

15 April, 2020

## Quarterly Activities Report - Period Ended 31 March 2020

### KGL positioning to develop Jervois Copper Project post COVID-19

- ) Mine Management Plan sent to NT Government for final approval
- ) Drilling essential to mine planning completed - Jervois site closed for COVID-19 safety
- ) Further good exploration results improve initial mining options and potential for increased resources

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## Summary

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#### 1. Mine Management Plan for Jervois has been sent to the Northern Territory Government, and other pre-development work neared completion.

The Mine Management Plan was completed during the quarter and has been sent to the NT Government for final government approval of the project.

The latest drilling results were incorporated into geological studies and are providing opportunities to optimise mine design. The process flowsheet to produce the concentrate was finalised, and updating of the process plant's construction and operating costs commenced. Site investigations continued for project infrastructure. Updated proposals to build, own and operate the village were received and being considered. Planning of the water supply advanced.

#### 2. The site at Jervois was closed to avoid COVID-19 exposure. Enough drilling information was obtained to support final mine planning.

Drilling was halted at Jervois and the site closed, minimising exposure of on-site staff and the local community to personnel flying in and out from around Australia. Pre-development work continued unaffected because the in-fill drilling to support final mine planning and financial modelling had been completed.

#### 3. Exploration results strengthened mine planning, confirmed new Reward South discovery and increased potential for finding new deposits.

- ) Additional high grade copper was intersected at Reward and Bellbird including:

|  |  |
|--|--|
| just below the proposed pit at Reward - KJD401               | 33.5 m* @ 1.4% Cu<br>including 14.5 m @ <b>2.1% Cu</b> |
| ...and just below the proposed pit at Bellbird – KJD408      | 10.2 m* @ 2.4% Cu<br>including 4.7 m @ <b>3.9% Cu</b>  |
| ...and at the bottom of the proposed pit at Reward – KJCD418 | 24.9 m* @ 1.5% Cu<br>including 8.1 m @ <b>3.6% Cu</b>  |

- ) Very high silver grades over wide intervals of polymetallic mineralisation confirmed the significance of the newly discovered zone at Reward South, with KJCD416 intercepting:

|          |   |
|----------|---|
| KJCD416: | 22.1 m* @ 1.0% Cu, 7.6% Pb, 5.3% Zn, <b>763 g/t Ag</b> ,<br>0.44 g/t Au from 224.8 m,<br><br>including 6.2 m @ 2.4% Cu, 16.3% Pb,<br>8.9% Zn, <b>1708 g/t Ag</b> , 0.81 g/t Au from 251.2 m |
|----------|---|

- ) Review of gravity anomalies at Jervois indicated the significant potential for further discoveries.

Commenting on developments during the quarter, KGL Executive Chairman Denis Wood said:

“Our goal at KGL is to be ready to proceed to the project financing and development stages of Jervois as soon as possible after the COVID-19 pandemic has been overcome.

“The current global disruption has delayed project financing and the start of project construction beyond the targeted June 2020.

“However, pre-development work has not been held up. The Mine Management Plan was completed during the quarter. It has now been sent to the NT Government for final project approval, the conditions of which will enable us to complete the financial modelling ahead of raising project finance.

“The latest drilling results at Reward and Bellbird have been fed into current mine design work, increasing confidence in the mineral resources on which mine planning is based, providing opportunities to increase planned production and reduce operating costs, thus adding to the robustness of the Jervois project.

“The exploration drilling results have also shown the potential for larger resources on which to expand Jervois beyond the initial project. The remarkable intersections of extremely high silver grade in the polymetallic discovery at Reward South justify our commitment to state-of-the-art exploration techniques.

“Post COVID-19, we expect a favourable environment in which to develop Jervois. With economic recovery a high priority in Australia, we will be ready to access any government assistance for project development.

“Internationally, economic recovery in China, which consumes half of the world’s copper, is forecast to increase copper demand more rapidly than production growth, creating a supply deficit and an increase in the copper price from the recent low levels caused by COVID-19.

“Some copper mines that have recently cut back production will struggle to ramp up or even stay in business after the current shocking situation. At the same time, the long term fundamentals of the copper industry will return – declining grades by big miners and a scarcity of good quality new projects at a time of strongly increasing demand for copper in infrastructure, consumer goods, electrical transmission and electric vehicles. That will be the market on to which KGL will launch Jervois.”

