

24 October 2018

Quarterly Activities Report Period Ended 30 September 2018

Jervois Copper Project progressed towards development

-) Capital raising ensured funding for resource drilling and project planning ahead of commencement of development phase**
-) Intensive infill drilling program to upgrade resources close to completion – latest results confirm high grades and indicate more potential**
-) Mining, engineering and other studies advanced**
-) Draft Environmental Impact Study completed and lodged**

Overview

During the quarter, KGL Resources Limited (ASX:KGL) (KGL or the Company) advanced the Jervois Copper Project in the Northern Territory towards development.

Comprehensive work programs progressed in line with the strategy formulated more than two years ago.

Infill drilling to upgrade mineral resources neared completion, with the latest results confirming high grades and indicating further potential at the Rockface and Reward prospects. Mining and engineering studies and other activities were well advanced ahead of project development.

A successful capital raising has ensured that the infill drilling programs and project studies will be fully funded, and also allows for further exploration of high potential opportunities at Jervois.

Jervois Copper Project, Northern Territory (KGL 100%)

KGL continued with the strategy of increasing the quality and size of the already high-grade Resource at Jervois before the development of the project is commenced.

In the previous (June) quarter, the Company announced an increased copper and silver Resource with significantly higher grades than the 2015 estimate.

In the last (September) quarter, the focus was on further upgrading the resources where the initial mining is proposed.

An infill drilling program at the Rockface prospect neared completion, and an updated Resource is expected to be announced shortly.

Infill drilling of the proposed open pit mining areas at the Reward and Bellbird prospects also approached completion.

Progressive results of the infill drilling are reported below.

The draft Environmental Impact Statement, the last of the major licences required at Jervois, was completed and lodged with the Northern Territory Environmental Protection Authority.

Capital raising

During the quarter, KGL was successful in raising approximately \$6.45 million comprising \$5.7 million from a placement and approximately \$750,000 from a Share Placement Plan (SPP).

The placement to a small group of sophisticated and institutional investors including two existing major shareholders was made at 38 cents per share, a 12.8% premium to the last market price before the close. Shares under the SPP were issued to participating shareholders at 33 cents per share.

Draft Environmental Impact Statement completed and lodged

In a significant step forward for the Jervois Project, the draft Environmental Impact Statement was completed and lodged with the Northern Territory Environmental Protection Authority on 19 October.

A government and public review period will close on 14 December. The Company will then prepare and lodge a supplementary report early in 2019 with a view to final regulatory approval, the last major approval required for the Project.

Strategy – improving the quality and size of the Jervois Resource

Maintaining the focus on enhancing the resource at Jervois, the Company achieved positive results with the infill drill programs.

Infill drilling at the Rockface prospect and the shallower portion of the Reward prospect is nearing completion. The infill drilling at Reward North, the deeper and higher-grade portion of Reward, will commence in the current quarter. The geological team has also identified high potential targets immediately north of the current resource at Reward. These targets will first be tested with additional down hole electromagnetic (DHEM) surveys.

