Thomson Reuters GFMS believes the deficit market will arrive with the new decade – by 2020.

Macquarie Bank forecasts a substantial and widening deficit over the next three to five years.

These market fundamentals are expected to put the price of copper on an upward trajectory. Metal prices can show extraordinary short term volatility, as the highs and lows for copper over the last six months demonstrate. However, looking at annual average prices for copper, GFMS forecasts that, following the 27% increase from 2016 to 2017, there should be an 8% increase this year and further rises to US$7500 per tonne in 2020.

Demand for copper is expected to grow substantially – by 25% over the next decade, according to CRU Group.

Several factors are driving this demand growth. The major emerging economies of China and India are experiencing rapid growth in electricity distribution and household consumption. There is massive scope for China's lower tier cities and the vast Chinese countryside to catch up with the urban lifestyles of the front line mega-cities. As for India, its urban masses are decades behind their Chinese counterparts. Other developing economies will contribute to the demand growth.

China is leading the way in electric vehicles. It accounted for an amazing half of all global electric car sales last year. Auto companies expect that a third to a half of all cars sold in China within the next seven years will be electric.
The rise of the electric vehicle will undoubtedly have a significant impact on copper demand. An electric vehicle requires up to four times more copper than a petrol driven vehicle - from 20 to 80 kilograms.

Demand for copper for electric vehicles will increase tenfold to 1.74 million tonnes in the decade to 2027, according to the International Copper Association. While that will still represent a small percentage of total copper consumption which is now about 24 million tonnes a year, it's in the following decade that copper demand for electric vehicles is expected to take off.

Recently, Glencore reported on a CRU study that found that if electric vehicles grew to 30% of the car market by 2030, the world would need an additional 4.1 million tonnes of copper or 18% of last year's supply.

If you doubt such an advance in the electric vehicle market, consider BHP's forecasts: that electric vehicles could account for up to 70% of car sales by 2035 when they would have grown the copper market by half, and by 2050 electric vehicles could account for 100% of car sales.

Like the change to electric vehicles, changes in electricity generation are increasing the intensity of copper usage. Wind and solar installations require multiple times the amount of copper used to generate the same amounts of electricity in coal and gas-fired power plants – five times in wind plants and two and a half times in solar plants, according to one estimate.

Supplying this growing demand for copper will certainly be a challenge.

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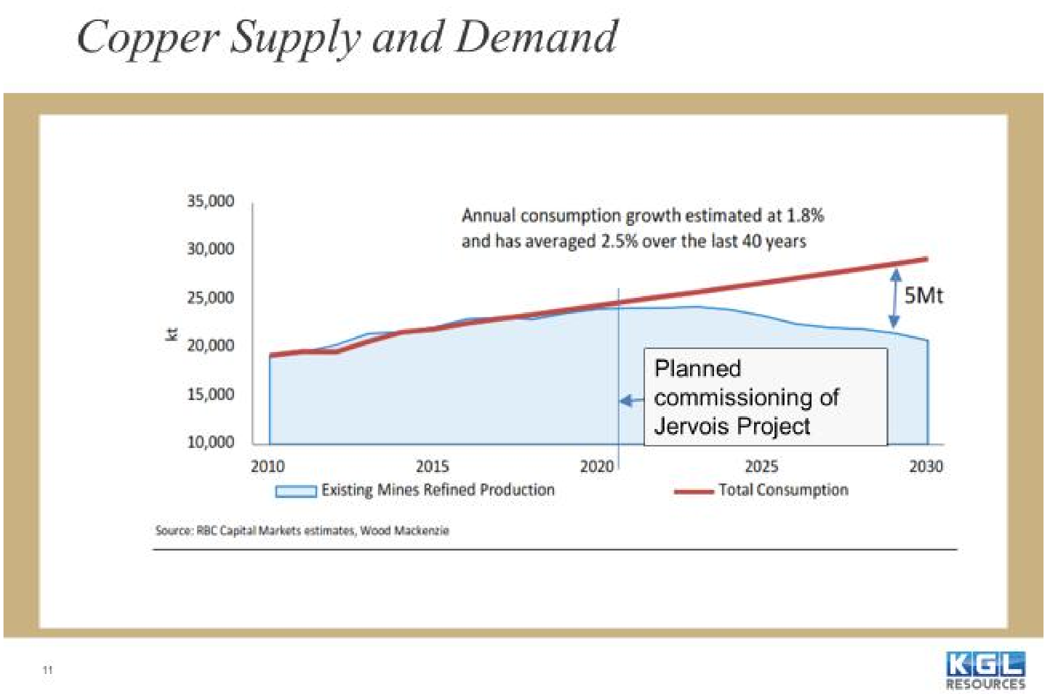

Two weeks ago (7 May), RBC Capital Markets analysts forecast a need by 2028 for 5 million tonnes of new copper mine supply, that is, 25% of current annual production. They believe an incentive price of US$3.50 per pound, that is US$7700 per tonne, would be required to develop adequate supply over the next 10 years. (The copper price on 21 May 2018 was US$3.08/lb or US$6783/t)

The main obstacles to copper supply growth, as identified by BMO Capital Markets, are the struggle to maintain production by existing major mines and the lack of new copper projects.

CRU expects production from existing mines to fall by 40% by 2025 at the current rate of depletion. BHP confirmed the trend recently when it reported that it would need to process 40% more ore at Escondida, the world's biggest copper mine, to maintain copper output as the grade there falls from 1% towards 0.7% over the next 10 years.

Copper production today is based on large deposits discovered decades ago. Large scale copper discoveries have become scarce in the current millennium. BMO reports that the current copper pipeline is the lowest seen this century, in terms of both the number and the capacity of projects. The only region of the world where discoveries in the first decade of this century exceeded discoveries in the previous decade is sub-Saharan Africa, and that is a region where the above ground risks for exploration and development are relatively high.

Clearly, the global market outlook is positive for KGL. We have at Jervois a copper resource on which to create a mining project. Jervois is located in a country that is politically and economically stable. We are advancing Jervois into development and production

- at a time of increased demand driven by technological change
- and constrained supply
- leading to a substantial deficit in the copper market

We are confident that our strategy of the last two years to improve the quality of the Jervois resource supports the potential that Jervois can be developed as a profitable operation. The timing of the project in the global copper market can be expected to enhance the profitability of Jervois from its early stages. This means that Jervois should be generating financial resources to continue to grow the Company, with greatly reduced need to call on shareholders. Jervois and the surrounding Unka Creek tenement have the potential to create that growth through targeted exploration once the Jervois mine is fully operational.

As I said previously, I want to reiterate there are two important elements of the KGL strategy.

Our current strong focus is to bring Jervois into production, based on the higher grade Resource that we have identified. To that end, we will continue this year with drilling targeted at upgrading that Resource and converting much of it into a Reserve. We intend to make the robust Jervois project even more robust, and to coincide the start-up with the forecast increase in copper price as the market strengthens.

Once the current Jervois project is up and running, attention will be concentrated on exploration within the tenements at Jervois and the surrounding Unka Creek, where there is high potential to extend the life of the Jervois project and increase production. We look forward to funding this future exploration from the profits of the Jervois operation.

In conclusion, I would like to thank sincerely my fellow directors and the Company's small group of hard working staff for their continuing efforts on your behalf.

Ladies and Gentlemen in this positive environment of increasing world copper demand,we are focused on bringing Jervois into production as a low cost, profitable copper and multi-metal mine. With the potential for growth over an extended mine life. We look forward to continuing to add value for the shareholders of KGL.
I now close the meeting.