## **1. Mine Management Plan for Jervois has been sent to the NT Government, and other pre-development work neared completion.**

During the quarter, KGL Resources Limited (ASX: KGL) (KGL or the Company) completed the Mine Management Plan for Jervois. It has now been sent to the Northern Territory's Department of Primary Industry and Resources for final Government approval of the project. Other pre-development work on mining and process planning, infrastructure and water supply neared completion.

### **Mining Management Plan**

All site works required to support the Mining Management Plan were completed during the quarter including:

- ) soil erodibility sampling to support the detailed Erosion and Sediment Control Plan
- ) an updated Surface Water Management Plan and a design review of the creek diversion by consultants WRM
- ) groundwater management plan additions prepared by consultants Cloud GMS including trigger values required for water levels and water quality based on modelling results from the Environmental Impact Statement and Supplementary EIS, and a framework to establish groundwater hydrology datasets
- ) recommendations on the Mine Rehabilitation and Closure Plan and the Acid and Mine Drainage Management Plan, provided by the University of Queensland's Centre for Mine Land Rehabilitation.

### **Mining Program**

Drilling results continued to be incorporated into the resource models to provide the most up to date basis for mine planning.

Mine geotechnical studies progressed with laboratory testing of core samples, together with the generation of the 3D Geotechnical model.

With these inputs, the preferred mining contractor, Macmahon Contractors, continued mine planning to further optimise the mine design and scheduling previously completed by AMDAD (Australian Mine Design and Development). Work is currently focussed on evaluation of alternative, advantageous mining methods in some areas that have been identified as a result of the detailed geotechnical studies.

### **Process Plant**

The process flowsheet was finalised after consultants Core Resources completed testing to optimise the concentrate quality. Now a test program to mimic the final flowsheet is being developed. Once the program has been validated against previous testing, individual core samples will be processed to confirm the previously indicated variability in metallurgical response from different areas.

With the flowsheet confirmed, design work progressed to provide an updated estimate for the process plant capital cost and development schedule for the detailed engineering, procurement, construction and commissioning. An independent review of operating costs for the updated process plant design was also commissioned during the quarter.

### **Project Infrastructure**

Geotechnical consultants undertook detailed site investigations to confirm ground conditions for the various site infrastructure including the solar panels array, village, process plant, tailings facility, workshops, the creek diversion and site roads. Testing specific to each proposed land use is under way.

The layout of the site continued to be developed, including planning to optimise the run-of-mine stockpile pad and the tailings storage facility and their staged construction phases. A revised location for the main process water dam was selected to take account of area constraints.

With the final personnel schedules determined for the construction and operating phases of the Project, updated proposals were received for the Build Own Operate (BOO) Village and are being evaluated.

### **Water Supply**

No objections were received to the mineral lease application for the water bore field to supply the project. The lease grant is conditional upon a final area survey which was provided. Applications for licences to extract the water were progressed.

### **2. The site at Jervois was closed; enough drilling information was obtained to support final mine planning.**

During the quarter, the Company halted drilling and closed the site at Jervois as a health priority. This has removed the exposure of onsite staff and the local community to personnel flying in from various parts of Australia for the period in which COVID-19 remains a serious concern.

Project planning will not be adversely affected, as enough drilling information had been obtained to complete the mine management plan. The actions will have the added benefit of conserving cash in this pre-development period.