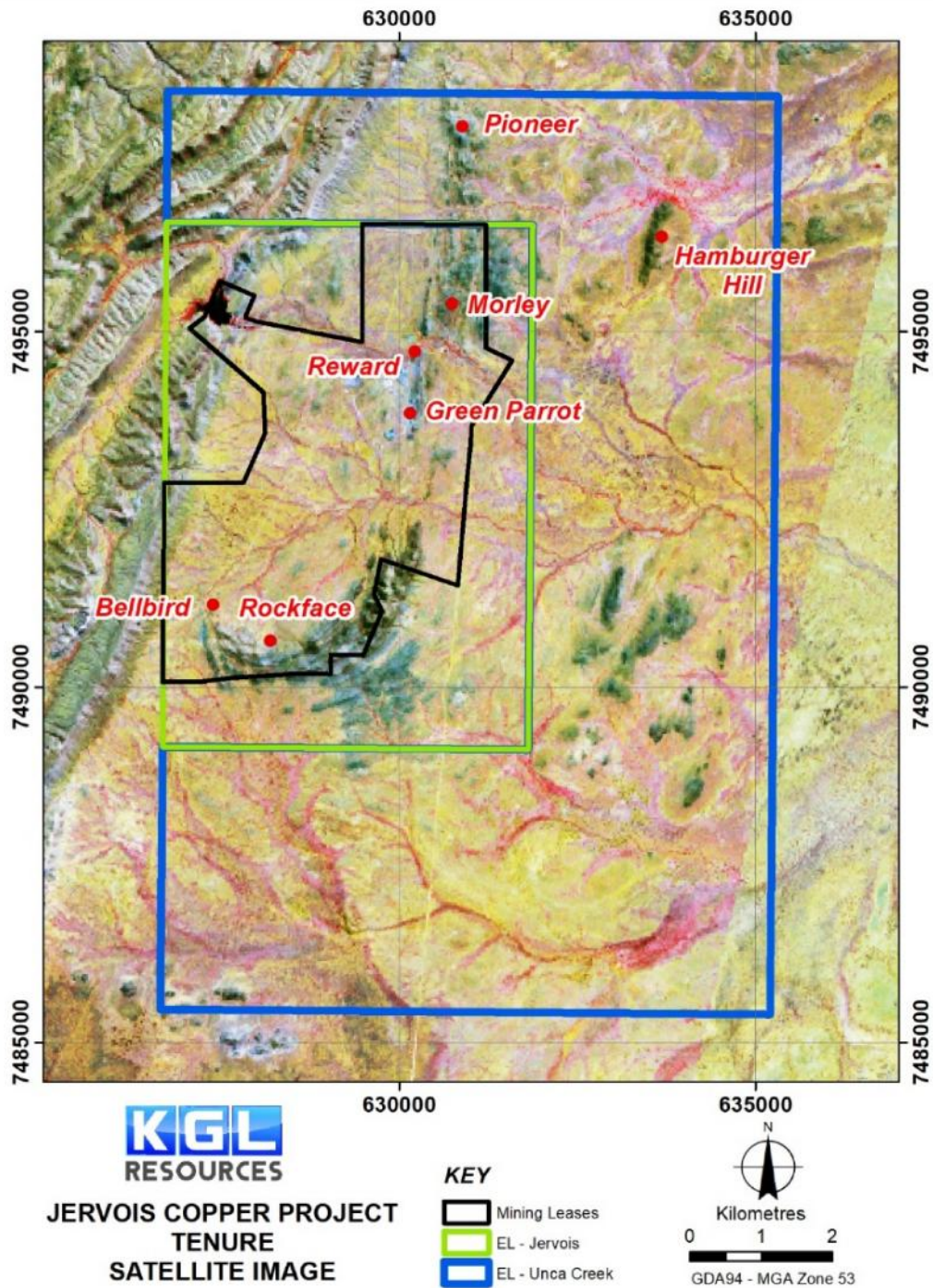


Figure 1: Satellite image showing the relative locations of the Rockface, Reward, Bellbird and other prospects at Jervois within the mining leases and exploration leases held by KGL Resources.

Drilling Report

Infill drilling during the quarter was successful in confirming high grade mineralisation at Rockface, indicating the potential of some areas within and beyond known mineralisation and probing the outer limits of the Rockface lodes. At Reward, mineralisation was intersected below the outline of the proposed open pit, in a drilling program to extend the known Resource. In total, assays were received for 24 holes at Rockface, 3 from Reward and 1 from Bellbird.

Rockface

The current infill drilling program at Rockface has been completed. In addition to the assays received, assays from the last 2 holes are pending.

The drilling targeted the two separate lodes, the Main Lode and the smaller North Lode, where the current combined Mineral Resource is 3.2Mt @ 2.90% Cu.

The small number of holes drilled near the centre of the lodes reported confirmatory high grades. Other results increased confidence in the presence of high grade mineralisation in areas of previously lower grade (KJCD289), and indicated high grade mineralisation at depths well below current Indicated Resources (KJCD233D2).

Those assayed holes drilled furthest from the centre of the lodes – the majority – to test the extent of mineralised zones reported the lower grades. In the June quarter three deflections were drilled from the mother hole KJCD245, for which assays have now been received.

Drilling efficiency has been improved by further deflections. Excellent results were achieved during the September quarter with nine deflections, KJCD233D1 to D6, KJCD272D1, KJCD272D2 and KJCD273D1, successfully achieving the desired positions. (see Figures 2, 3 and 4)

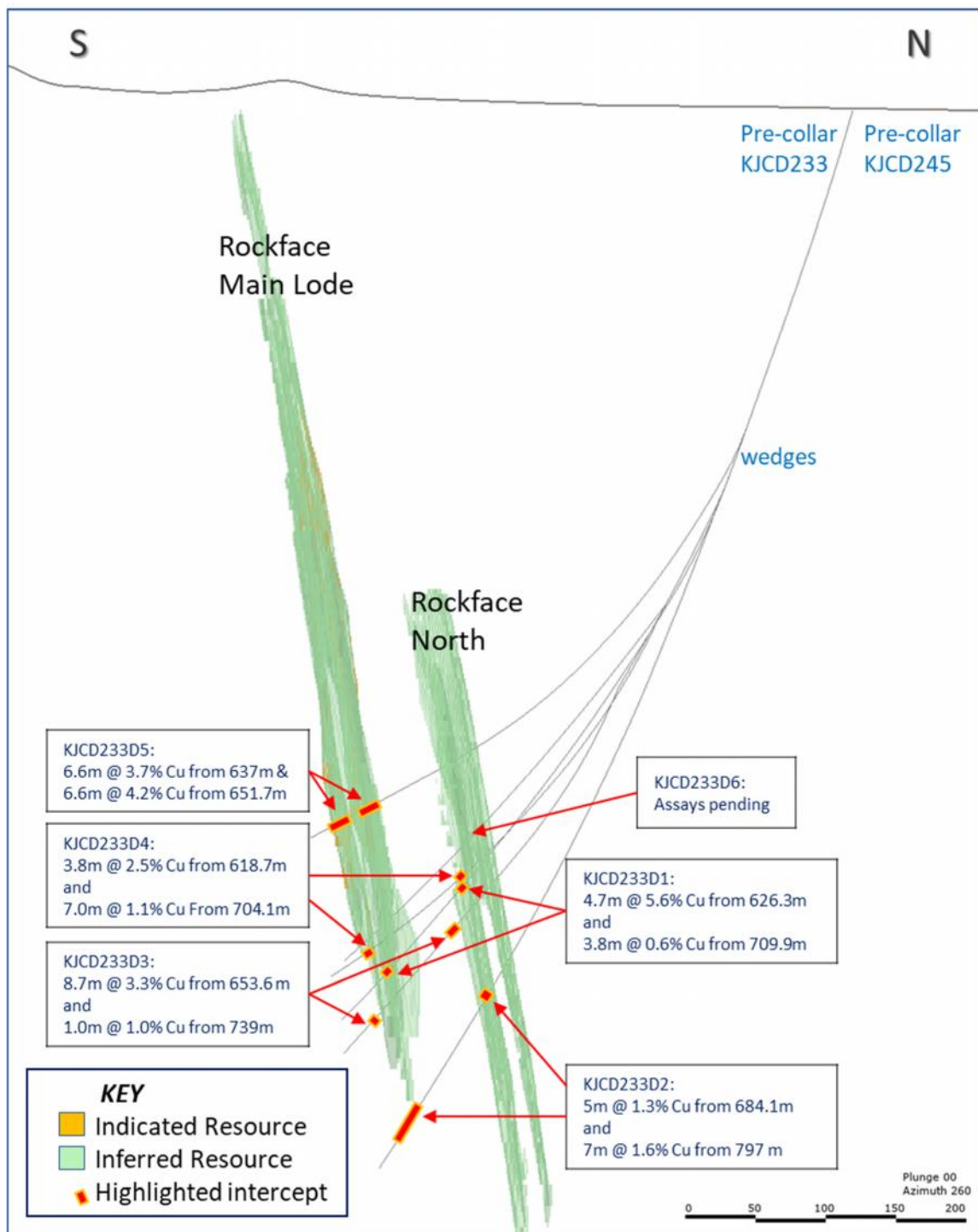


Figure 2: Cross Section of the Main Lode (left) and North Lode (right) showing the deflection holes off mother hole KJCD233: KJCD233D1, KJCD233D2, KJCD233D3, KJCD233D4, KJCD233D5 and KJCD233D6.

