

29 July 2019

Quarterly Activities Report - Period Ended 30 June 2019

KGL advances Jervois Copper Project - further high grade assays to increase resource confidence, total project water supply sourced and EIS progressed towards final approval.

Summary

1. High grade infill drilling results achieved in program designed to increase Indicated Copper Resources at Reward and Rockface deposits; high grade copper discovered just below proposed pit outline at Reward

Infill drilling at Reward and Rockface delivered some excellent results. The bulk of the intercepted mineralisation is similar to the surrounding high grade holes. This program was designed to increase the Indicated Resource category for copper as the Company moves towards eventually establishing a JORC Ore Reserve essential for final project approval. A high grade intercept just below the proposed open pit floor at Reward adds significant potential value in mine planning.

2. Exploration drilling: encouraging results at Reward East; search expanded to new areas

Drilling of a new conductor at Reward East produced encouraging results. All holes drilled at Reward East and Reward North encountered significant mineralisation and point to continuity to the north and east. New areas were explored along the Jervois J-fold, with all holes drilled at Amigo, Krak Ridge, Bellbird and Ma'a Salama intercepting mineralisation.

3. Project water supply successfully sourced – key step towards project development

Drilling completed during the quarter has sourced sufficient bore water required for the project, overcoming a major potential hurdle in progress towards development.

4. EIS supplementary report completed

The focus was on detailed technical studies to support responses to stakeholders' queries and preparation of the EIS supplementary report which was lodged last Friday. The Northern Territory Environmental Protection Authority (NTEPA) will now review the EIS supplementary and, subject to no further questions, provide an Assessment Report to the appropriate government ministers.

KGL Chairman Denis Wood welcomed the Company's progress in the June quarter.

"The foundations for successfully delivering the Jervois Project were strengthened on the three key fronts – geological confidence, environmental approvals and water supply - during the quarter," Mr Wood said.

"The continuing success of infill drilling will undoubtedly increase the proportion of resources in the higher Indicated category, lifting confidence levels in the Jervois Resource ahead of mine development.

"Substantial progress was made towards approval of the Environmental Impact Statement with the lodgement last Friday of the Supplementary EIS.

"The success of the drilling program in locating adequate water supply for the project is a major achievement."

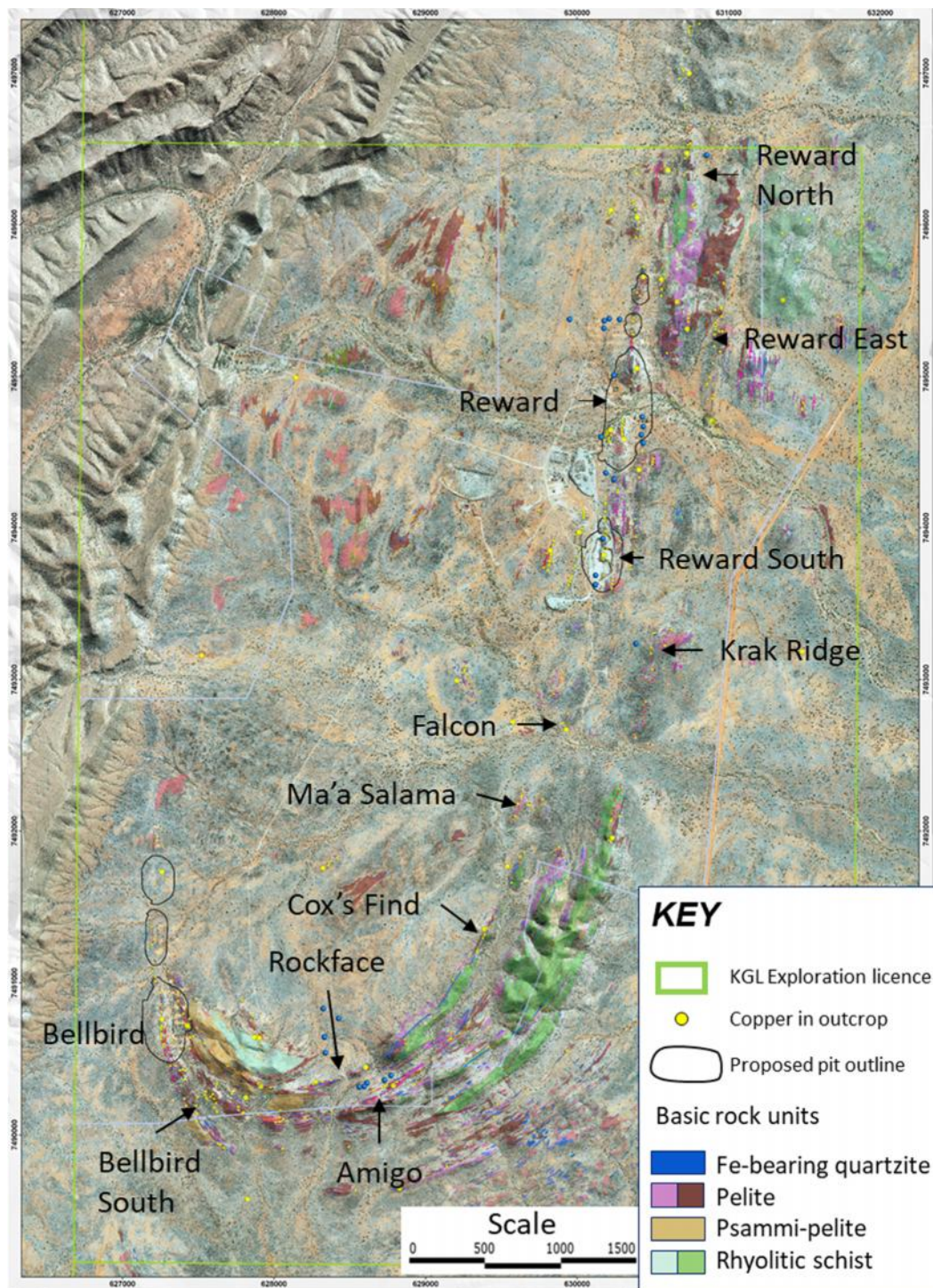


Figure 1: geological overview map of Jervois and recently drilled areas. Blue dots represent drill hole locations for which assays have been received.

1. High grade infill drilling results achieved in program designed to increase Indicated Copper Resources at Reward and Rockface deposits; high grade copper discovered just below proposed pit outline at Reward

Reward

Infill drilling at Reward, including Reward Deep, intercepted significant mineralisation with similar results to the surrounding high grade holes. This further strengthens confidence in resource estimation, and is expected to increase the proportion of copper resources in the Indicated Resource category (see Table 1 and Figure 2 below and Appendix 1).

Notable intersections are in drill holes KJCD326, KJCD329 and KJCD284.

Table 1: Recent assay results from Reward.