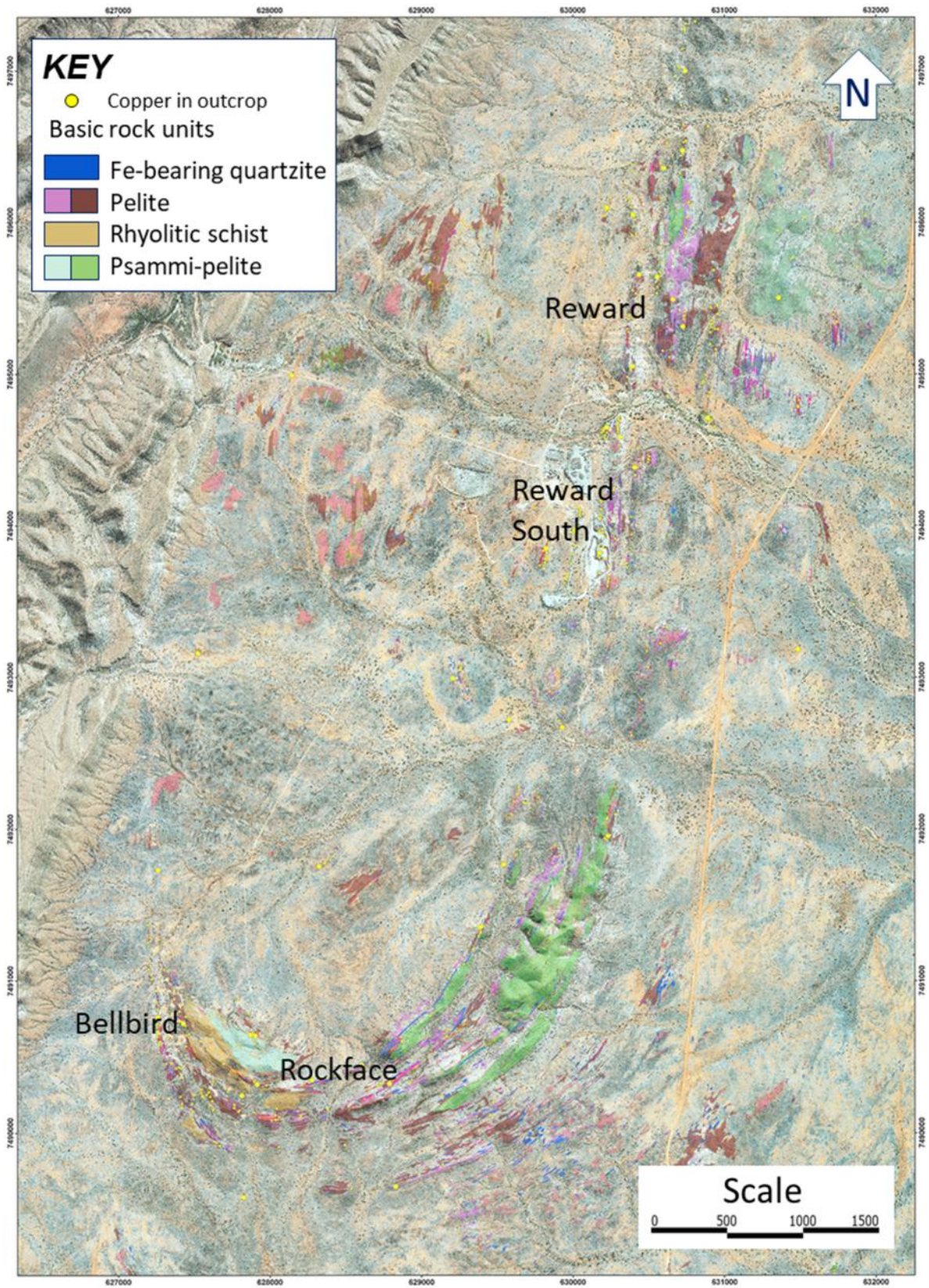


Figure 1: Jervois geology and active prospect map locating major deposits

**3. Exploration results strengthened mine planning, confirmed the new Reward South discovery and increased potential for finding new deposits.**

**Reward Main Lode and Reward Deeps**

More high grade drilling results at Reward were received during the quarter.

Assays were received in February from nine holes that tested the boundaries of the interpreted high-grade shoots (see Figure 2 and Appendix 1). All intercepted good mineralisation. Five of the nine intercepted further high grade copper below the outline of the proposed pit at Reward and three at Reward Deeps. The results provide more options for the mine design now under way at Reward and are expected to contribute to a further upgrading and increase of mineral resources. A strong feature was the continuing combination of high grades over wide intervals. Assays included:

|                            |   |
|----------------------------|---|
| at Reward - KJD401         | 33.5 m* @ 1.41% Cu, 43.6 g/t Ag, 0.12 g/t Au from 170.3 m,<br>inc. 14.5 m @ 2.14% Cu, 57.1 g/t Ag, 0.17 g/t Au from 170.3 m |
| and at Reward Deeps KJD413 | 10.6 m* @ 3.05% Cu 28.5 g/t Ag, 1.07 g/t Au from 339.1m   |