Rockface – Main Lode

Holes KJCD233D1, KJCD233D2, KJCD233D3, KJCD233D4, KJCD233D5, KJCD245D1, KJCD245D2, KJCD264, KJCD266, KJCD267, KJCD269, KJCD271, KJCD272D1, KJCD272D2, KJCD273, KJCD276, KJCD277, KJCD278, KJCD279, KJCD280, KJCD289, KJCD290W1 and KJCD291 targeted the Main Lode at various depths and strike distances in areas where the Resource is currently classified as Inferred. The overall results of these holes are in line with surrounding drill holes, the grades in the holes from the outer parts of the Main Lode being lower than the average Main Lode Resource grade, while holes closer to the centre of the Main Lode but still outside the current Indicated Resource estimates (KJCD233D5, KJCD245D2, KJCD273, KJCD280 and KJCD289) intercepted significantly higher grades and are noted below in Table 1.

KJCD233D2	7m @ 1.56% Cu, 0.01% Pb, 0.01% Zn, 10.6g/t Ag, 0.14g/t Au from 797 m
KJCD233D4	6.96m @ 1.08% Cu, 0% Pb, 0.02% Zn, 6.4g/t Ag, 0.19g/t Au from 704.13 m
KJCD233D5	21.27m @ 2.46% Cu, 0.03% Pb, 0.16% Zn, 11g/t Ag, 0.14g/t Au from 637 m including the Hangingwall zone: 6.55m @ 3.73% Cu, 0.01% Pb, 0.05% Zn, 16.2g/t Ag, 0.27g/t Au from 637 m and including the Footwall zone: 6.55m @ 4.15% Cu, 0.07% Pb, 0.45% Zn, 18.7g/t Ag, 0.19g/t Au from 651.72 m
KJCD245D2	12.48 m @ 4.51% Cu, 0.04% Pb, 0.11% Zn, 21.5g/t Ag, 0.39g/t Au from 681.37 m including 6.16 m @ 7.84% Cu, 0.07% Pb, 0.19% Zn, 37.7g/t Ag, 0.66g/t Au from 684.65 m
KJCD273	35.51 m @ 3.97% Cu, 0.03% Pb, 0.1% Zn, 17.5g/t Ag, 0.23g/t Au from 555.05 m including the Hangingwall zone: 11.68 m @ 4.81% Cu, 0.03% Pb, 0.05% Zn, 21.1g/t Ag, 0.23g/t Au from 555.05 m and including the Footwall zone: 13.35 m @ 5.96% Cu, 0.05% Pb, 0.19% Zn, 26.2g/t Ag, 0.4g/t Au from 577.21 m
KJCD280	29.24 m @ 1.5% Cu, 0.09% Pb, 0.08% Zn, 0.1g/t Ag, 9.16g/t Au from 443.65 m including 12.50 m @ 2.36% Cu, 0.19% Pb, 0.13% Zn, 0.1g/t Ag, 16.93g/t Au from 449.94 m
KJCD289	13.00 m @ 1.86% Cu, 0.01% Pb, 0.04% Zn, 13.5g/t Ag, 0.09g/t Au from 231.17 m including 5.00 m @ 2.66% Cu, 0.01% Pb, 0.04% Zn, 19g/t Ag, 0.09g/t Au from 239.00 m

Table 1: Highlighted assay results for drill holes in the centre of the Main Lode, outside of the current Indicated Resource estimates. All widths are drill hole widths; for estimated true widths see Table 5.

The assays from the Main Lode are from four distinct zones, located relative to the current Indicated Resource estimates: east, west, above and under (see Figure 3).

The higher grade mineralised intercepts in holes KJCD245D2, KJCD273 and KJCD280 are located on strike and immediately east of the current Indicated Resource estimates and are considered to extend the confidence in the location of the Main Lode towards the east.

KJCD233D5 intersected the higher grade hangingwall and footwall zones in a gap of the current Indicated Resource model. The new intercepts indicate the Main Lode is extending further west.

Overall lower grade mineralised intercepts in holes KJC277, KJCD264, KJCD278, KJCD266, KJCD267, KJCD272D2, KJCD272D1, KJCD233D1 are located on strike and west of the current Indicated Resource estimates. Structural analysis by the geological team indicates that the sharp drop-off in grades and thickness west of the higher grade western portion of the current Indicated Resource estimates is due to the tight folding of the lode, with a fold hinge plunging steeply northwest, parallel to the highest grade mineralised shoot of the Main Lode.

The mineralised intercept in KJCD289 (13m @ 1.89% Cu from 231.17m, including 5m 2.66% Cu from 239m) represents the best interval so far intercepted between 140 and 300

m RL at Rockface and increases confidence in the grade and location of the lode between these levels. For reference, the current Indicated Resource estimates extend only up to 145m RL (which is just above discovery hole KJCD171 with 13m @ 2.14% Cu from 255m).

The mineralised intercept in KJCD233D2 (7m @ 1.56% Cu, 0.01% Zn, 10.6g/t Ag, 0.14g/t Au from 797m) indicates that substantial mineralisation extends down to -370m RL, more than 100m below the current deepest Indicated Resource estimates.