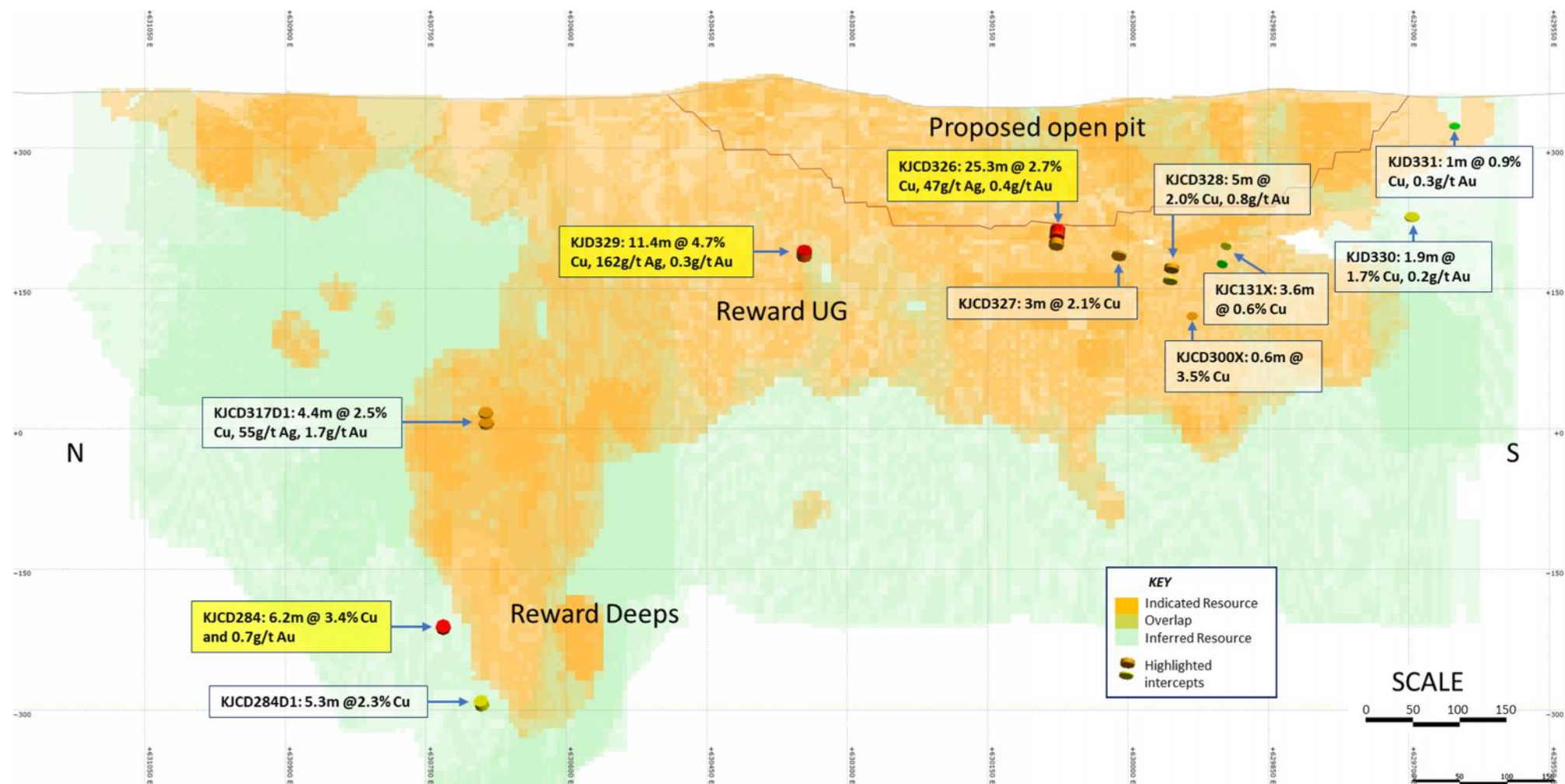


Figure 2: Longitudinal section of recent assay results from Reward Deep, showing the current resource block model (Decimals rounded for ease of presentation).

Rockface

Infill holes at the Rockface Main and North Lodes also intercepted significant mineralisation with similar results to surrounding holes, further increasing confidence in the resource estimation (Table 2, Figure 3 and Appendix 1).

Hole ID	From (m)	To (m)	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJCD212D1	663.46	681.57	18.11	1.46	0.06	0.18	14.60	0.13
including	663.46	666.65	3.19	4.12	0.24	0.79	56.50	0.31
KJCD212D2	670.28	674.95	4.67	1.38	0.03	0.37	13.40	0.13
and	686.43	695.40	8.97	2.10	0.09	0.25	7.30	0.16
including	686.43	688.40	1.97	7.20	0.01	0.22	17.50	0.22
and	749.36	751.74	2.38	0.88	0.00	0.02	4.00	0.08
KJCD244D1	462.42	471.70	9.28	1.97	0.10	0.15	11.50	0.08
including	462.42	463.73	1.31	10.17	0.52	0.50	60.50	0.34
KJCD324W1	285.84	304.35	18.51	1.42	0.02	0.07	11.90	0.08
KJCD325	428.09	431.87	3.78	1.35	0.01	0.07	5.80	0.07
including	428.85	431.12	2.27	1.79	0.02	0.08	8.00	0.1

Table 2: Recent assay results from Rockface.

Holes at the outer limits of the current Inferred Resource estimates at the Rockface North Lode, KJCD244D1 and KJCD212D1, both intercepted a narrow zone of high grade copper mineralisation in an envelope of lower-grade copper mineralisation.