Further results from drilling during the quarter were released in April. Hole KJCD418 intercepted high grade copper over a wide interval at the bottom of the proposed Reward pit. Hole KJCD417 intercepted further high grade copper up-dip of the Reward Deeps Lode, thus confirming resource growth potential closer to the surface and continuity of high grade mineralisation over more than 200 metres. Assays included, at Reward:

|                             |  |
|-----------------------------|--|
| KJCD418                     | 24.9 m* @ 1.53% Cu, 37.5 g/t Ag, 0.21 g/t Au from 114.6 m<br>inc. 8.1m @ 3.57% Cu, 87.2 g/t Ag, 0.56 g/t Au from 116.7 m |
| and at Reward Deeps KJCD417 | 5.7 m* @ 1.4% Cu, 11.6 g/t Ag, 0.34 g/t Au from 255.4 m  |

**Reward South**

Two drill intercepts of very high silver grades over wide intervals of polymetallic mineralisation confirmed the significance of the recent discovery at Reward South. The new area of strong mineralisation is open in all directions.

The Company first reported last December the discovery of a strong conductor zone as a result of down hole electromagnetic (DHEM) surveying in Hole KJD360 which had been drilled to target a gravity anomaly. Hole KJD415 (Figure 2 and Appendix 1) was drilled during the quarter to test this conductor, and intercepted:

|        |  |
|--------|--|
| KJD415 | 26.5 m* @ 0.98% Cu, 285.5 g/t Ag, 0.36 g/t Au from 242.2 m,<br>inc. 7 m @ 2.04% Cu, 616.5 g/t Ag, 0.91 g/t Au from 272.4 m |
|--------|--|

A subsequent DHEM survey from Hole KJD415 showed a higher conductance. Hole KJCD416 (Figure 2 and Appendix 1) was drilled to further test the conductor and intercepted similarly wide intervals with more than twice the silver grades of the previous hole:

|        |   |
|--------|---|
| KJD416 | 22.1 m* @ 1.02% Cu, 7.57% Pb, 5.26% Zn, 763.2 g/t Ag, 0.44 g/t Au from 224.8 m,<br>inc. 6.2 m @ 2.41% Cu, 16.33% Pb, 8.87% Zn, 1708.1 g/t Ag, 0.81 g/t Au from 251.2 m. |
|--------|---|