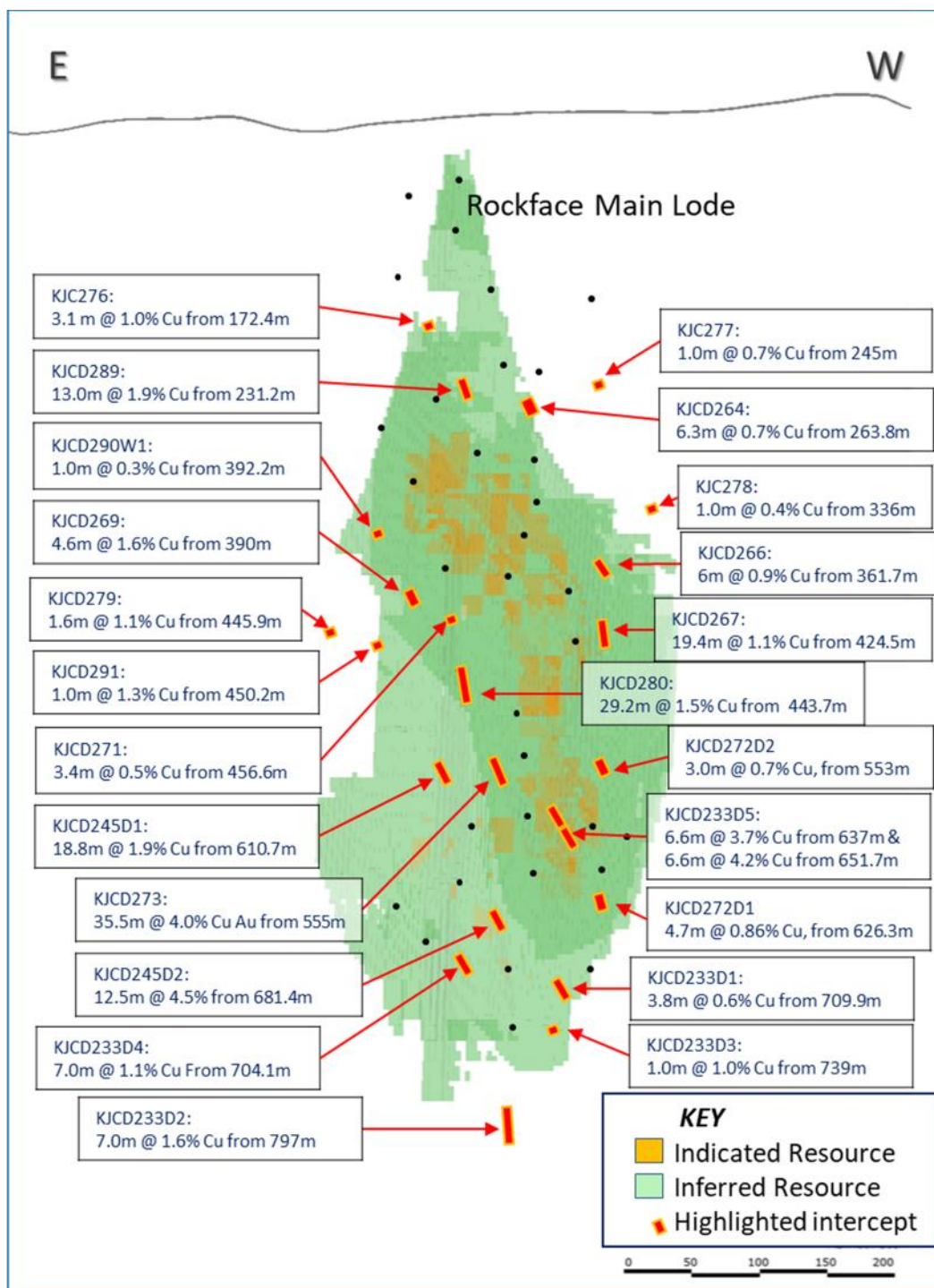


Figure 3: Longitudinal section of the Rockface Main Lode with copper assays from KJCD233D1, KJCD233D2, KJCD233D3, KJCD233D4, KJCD233D5, KJCD245D1, KJCD245D2, KJCD264, KJCD266, KJCD267, KJCD269, KJCD271, KJCD272D1, KJCD272D2, KJCD273, KJCD276, KJC277, KJC278, KJCD279, KJCD280, KJCD289, KJCD290W1 and KJCD291. Previous drill intercept pierce points are shown as black dots.

Rockface – North Lode

While holes KJCD233D1, KJCD233D2, KJCD245D1, KJCD245D2 and KJCD245D3 targeted the Main Lode, as described above, they also intersected significant mineralised zones within the western portion of the current Inferred Resource estimates of the North Lode, as well as outside on strike and further to the west (see Table 2 and Figure 4).

KJCD273	3.77m @ 0.57% Cu, 0.34% Pb, 0.57% Zn, 7.6g/t Ag, 0.01g/t Au from 494.11 m including 1.07m @ 1.29% Cu, 0.94% Pb, 1.06% Zn, g/t Ag, 0.01g/t Au from 495.14 m
KJCD233D1	4.73m @ 5.61% Cu, 0.09% Pb, 0.42% Zn, 25.7g/t Ag, 0.47g/t Au from 626.32 m
KJCD233D2	5m @ 1.29% Cu, 0.02% Pb, 0.12% Zn, 14.6g/t Ag, 0.25g/t Au from 684.08 m
KJCD233D3	8.7m @ 3.27% Cu, 0.04% Pb, 0.25% Zn, 23.2g/t Ag, 0.34g/t Au from 653.6 m
KJCD233D4	3.8m @ 2.54% Cu, 0.01% Pb, 0.04% Zn, 17.4g/t Ag, 0.74g/t Au from 618.68 m
KJCD245D1	4.73m @ 5.13% Cu, 0.05% Pb, 0.25% Zn, 39.7g/t Ag, 0.35g/t Au from 537.55 m
KJCD245D2	3.8m @ 3.85% Cu, 0.03% Pb, 0.24% Zn, 21.2g/t Ag, 0.42g/t Au from 599.5 m
KJCD245D3	13.95m @ 3.78% Cu, 0.14% Pb, 0.51% Zn, 30.8g/t Ag, 0.77g/t Au from 697.25 m including 5.51m @ 5.67% Cu, 0.14% Pb, 0.37% Zn, 38.6g/t Ag, 1.41g/t Au from 701.37 m

Table 2: All assay results for drill holes within and on strike outside of the current Inferred Resource estimates. All widths are drill hole widths, for estimated true widths see Table 5.