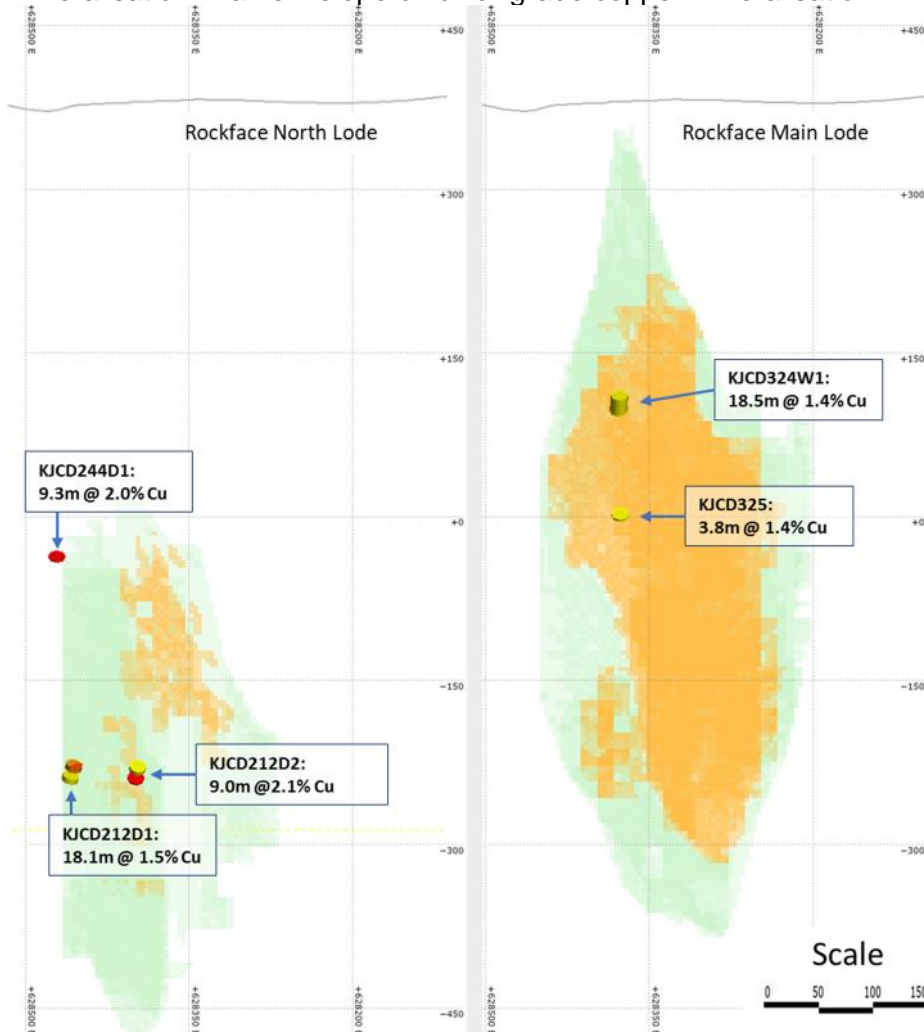


Figure 3: Longitudinal section of recent assay results from Rockface, showing the current resource block model (Decimals rounded for ease of presentation).

Reward South (formerly Green Parrot)

Drill rig scheduling allowed infill drilling of copper, lead and zinc mineralisation at Reward South required to increase the confidence levels of the resource estimate that was, in part, based on historical drilling by a previous tenement holder, Plenty River Mining. The limited program of three holes, however, produced intersections that show a large degree of variation in grade and width of the interpreted mineralised lode. More exploration is therefore necessary to increase confidence levels in the current estimated Resource, but this is not a priority in current Jervois project planning.

Results for the three holes included:

- J KJD332: 25.56 m @ 0.12% Cu, 1.00% Pb, 0.86% Zn, 24.2 g/t Ag, 0.19 g/t Au from 48.44 m
 - o including 6.8 m @ 1.83% Pb, 1.4% Zn, 32.6 g/t Ag, 0.05 g/t Au from 60.8 m
- J KJD333: 0.37 m @ 4.31% Cu, 0.02% Pb, 0.08% Zn, 249 g/t Ag, 0.41 g/t Au from 57.57 m
- J KJD334: 3.19 m @ 1.89% Cu, 10.26% Pb, 5.62% Zn, 280.8 g/t Ag, 0.11 g/t Au from 54.61 m

2. Exploration drilling: encouraging results at Reward East; search expanded to new areas

While the highest priority is being given to infill drilling to increase confidence levels in the Jervois resources, the Company continues to seek potential expansion opportunities in the highly prospective Jervois Mineral Field. Historical exploration information is reviewed and modern technologies applied across the tenements, including down hole electromagnetic (DHEM) surveying that has been consistently successful at Jervois.

During the quarter, newly delineated conductors at Reward East and Reward North were targeted, with four holes drilled at Reward East and one at Reward North. All these holes intercepted significant mineralisation and point to continuity of mineralisation along the target horizon.

Further geological insight gained from surface mapping, structural analysis and geophysical interpretation has highlighted other mineralised areas along the J-fold, see Figures 1 and 4. All holes drilled at Amigo, Krak Ridge, Bellbird and Ma'a Salama intercepted mineralisation.

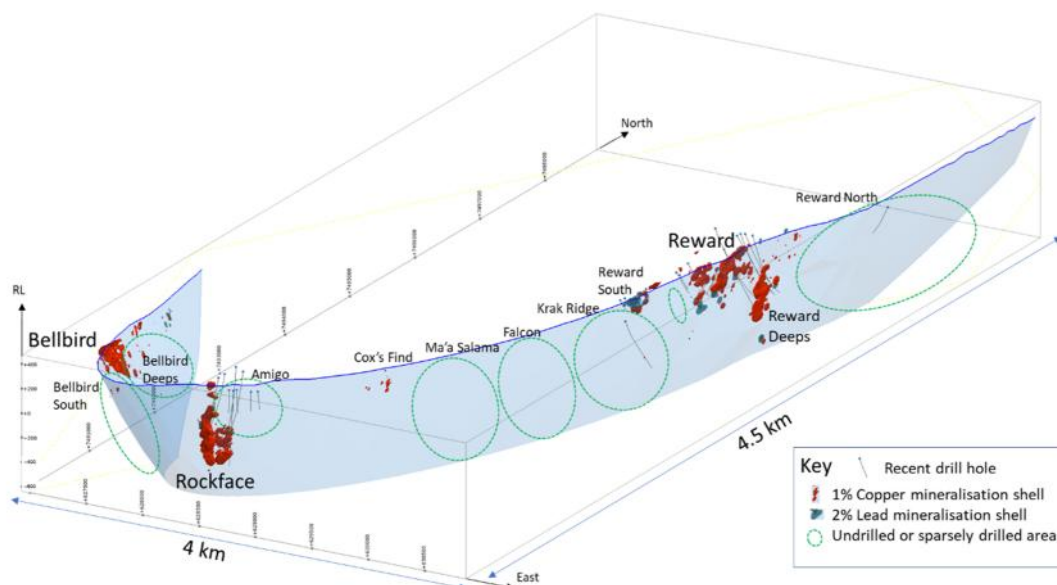


Figure 4: 3D block diagram of the J-fold showing the Jervois mineralisation and current targets.

Reward East and Reward North

At Reward East, encouraging results were obtained from the drilling of a new conductor, an interpreted mineralised lode 70 m east of the main Reward Lode. Assays from the four holes drilled are provided in Table 3 and in Appendix 1. Figure 5 shows a cross section of the intercepts at Reward East.

The intercepts at Reward East have been followed up by more drilling to further assess the potential of this area.