Holes KJCD245D1 and KJCD245D3 intersected the North Lode within the current Inferred Resource estimates, showing significant copper, silver and gold intercepts. Both holes are expected to contribute additional copper resources as well as increase the average grade of the North Lode considering that it is currently 2.40% Cu.

KJCD273 just clipped the upper western edge of the current Inferred Resource estimate at the North Lode.

Extension of the Rockface North Lode

Holes KJCD233D1, KJCD233D2, KJCD233D3, KJCD233D4 and KJCD245D2 intersected significant mineralised zones at the projected strike extent of the North Lode, westward and outside of the current Inferred Resource estimates. The intercepts are listed in Table 2. These five intercepts cover an extensive area thus far only sparsely drilled. The extent and significantly higher than average grades make this potentially an important extension at Rockface North. The Company is evaluating additional exploration targets in this area.

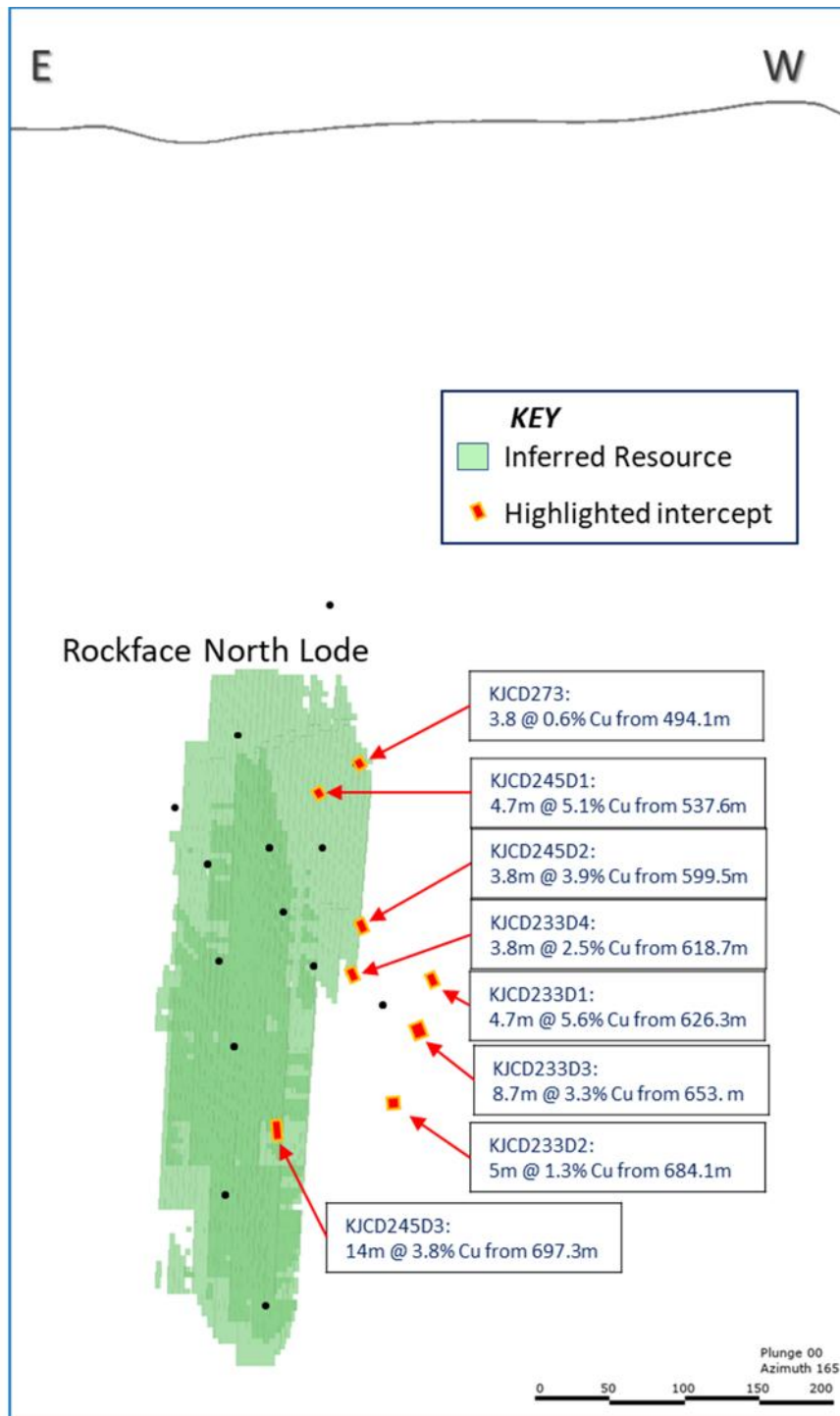


Figure 4: Longitudinal section of the Rockface North Lode with copper assays from KJCD233D1, KJCD233D2, KJCD233D3, KJCD233D4, KJCD245D1, KJCD245D2, KJCD245D3, and KJCD273.

Reward

Further Resource drilling below the 200m RL at Reward, and below the proposed open pit outline continued during the quarter and is due to be completed soon and expected to contribute to the extension of the Indicated Resource.

Assay results received for three holes are reported below, while assays for a further 12 holes are pending (see Table 3 and Figure 5).

KJCD254	3.52m @ 1.23% Cu, 0.02% Pb, 0.05% Zn, 11.6g/t Ag, 0.32g/t Au from 335.24 m including 5.62m @ 0.59% Cu, 2.75% Pb, 1.66% Zn, 35.5g/t Ag, 0.06g/t Au from 344 m
KJCD256	8.15m @ 1.41% Cu, 0.08% Pb, 0.1% Zn, 15.8g/t Ag, 0.46g/t Au from 337.72 m
KJCD258	13.27m @ 0.8% Cu, 0.04% Pb, 0.06% Zn, 3.9g/t Ag, 0.07g/t Au from 516.64 m

Table 3 Assay results for holes KJCD254, KJCD256 and KJCD258 at Reward UG. All widths are drill hole widths; for estimated true widths see Table 5.