Hole ID	From (m)	To (m)	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJCD317D1	471.64	478.98	7.34	0.84	0.01	0.05	9.8	0.07
including	471.64	475.71	4.07	1.13	0.01	0.04	14	0.07
and	495	503.03	8.03	0.57	0	0.04	5.5	0.02
KJC132X	449.43	452	2.57	1.92	0.01	0.15	17.9	0.08
and	462.7	468.9	6.2	0.84	0.02	0.21	5.6	0.03
KJCD234X	355.68	366.73	11.05	0.68	0.01	0.07	3.8	0.02
including	362.19	366.73	4.54	0.98	0.03	0.12	6	0.02
KJCD309X	414.04	415.29	1.25	3.28	0	0.08	17.5	0.08
and	461.38	464.6	3.22	1.01	0.02	0.04	14.3	0.07

Table 3: Recent assays results from Reward East

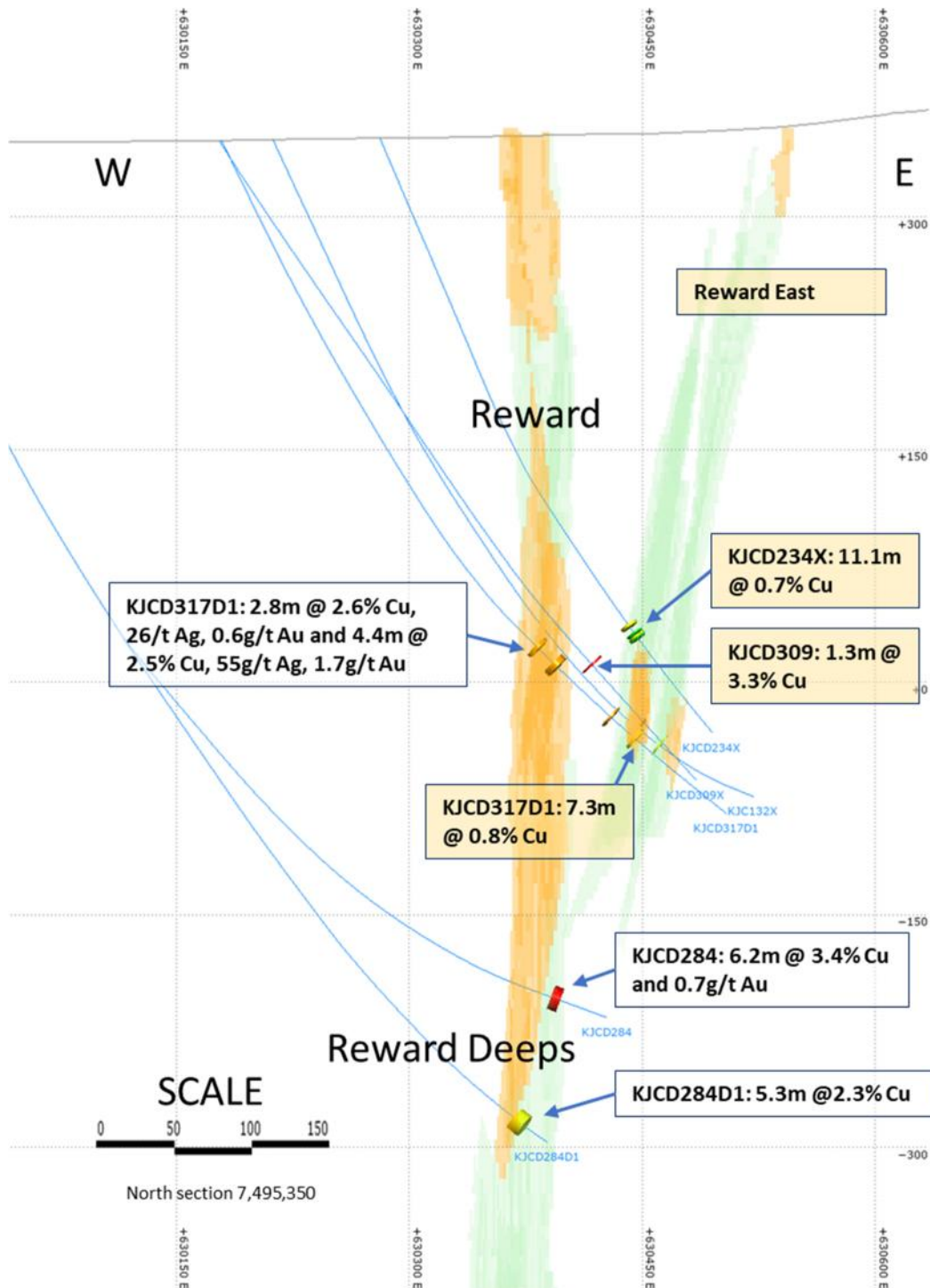


Figure 5: Cross section of recent assay results from Reward Deeps and Reward East, showing the current resource block model (Decimals rounded for ease of presentation).

At Reward North, a newly delineated conductor was targeted with one hole, KJCD335, which intercepted 1.25 m @, 1.44% Cu from 275.79 m. The results indicate continuity of copper mineralisation in the target horizon. However, further drilling in the area now has lower priority in the present project planning.

Amigo

Drilling has confirmed mineralisation at Amigo, a prospect located close to Rockface and with similar geology.

Amigo's close proximity to Rockface and similar geology presented an attractive target for drilling. Copper occurrences are found in gossans and garnet-chlorite alteration at surface. There are also abundant magnetite-altered banded ironstones along strike and possibly at

depth as suggested by the magnetic susceptibility anomaly linked with Rockface mineralisation.

The shallow drill holes were drilled to test the concept. The available assay results are shown in Table 4 and Appendix 1, and also in Figure 6 which also includes a visual estimate for hole KJD48 for which assay results are pending. Though the copper intercepts are relatively thin and of a relatively low tenor, they are comparable with the upper section of Rockface (above discovery hole KJCD171). These similarities are encouraging, and follow-up exploration work is planned.

DHEM surveys were carried out in holes KJD336, KJD339, KJD343 and KJD348. Preliminary geophysical interpretation indicated a weakly defined conductor to the west of Amigo and south of Rockface. Pending final interpretation this conductor will be tested by additional drilling.

Hole ID	From (m)	To (m)	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJD336	84.65	87.95	3.30	0.87	0.00	0.04	5.00	0.04
and	106.43	107.00	0.57	1.37	0.00	0.01	2.00	0.03
KJD337	73.98	75.00	1.02	0.18	0.00	0.02	0.50	0.01
and	92.43	93.21	0.78	0.33	0.01	0.03	0.50	0.03
KJD338	115.89	116.85	0.96	1.57	0.00	0.02	4.00	0.03
and	151.72	152.59	0.87	0.34	0.00	0.03	1.00	0.03
KJD339	99.60	104.42	4.82	0.84	0.00	0.03	3.40	0.03
and	128.25	129.05	0.80	1.65	0.01	0.16	9.00	0.05
KJD343	106.47	107.35	0.88	1.22	0.01	0.02	8.00	0.02
and	116.31	117.32	1.01	1.21	0.00	0.06	8.00	0.04
and	133.40	134.40	1.00	0.74	0.00	0.05	5.00	0.04