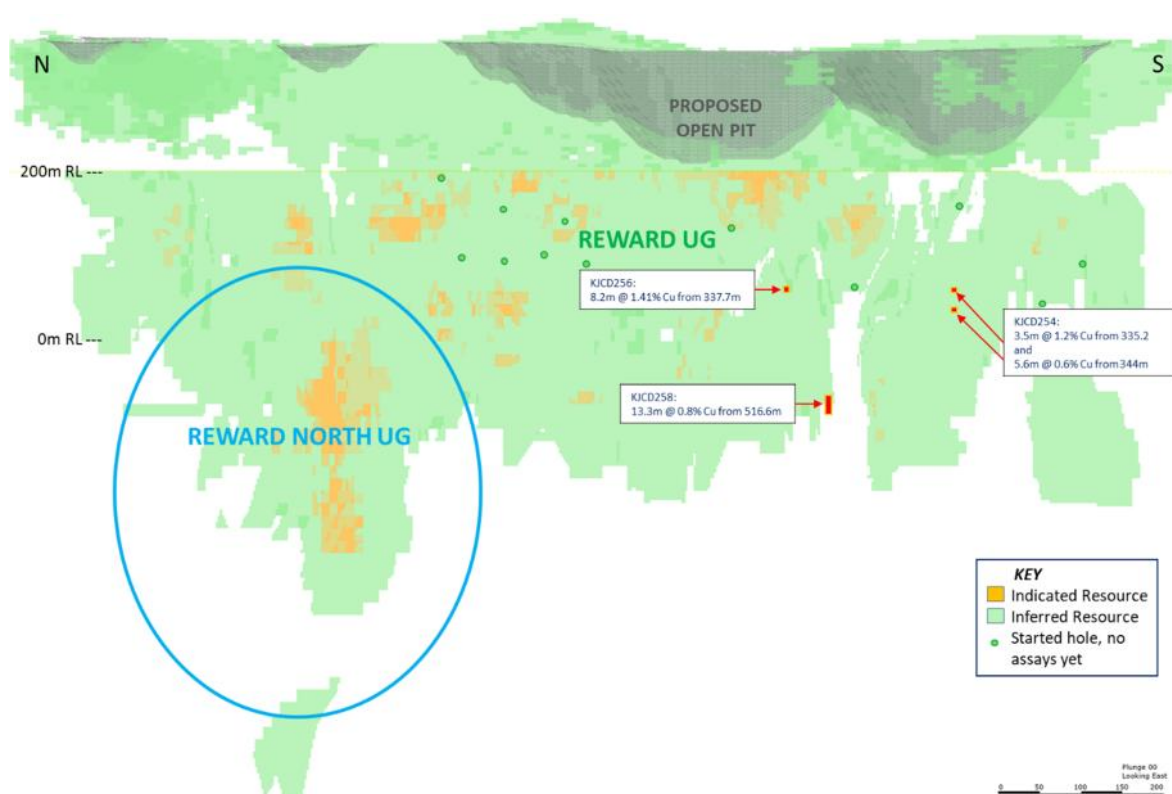


Figure 5: Longitudinal section of the Reward with assays from KJCD254, KJCD256 and, KJCD258. Green dots are pierce points of holes (partially) drilled during the quarter and for which assays are pending. Blue oval indicates area of planning infill drilling during the next quarter at Reward North.

Bellbird

At Bellbird, one hole, KJD288, was drilled to improve the confidence of a shallow portion of the 2015 resource at Bellbird.

KJD288	6m @ 1.62% Cu, 0.03% Pb, 0.05% Zn, 14g/t Ag, 0.31g/t Au from 19 m
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Table 4 Assay result for KJD288 drilled at Bellbird. All widths are drill hole widths, for estimated true widths see Table 5.

Potential Exploration Drilling

The discovery of fault zones, notably at Reward North, has created opportunities for potential displaced mineralisation.

Detailed structural mapping by the geological team at Rockface and Reward has revealed the fault zones which may have offset the mineralised lodes. At Reward North in particular the team has been able to measure a fault displacement (the north block has moved 130m to the east) making it possible to project the location of the offset portion of the higher grade mineralised zones at Reward North, see Figure 6. This target will first be tested by DHEM survey methods before exploration drilling is commenced north of the fault zone.