Table 4: Recent assay results from Amigo Prospect

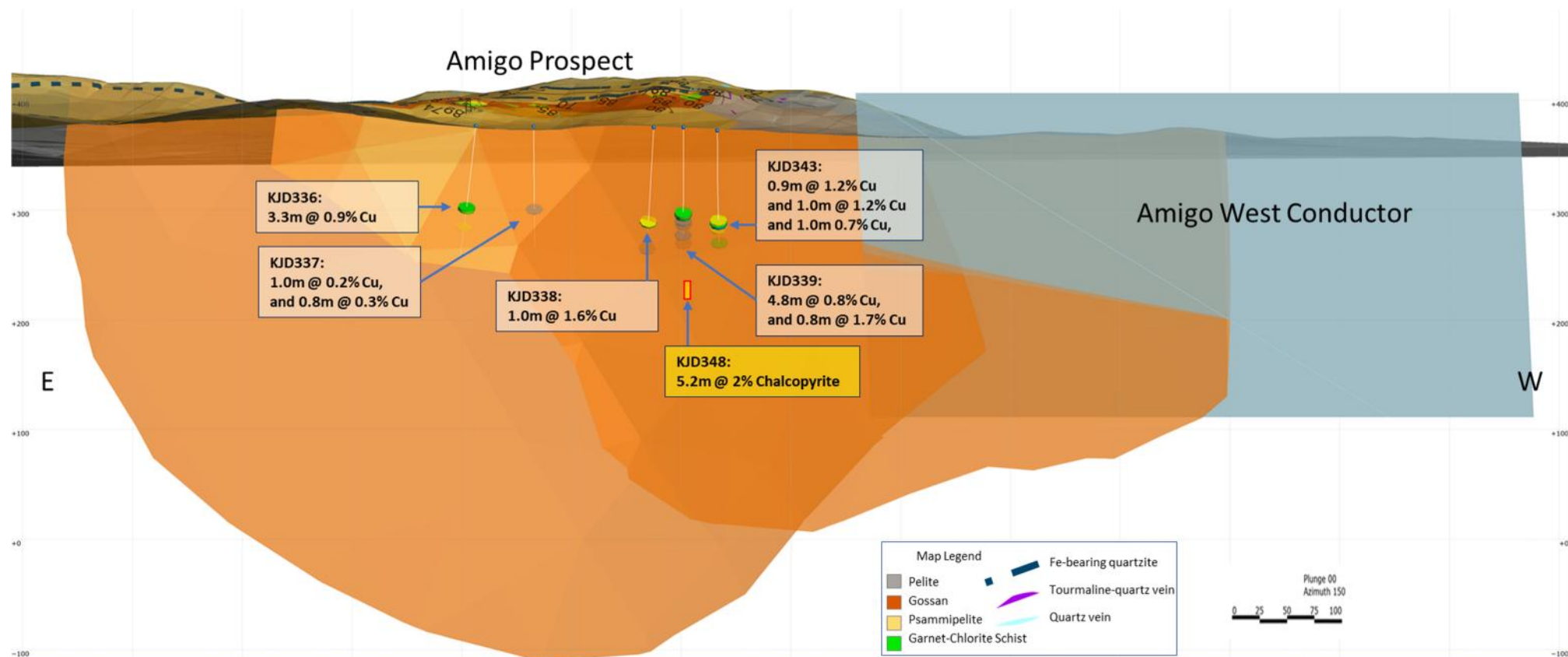


Figure 6: Longitudinal section of recent assay results from Amigo, showing the interpreted mineralised lode underneath and the geological map draped over the topography (Decimals rounded for ease of presentation).

Krak Ridge

During the quarter, one hole was drilled at Krak Ridge, a new prospect, south of Reward South. Drilling intercepted three narrow zones of chalcopyrite mineralisation in fracture zones and quartz veins:

-) 1.05 m @ 0.5% Cu from 280.45 m,
-) 0.99 m @ 0.98% Cu from 291.53 m, and
-) 2.36 m @ 2.81% Cu from 316.5 m

This type of mineralisation is interpreted as secondary mineralisation, migrated through fractures from a primary source, possibly deeper down. Additional surface mapping and geological interpretation is being undertaken to evaluate the prospectivity of Krak Ridge.

Ma'a Salama and Bellbird South

Drilling was undertaken at Ma'a Salama and Bellbird South prospects during the quarter. Assay results are pending. At Ma'a Salama, copper occurrences have been mapped at surface, and prospectivity is enhanced by magnetic features at depth and positive results from an earlier IP survey. Bellbird South follows the trend from the main Bellbird Lode, and a large IP chargeability anomaly similar to that of Rockface makes this an attractive target.

3. Project water supply successfully sourced – key step towards project development

In a major advance towards project development, groundwater drilling during the quarter identified sufficient water to meet the needs of the Jervois Project. Drilling had been delayed by heavy rain in March and associated delays in obtaining permits.

The ten-hole drilling program was in the Lucy Creek area, located approximately 40km north of the Jervois Project.

Six of the 10 initial holes drilled will yield suitable waterflow rates. The 6 bores combined with a single bore drilled in 2018 will provide the required water for the project, with 10% to 20% contingency, and with 4 bores expected to operate at any one time.

The flow rates are listed in Table 5. The locations of the bores, together with the route of the proposed pipeline to run mainly within the Lucy Creek access road reserve, are shown in Figure 7.

Site ID	Test Rate (L/s)	Recommended Equipped Rate (L/s)
LC21	13	10
LC27	13.5	5.5
LC28	8	4.5
LC33	15	10
LCP1	14	10
LC26 (contingency)	10	5
J8 (contingency)	4.5	3
TOTAL	63.5 L/s	40 L/s
CONTINGENCY	14.5 L/s	8 L/s