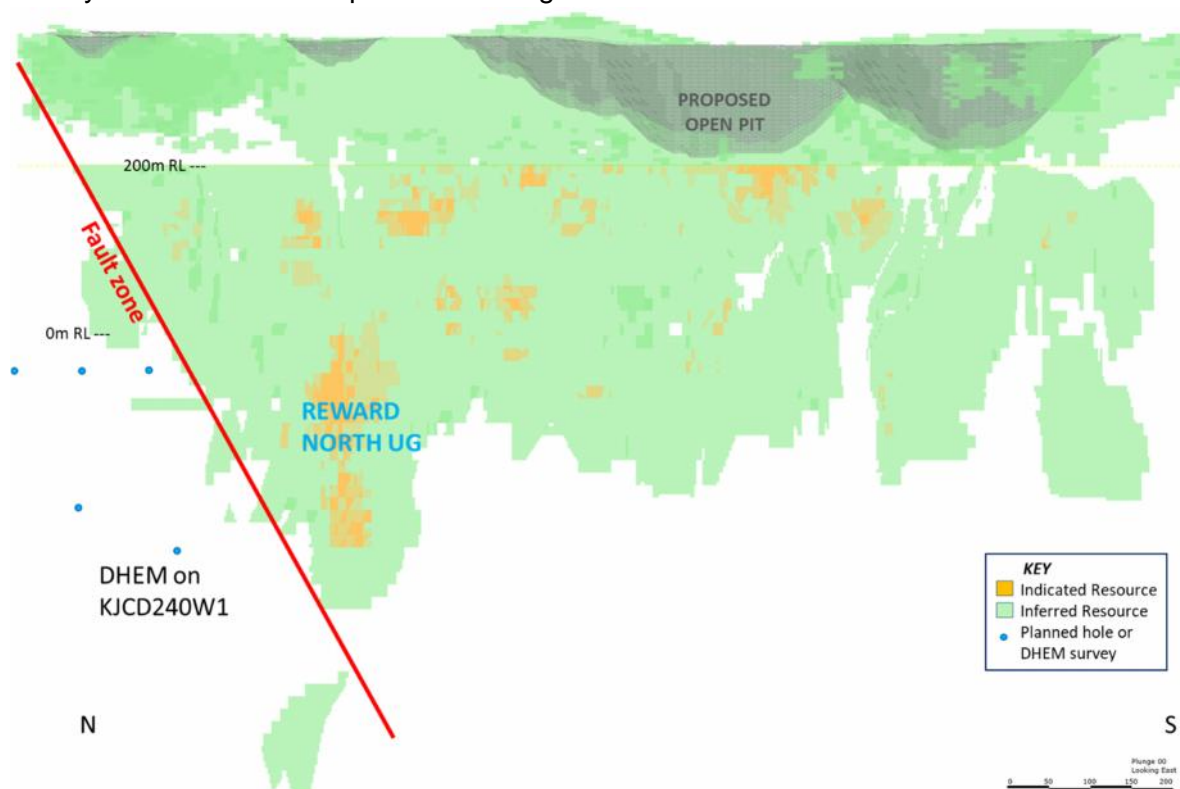


Figure 6: Longitudinal section of the Reward with the interpreted fault zone possibly offsetting the continuation of the higher grade mineralised lode at Reward North to the east.

Outlook

With the infill drilling programs close to completion, an updated Mineral Resource Rockface is expected to be announced during the current quarter, to be followed by updates.

Progressing the Jervois Project to the development stage continues to have priority. However, the recent capital raising has not only ensured funding for the work required ahead of development, but also given the Company the capacity to continue exploration drilling for deeper high-grade copper at the northern end of Reward, to upgrade and extend silver-lead-zinc mineralisation at Reward and Green Parrot and to pursue the potential of several other prospects at Jervois.

Table 5: Summary of significant assay results

Prospect	Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azi	BOX (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
Reward	KJCD254	630124.1	7494570.3	346.2	-61.7	84.5		393.5	335.24	338.76	3.52	2.19	1.23	0.02	0.05	11.60	0.32
								and	344.00	349.62	5.62	3.98	0.59	2.75	1.66	35.50	0.06
	KJCD256	630131.7	7494785.2	347.0	-65.0	85.0		381.8	337.72	345.87	8.15	7.01	1.41	0.08	0.10	15.80	0.46
	KJCD258	629997.1	7494689.7	347.4	-63.0	72.0		569.7	516.64	529.91	13.27	11.23	0.80	0.04	0.06	3.90	0.07
Rockface North Lode	KJCD233D1	628281.5	7490773.0	356.7	-73.5	161.6		759.9	626.32	631.05	4.73	3.71	5.61	0.01	0.11	25.70	0.47
								including	626.32	627.56	1.24	0.97	9.08	0.01	0.09	39.20	0.96
								and including	629.05	630.15	1.10	0.86	12.28	0.01	0.12	61.10	0.37
	KJCD233D2	628281.5	7490773.0	356.7	-73.5	161.6		829.1	684.08	689.08	5.00	3.28	1.29	0.02	0.12	14.60	0.25
	KJCD233D3	628281.5	7490773.0	356.7	-73.5	161.6			653.60	662.30	8.70	6.84	3.27	0.04	0.25	23.20	0.34
	KJCD233D4	628281.5	7490773.0	356.7	-73.5	161.6			618.68	622.48	3.80	3.23	2.54	0.01	0.04	17.40	0.74
	KJCD245D1	628330.1	7490794.0	357.1	-70.0	166.5		651.9	537.55	542.28	4.73	4.41	5.13	0.05	0.25	39.70	0.35
	KJCD245D2	628330.1	7490794.0	357.1	-70.0	166.5		718.1	599.50	603.30	3.80	3.20	3.85	0.03	0.24	21.20	0.42
	KJCD245D3	628330.1	7490794.0	357.1	-70.0	166.5		856	697.25	711.20	13.95	8.19	3.78	0.14	0.51	30.80	0.77
								including	701.37	706.88	5.51	3.23	5.67	0.14	0.37	38.60	1.41
	KJCD273	628322.3	7490744.3	357.3	-68.2	169.6		620	494.11	497.88	3.77	3.11	0.57	0.34	0.57	7.60	0.01
Rockface Main Lode								including	495.14	496.21	1.07	0.88	1.29	0.94	1.06	16.00	0.01
	KJCD233D1	628281.5	7490773.0	356.7	-73.5	161.6		759.9	709.89	713.65	3.76	3.02	0.58	0.01	0.04	4.10	0.04
	KJCD233D2	628281.5	7490773.0	356.7	-73.5	161.6		829.1	776.42	802.42	26.00	17.57	0.74	0.01	0.03	5.00	0.06
								including	778.67	786.67	8.00	5.41	0.67	0.01	0.07	4.50	0.05
								and including	797.00	804.00	7.00	4.75	1.56	0.01	0.01	10.60	0.14
	KJCD233D3	628281.5	7490773.0	356.7	-73.5	161.6		778	739.00	740.00	1.00	0.80	1.00	0.01	0.01	4.00	0.06
	KJCD233D4	628281.5	7490773.0	356.7	-73.5	161.6		738.8	704.13	711.09	6.96	6.31	1.08	0.00	0.02	6.40	0.19
	KJCD233D5	628281.5	7490773.0	356.7	-73.5	161.6		682	637.00	658.27	21.27	20.31	2.46	0.03	0.16	11.00	0.14
								hangingwall zone:	637.00	643.55	6.55	6.25	3.73	0.01	0.05	16.20	0.27
								in-between-zone:	643.55	651.72	8.17	7.80	0.09	0.01	0.02	0.60	0.01
								footwall zone:	651.72	658.27	6.55	6.25	4.15	0.07	0.45	18.70	0.19
	KJCD245D1	628330.1	7490794.0	357.1	-70.0	166.5		651.9	610.73	629.49	18.76	17.97	1.89	0.01	0.05	8.80	0.12
								including	615.22	618.23	3.01	2.88	5.24	0.01	0.05	19.60	0.31
	KJCD245D2	628330.1	7490794.0	357.1	-70.0	166.5		718.1	681.37	693.85	12.48	11.17	4.51	0.04	0.11	21.50	0.39
								including	684.65	690.81	6.16	5.51	7.84	0.07	0.19	37.70	0.66
	KJCD264	628300.1	7490550.6	362.2	-40.4	181.0		300.5	263.80	270.06	6.26	5.79	0.72	0.01	0.31	3.70	0.01
								and	277.79	280.52	2.73	2.53	0.60	0.01	0.03	2.40	0.01
	KJCD266	628264.1	7490567.3	361.5	-70.0	170.0		399.8	361.70	367.75	6.05	5.35	0.92	0.07	0.32	7.30	0.14
								and	372.60	389.00	16.40	14.56	0.56	0.04	1.21	4.50	0.08