Table 5 - Production Bore Predicted Flowrates

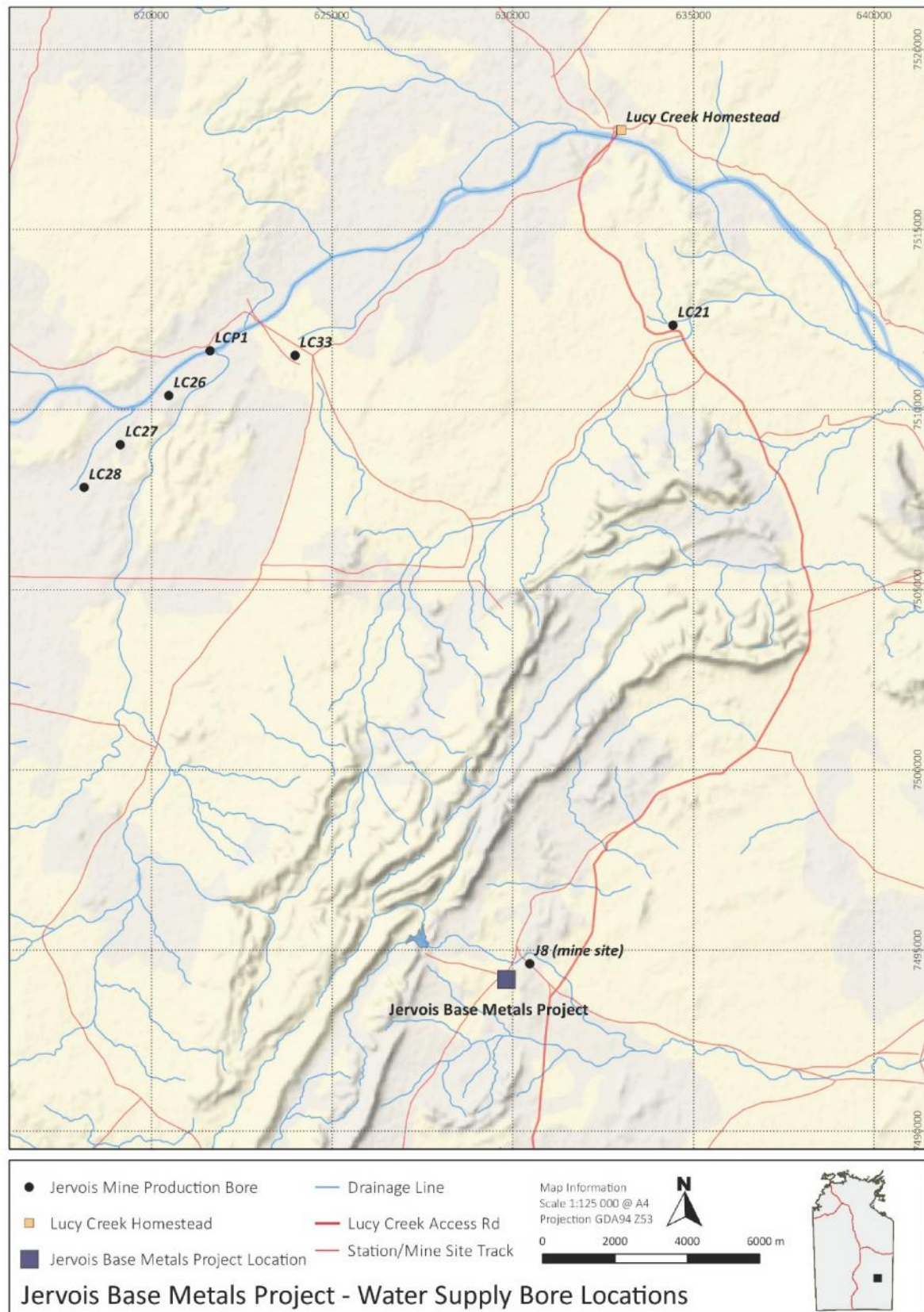


Figure 7 – Location of Proposed Production Bores for the Jervois Project Water Supply.

4. Supplementary EIS report completed

The Environmental Impact Statement (EIS) is the only outstanding approval required for the project. The Company continued to progress the approval process during the quarter, with no issues that would prevent the mine development having arisen in the EIS process. The Company has focussed on comments received from the draft EIS in January and on preparing the supplementary EIS which was submitted last Friday.

During the quarter, final work to provide the technical support for responses included:

-) An underground fauna impact assessment, additional flora and fauna surveys and a supplementary archaeology survey for the proposed water supply bore field area.
-) Supplementary studies into the cover design of waste dumps and the tailings dam, surface water and groundwater impacts, and air and noise assessment.
-) A supplementary Jervois to Alice Springs road safety audit and traffic management plan.

The Northern Territory Environmental Protection Authority (NTEPA) will now review the EIS supplementary and, subject to no further questions, provide an Assessment Report to the appropriate government ministers.

5. Outlook

The results of the infill drilling program have identified the possibility of expanding the underground resource at Reward. As such, the drilling program for the next quarter has been adjusted to test this.

With initial studies into conceptual mine planning, processing and process plant design having been completed, negotiations will continue with mining contractors and processing consultants to optimise the studies, with a final goal of completing an approved financial model for the project.

Negotiations will also continue with potential power suppliers and village and transport logistics providers.

The Company will now apply for a water licence, following the success of the drilling program to locate an adequate water supply for the project.

With the supplementary EIS now lodged, the final stages of the EIS approval process have now been entered.

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.

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

APPENDIX I. Drill hole information and assay results received June 2019

Prospect	HoleID	Easting (m)	Northing (m)	RL (m)	Dip	Azi	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
Reward North	KJCD335	630855	7496460	345	-59.19	268.41	301.5	275.79	277.04	1.25	0.71	1.44	0.02	0.09	4.00	0.02
Reward	KJCD284	629950	7495375	349	-68.61	87.63	766	727.33	733.52	6.19	5.97	3.39	0.25	0.57	31.70	0.65
							including	730.60	733.52	2.92	2.82	6.39	0.44	1.10	55.60	1.19
Reward	KJCD284D1	629950	7495375	349	-68.61	87.63	791.83	763.81	773.18	9.37	7.81	1.65	0.05	0.10	17.00	0.25
							including	764.90	770.20	5.30	4.42	2.27	0.07	0.09	24.00	0.3
Reward	KJC131X	630436	7494559	350	-55.81	262.66	270.1	191.30	194.90	3.60	1.46	0.64	0.31	0.33	41.50	0.11
Reward	KJCD300X	630157	7494598	346	-56.46	88.1	308.6	281.69	282.32	0.63	0.40	3.50	0.11	0.22	22.00	0.14
Reward	KJCD326	630430	7494732	346	-59.19	268.41	248.4	150.43	175.68	25.25	14.77	2.67	0.18	0.40	47.00	0.44
							including	151.43	162.55	11.12	6.51	4.19	0.33	0.73	84.20	0.55
Reward	KJCD327	630437	7494669	346	-59.19	268.41	228.3	189.30	192.30	3.00	1.97	2.07	0.09	0.04	20.40	0.13
Reward	KJCD328	630424	7494614	348	-59.19	268.41	273.6	191.01	196.04	5.03	3.44	2.04	0.18	0.04	67.20	0.78
							and	204.70	209.65	4.95	3.38	0.97	0.00	0.03	24.30	0.19
Reward	KJD329	630241	7495006	346	-55.96	90.3	234.4	193.67	205.06	11.39	8.39	4.72	4.63	2.97	162.00	0.27
							including	195.84	197.92	2.08	0.84	4.78	22.19	10.50	615.00	0.29
Reward	KJD330	630190	7494364	351	-55.96	90.3	189.2	149.23	151.16	1.93	0.78	1.72	0.44	1.06	19.30	0.22
Reward	KJD331	630244	7494321	354	-56.56	89.5	129.1	35.00	36.00	1.00	0.68	0.88	0.15	0.12	19.00	0.25
Reward	KJCD317D1	630179	7495367	349	-63.78	98.36	550.2	386.22	389.00	2.78	2.13	2.63	0.04	0.07	26.40	0.57
							and	401.52	405.88	4.36	3.40	2.47	0.31	0.05	55.30	1.65
Reward East	"	"	"	"	"	"	and	471.64	478.98	7.34	5.89	0.84	0.01	0.05	9.80	0.07
							including	471.64	475.71	4.07	3.30	1.13	0.01	0.04	14.00	0.07
							and	495.00	503.03	8.03	6.58	0.57	0.00	0.04	5.50	0.02
Reward East	KJC132X	630212	7495380	350	-64.95	83.67	537.8	449.43	452.00	2.57	2.11	1.92	0.01	0.15	17.90	0.08
							and	462.70	468.90	6.20	5.22	0.84	0.02	0.21	5.60	0.03
Reward East	KJCD234X	630281	7495375	351	-73.5	161.44	445.27	355.68	366.73	11.05	7.32	0.68	0.01	0.07	3.80	0.02
							including	362.19	366.73	4.54	3.01	0.98	0.03	0.12	6.00	0.02
Reward East	KJCD309X	630178	7495317	349	-57.4	88.84	515.2	414.04	415.29	1.25	0.91	3.28	0.00	0.08	17.50	0.08
							and	461.38	464.60	3.22	2.35	1.01	0.02	0.04	14.30	0.07