	KJCD267	628212.4	7490629.7	359.8	-64.8	164.1		459.8	424.49	443.88	19.39	15.04	1.06	0.01	0.02	4.60	0.04
	KJCD269	628372.6	7490622.8	358.9	-68.0	170.5		438.7	390.47	395.08	4.61	3.72	1.56	0.00	0.03	7.00	0.14
	KJCD271	628343.7	7490662.3	358.4	-67.7	172.4		480.7	456.56	459.97	3.41	2.89	0.51	0.03	0.24	3.50	0.03
	KJCD272D1	628237.9	7490721.3	357.7	-71.6	163.5		733	626.30	631.01	4.71	3.58	0.86	0.06	0.13	4.80	0.04
	KJCD272D2	628237.9	7490721.3	357.7	-71.6	163.5		625	553.05	556.00	2.95	2.59	0.68	0.00	0.03	3.00	0.03
	KJCD273	628322.3	7490744.3	357.3	-68.2	169.6		620	555.05	590.56	35.51	29.64	3.97	0.01	0.12	17.40	0.23
								HW zone	555.05	566.73	11.68	9.75	4.81	0.01	0.12	21.00	0.23
								including	559.22	562.72	3.50	2.96	11.32	0.01	0.12	49.40	0.35
								in-between:	566.73	577.21	10.48	8.86	0.50	0.03	0.12	2.20	0.01
								FW zone	577.21	590.56	13.35	11.36	5.96	0.05	0.19	26.20	0.40
								including	582.96	587.06	4.10	3.50	9.75	0.01	0.12	39.30	0.78
	KJCD276	628375.6	7490485.6	364.2	-59.5	173.6		225.1	172.40	175.50	3.10	2.53	1.04	0.01	0.06	4.60	0.13
								including	173.37	174.04	0.67	0.55	3.84	0.02	0.04	15.00	0.56
	KJC277	628254.2	7490528.8	362.4	-56.6	172.6		331	245.00	246.00	1.00	0.90	0.67	0.00	0.03	2.00	0.04
	KJC278	628209.8	7490579.5	361.1	-67.3	175.1		390.5	336.00	337.00	1.00	0.89	0.41	0.06	0.01	3.00	0.02
	KJCD279	628425.2	7490685.5	359.4	-71.0	176.6		504.8	445.94	447.50	1.56	1.34	1.06	0.03	0.02	8.00	0.06
	KJCD280	628337.7	7490634.3	359.3	-73.0	173.3		501.8	443.65	472.89	29.24	22.21	1.50	0.09	0.18	9.30	0.10
								including	449.94	462.44	12.50	9.50	2.36	0.19	0.36	17.00	0.14
	KJCD289	628361.1	7490527.5	362.4	-58.9	180.3		274.1	231.17	244.17	13.00	10.27	1.86	0.01	0.04	13.50	0.09
								including	239.00	244.00	5.00	3.96	2.66	0.01	0.04	19.00	0.09
	KJCD290W1	628409.7	7490688.8	359.2	-57.8	178.1		427.3	392.21	393.21	1.00	0.87	0.26	0.00	0.01	1.00	0.01
	KJCD291	628409.3	7490690.1	359.1	-67.0	182.1		490	450.22	451.21	0.99	0.82	1.26	0.01	0.05	2.00	0.01
Bellbird	KJD288	627218.5	7491257.2	358.2	-57.0	275.5		70	19.00	25.00	6.00	4.13	1.62	0.03	0.05	14.00	0.31

Competent Persons 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 Jervois Resources information and Exploration Potential were first released to the market on 18 May 2018 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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

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 Dashed 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 in the geological history of the area.
Drill hole Information	<ul style="list-style-type: none">) 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: <ul style="list-style-type: none"> o easting and northing of the drill hole collar 	<ul style="list-style-type: none">) Refer Table 5

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ 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>	
Data aggregation methods	<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
Relationship between mineralisation widths and intercept lengths	<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 5
Diagrams	<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
Balanced reporting	<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 5
Other substantive exploration data	<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 Figures 5, 6</p>
Further work	<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 5, 6

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")

30 Sept 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities	-	-
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(3,151)	(8,310)
(b) development	-	-
(c) production	-	-
(d) staff costs	(106)	(479)
(e) administration and corporate costs	(319)	(628)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	72	195
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	(3,504)	(9,222)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(21)	(77)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(21)	(77)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	6,449	13,179
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	(9)	(31)
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	6,440	13,148

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,283	12,349
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,504)	(9,222)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21)	(77)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,440	13,148
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	16,198	16,198

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	504	412
5.2 Call deposits	15,694	12,871
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)	16,198	13,283

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
33
-

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
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

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	2,617
9.2	Development (Jervois Project)	1,763
9.3	Production	-
9.4	Staff costs	167
9.5	Administration and corporate costs	285
9.6	Fixed Assets	-
9.7	Total estimated cash outflows / (inflows)	4,832

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:24/10/2018.....
(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.