Prospect	HoleID	Easting (m)	Northing (m)	RL (m)	Dip	Azi	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
Reward South	KJD332	630120	7493625	346	-56.56	89.5	95.4	48.44	74.00	25.56	16.08	0.12	1.00	0.86	24.20	0.19
							including	60.80	67.60	6.80	4.28	0.03	1.83	1.40	32.60	0.05
Reward South	KJD333	630171	7493929	351	-57.45	121.75	81.7	57.57	57.94	0.37	0.24	4.31	0.02	0.08	249.00	0.41
Reward South	KJD334	630122	7493687	344	-50.12	89.31	99	54.61	57.80	3.19	2.69	1.89	10.26	5.62	280.80	0.11
Krak Ridge	KJCD323	630389	7493236	344	-64.74	94.61	417.4	280.45	281.50	1.05	0.81	0.50	0.00	0.01	1.00	0.02
							and	291.53	292.52	0.99	0.77	0.98	0.00	0.01	4.00	0.01
							and	316.50	318.86	2.36	1.54	2.81	0.00	0.01	0.80	0.01
Amigo	KJD336	628773	7490390	377	-50.12	89.31	139.9	84.65	87.95	3.30	1.99	0.87	0.00	0.04	5.00	0.04
							and	106.43	107.00	0.57	0.43	1.37	0.00	0.01	2.00	0.03
Amigo	KJD337	628729	7490360	376	-50.12	89.31	156.7	73.98	75.00	1.02	0.65	0.18	0.00	0.02	0.50	0.01
							and	92.43	93.21	0.78	0.49	0.33	0.01	0.03	0.50	0.03
Amigo	KJD338	628614	7490341	375	-50.12	89.31	198.3	115.89	116.85	0.96	0.69	1.57	0.00	0.02	4.00	0.03
							and	151.72	152.59	0.87	0.64	0.34	0.00	0.03	1.00	0.03
Amigo	KJD339	628596	7490318	375	-50.12	89.31	179.8	99.60	104.42	4.82	3.74	0.84	0.00	0.03	3.40	0.03
							and	128.25	129.05	0.80	0.60	1.65	0.01	0.16	9.00	0.05
Amigo	KJD343	628562	7490315	372	-50	151.54	183.1	106.47	107.35	0.88	0.62	1.22	0.01	0.02	8.00	0.02
							and	116.31	117.32	1.01	0.71	1.21	0.00	0.06	8.00	0.04
							and	133.40	134.40	1.00	0.72	0.74	0.00	0.05	5.00	0.04
Rockface	KJCD212D1	628325	7490830	357	-72.61	160.06	778.2	663.46	681.57	18.11	12.02	1.46	0.06	0.18	14.60	0.13
							including	663.46	666.65	3.19	2.14	4.12	0.24	0.79	56.50	0.31
Rockface	KJCD212D2	628325	7490830	357	-72.61	160.06	775	670.28	674.95	4.67	3.78	1.38	0.03	0.37	13.40	0.13
							and	686.43	695.40	8.97	7.33	2.10	0.09	0.25	7.30	0.16
							including	686.43	688.40	1.97	1.61	7.20	0.01	0.22	17.50	0.22
							and	749.36	751.74	2.38	2.07	0.88	0.00	0.02	4.00	0.08
Rockface	KJCD244D1	628426	7490764	359	-68	167.54	522	462.42	471.70	9.28	4.73	1.97	0.10	0.15	11.50	0.08
							including	462.42	463.73	1.31	1.11	10.17	0.52	0.50	60.50	0.34
Rockface	KJCD324W1	628339	7490540	362	-67.62	173.69	352.7	285.84	304.35	18.51	12.90	1.42	0.02	0.07	11.90	0.08
Rockface	KJCD325	628333	7490643	359	-67.83	171.76	463	428.09	431.87	3.78	3.05	1.35	0.01	0.07	5.80	0.07
							including	428.85	431.12	2.27	1.83	1.79	0.02	0.08	8.00	0.1

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 (e.g. 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none">) At Reward diamond drilling and reverse circulation (RC) drilling were used to obtain samples for geological logging and assaying. The core samples comprised a mixture of sawn HQ quarter core, sawn NQ half core and possibly BQ half core (historical drilling only). Sample lengths are generally 1m, but at times length were adjusted to take into account geological variations. RC sample intervals are predominantly 1m intervals with some 2 and 4m compositing (historical holes only). A total of 586 drillholes for 83,400m, were completed, sited predominantly within the planned open pit area, but include 10 new KGL diamond (and minor RC) infill and extensional drilling totalling 6,812m. Drilling is on a nominal 25m spacing near surface expanding at depth to 50m and then to 100m on the periphery of the mineralisation) At Rockface diamond drilling was used to obtain samples for geological logging and assaying. Sample lengths are generally 1m in length, but adjusted at times to take into account geological variations. The samples comprised sawn HQ quarter core. A total of 33 holes for 19,330m were included on approximately 50m centres.) RC samples are routinely scanned by KGL Resources with a Niton XRF. Samples assaying greater than 0.1% Cu, Pb or Zn are submitted for analysis at a commercial laboratory.) Mineralisation at both deposits is characterized by disseminations, veinlets and large masses of chalcopyrite, associated with magnetite-rich alteration within a psammite. The mineralisation has textures indicative of structural emplacement within specific strata i.e. the mineral appears stratabound.) Documentation of the historical drilling (pre-2011) for Reward is variable.
Drilling techniques	<ul style="list-style-type: none">) Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. 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">) The KGL and previous Jinka-Minerals RC drilling was conducted using a reverse circulation rig with a 5.25-inch face-sampling bit. Diamond drilling was either in NQ2 or HQ3 drill diameters. Metallurgical diamond drilling (JMET holes) were PQ) There is no documentation for the historic drilling techniques.) Diamond drilling was generally cored from surface with some of the deeper holes at Rockface and Reward utilizing RC pre-collars.) Oriented core has been measured for the

Criteria	JORC Code explanation	Commentary
		recent KGL drilling.
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">) The KGL RC samples were not weighed on a regular basis but when completed no sample recovery issues were encountered during the drilling program.) Jinka Minerals and KGL split the rare overweight samples (>3kg) for assay. Since overweight samples were rarely reported no sample bias was established between sample recovery and grade.) Core recovery for Rockface is >95% with the mineral zones having virtually 100% recovery.) The core recovery for the KGL drilling of Reward has been regarded as acceptable although there is no documentation for the historical drilling.) No evidence has been found for any relationship between sample recovery and copper grade and there are no biases in the sampling with respect to copper grade and recovery.
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 KGL RC and diamond core samples are geologically logged. Logging in conjunction with multi-element assays is appropriate for Mineral Resource estimation.) Core samples are also orientated and logged for geotechnical information.) All logging has been converted to quantitative and qualitative codes in the KGL Access database.) All relevant intersections were logged.) Paper logs existed for the historical drilling. There is very little historical core available for inspection.
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">) The following describes the recent KGL sampling and assaying process: <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; – RC sample splits (~3kg) are pulverized to 85% passing 75 microns. – Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with samples lengths adjusted at geological contacts; – Diamond core samples are crushed to 70% passing 2mm and then pulverized to 85% passing 75 microns. – Two quarter core field duplicates were taken for every 20m samples by Jinka Minerals and KGL Resources. – All sampling methods and sample sizes are deemed appropriate for resource estimation) Details for the historical sampling are not available.
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. 	<ul style="list-style-type: none">) The KGL drilling has QAQC data that includes standards, duplicates and laboratory checks. In ore zones standards are added at a ratio of 1:10 and duplicates and blanks 1:20.) Base metal samples are assayed using a four-acid digest with an ICP AES finish.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> 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. There are no details of the historic drill sample assaying or any QAQC. All assay methods were deemed appropriate at the time of undertaking.
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 MS Access database, using Database check queries and Maxwell's DataShed. Further validation is conducted when data is imported into Surpac and Leapfrog Geo. Hole twinning was occasionally conducted at Reward with mixed results. This may be due to inaccuracies with historic hole locations rather than mineral continuity issues. For the resource estimation below detection values were converted to half the lower detection limit.
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"> For the KGL drilling surface collar surveys were picked up using a Trimble DGPS, with accuracy to 1 cm or smaller. Downhole surveys were taken during drilling with a Ranger or Reflex survey tool at 30m intervals. Checks were conducted with a Gyrosmart gyro and Azimuth Aligner. All drilling by Jinka Minerals and KGL is referenced on the MGA 94 Zone 53 grid. All downhole magnetic surveys were converted to MGA 94 grid. For Reward there are concerns about the accuracy of some of the historic drillhole collars. There are virtually no preserved historic collars for checking. There is no documentation for the downhole survey method for the historic drilling. Topography was mapped using Trimble DGPS (see location points)
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 at Rockface was on nominal 50m centres with downhole sampling on 1m intervals. Drilling at Reward was on 25m spaced sections in the upper part of the mineralisation extending to 50m centres with depth and ultimately reaching 100m spacing on the periphery of mineralisation. For Reward shallow oxide RC drilling was conducted on 80m spaced traverses with holes 10m apart. The drill spacing for all areas is appropriate for resource estimation and the relevant classifications applied. A small amount of sample compositing has been applied to some of the near surface historic drilling.
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; the default angle is -60 degrees, but holes vary from -45 to -80. Drilling orientations are considered appropriate and no obvious sampling bias

Criteria	JORC Code explanation	Commentary
		was detected.
Sample security	) The measures taken to ensure sample security.	) Samples were stored in sealed polyweave bags on site and transported to the laboratory at regular intervals by KGL staff or a transport contractor.
Audits or reviews	) The results of any audits or reviews of sampling techniques and data.	) The sampling techniques are regularly reviewed internally and by external consultants.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	) Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.) The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	) The Jervois Project is within 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	) Acknowledgment and appraisal of exploration by other parties.	) Previous exploration has primarily been conducted by Reward Minerals, MIM and Plenty River.
Geology	) Deposit type, geological setting and style of mineralisation.	) 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 stratabound mineralisation for the project consists of a series of complex, narrow, structurally controlled, sub-vertical sulphide/magnetite-rich deposits hosted by Proterozoic-aged, amphibolite grade metamorphosed sediments of the Arunta Inlier.) Mineralisation is characterised by veinlets and disseminations of chalcopyrite in association with magnetite. In the oxide zone which is vertically limited malachite, azurite, chalcocite are the main Cu-minerals.) Massive to semi-massive galena in association with sphalerite occur locally in high grade lenses of limited extent with oxide equivalents including cerussite and anglesite in the oxide zone. Generally, these lenses are associated with more carbonate-rich host rocks occurring at Green Parrot, Reward and Bellbird North.
Drill hole Information	) A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length.) If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	) Refer Tables 1, 2, 3 and 4, Figures 1, 2, 3, 4, 5 and 6 and Appendix I
Data aggregation methods	) In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.) 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	) Minimum grade truncation 0.5%Cu

Criteria	JORC Code explanation	Commentary
	<p>) such aggregations should be shown in detail.</p> <p>) The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	
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 Figures 1, 2, 3, 4, 5 and 6 and Appendix I
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 and 6
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 Appendix I
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 1, 2, 3, 4, 5 and 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 Figure 4 and 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 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities	-	-
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(3,466)	(5,295)
(b) development	-	-
(c) production	-	-
(d) staff costs	(132)	(231)
(e) administration and corporate costs	(186)	(328)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	74	118
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	(3,710)	(5,736)

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

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,695	6,500
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	-	-
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	1,695	6,500

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,494	10,715
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,710)	(5,736)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,695	6,500
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,479	11,479

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	630	305
5.2 Call deposits	10,849	13,189
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)	11,479	13,494

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
63
-

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

Add notes as necessary for an understanding of the position

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-


--

9. Estimated cash outflows / (inflows for next quarter)	\$A'000
9.0 Equity Raising	-
9.1 Exploration and evaluation	2,550
9.2 Development (Jervois Project)	1,762
9.3 Production	-
9.4 Staff costs	169
9.5 Administration and corporate costs	173
9.6 Fixed Assets	62
9.7 Total estimated cash outflows / (inflows)	4,716

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: ...29/07/2019.....
(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.