\* All intervals are Estimated True Width

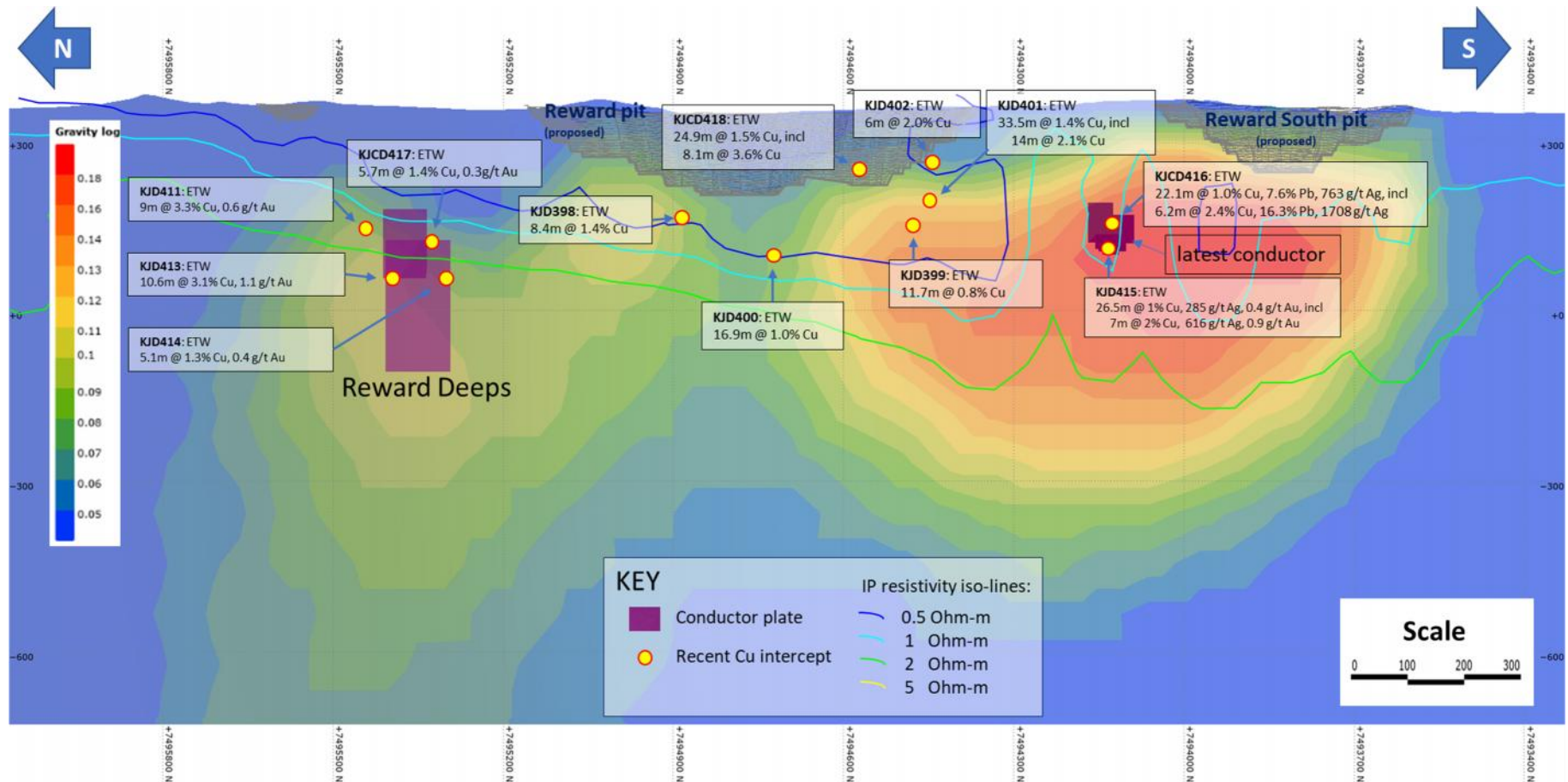


Figure 2: Longitudinal section of recent assay results and recent interpreted conductor plates from Reward (decimals rounded for ease of presentation). Also shown is an image of the gravity model of Reward and the 0.5 Ohm-m IP resistivity iso-line.

\* All intervals are Estimated True Width

### Bellbird

Three holes (KJD406, KJD407 and KJD408 – Figure 3 and Appendix 1) were drilled directly underneath the proposed pit at Bellbird to test potential extensions of the main lode at Bellbird. They were successful in identifying copper extensions, showing that significant mineralisation occurs immediately below the limit of the proposed pit. Assays included:

|         |  |
|---------|--|
| KJD406: | 18.3 m* @ 1.35% Cu, 4.2 g/t Ag, 0.04 g/t Au from 104.6 m,<br>inc. 9.4 m @ 2.01% Cu, 7.2 g/t Ag, 0.05 g/t Au from 119.4 m |
| KJD408  | 10.2 m* @ 2.38% Cu, 14.0 g/t Ag, 0.13 g/t Au from 91.5 m,<br>inc. 4.7 m @ 3.90% Cu, 20.6 g/t Ag, 0.21 g/t Au from 91.5 m |

### Bellbird North

Three holes (KJD403, KJD404 and KJD405 – Figure 3 and Appendix 1) were also drilled directly underneath the proposed Bellbird North pit, to test potential extensions of the northern extension of the Bellbird lode. All three holes intercepted mineralisation at the expected location of the extension of the lode, although the lode appeared to be thinner than the surrounding intercepts.

Another two holes (KJD410 and KJD412 – Figure 3 and Appendix 1) were drilled below the proposed Bellbird North pit to test possible extensions of the previously reported bornite vein in Hole KJCD358 (1m @ 34% Cu). Both holes intercepted high grade copper in a narrow zone of chalcopyrite veinlets with minor bornite.



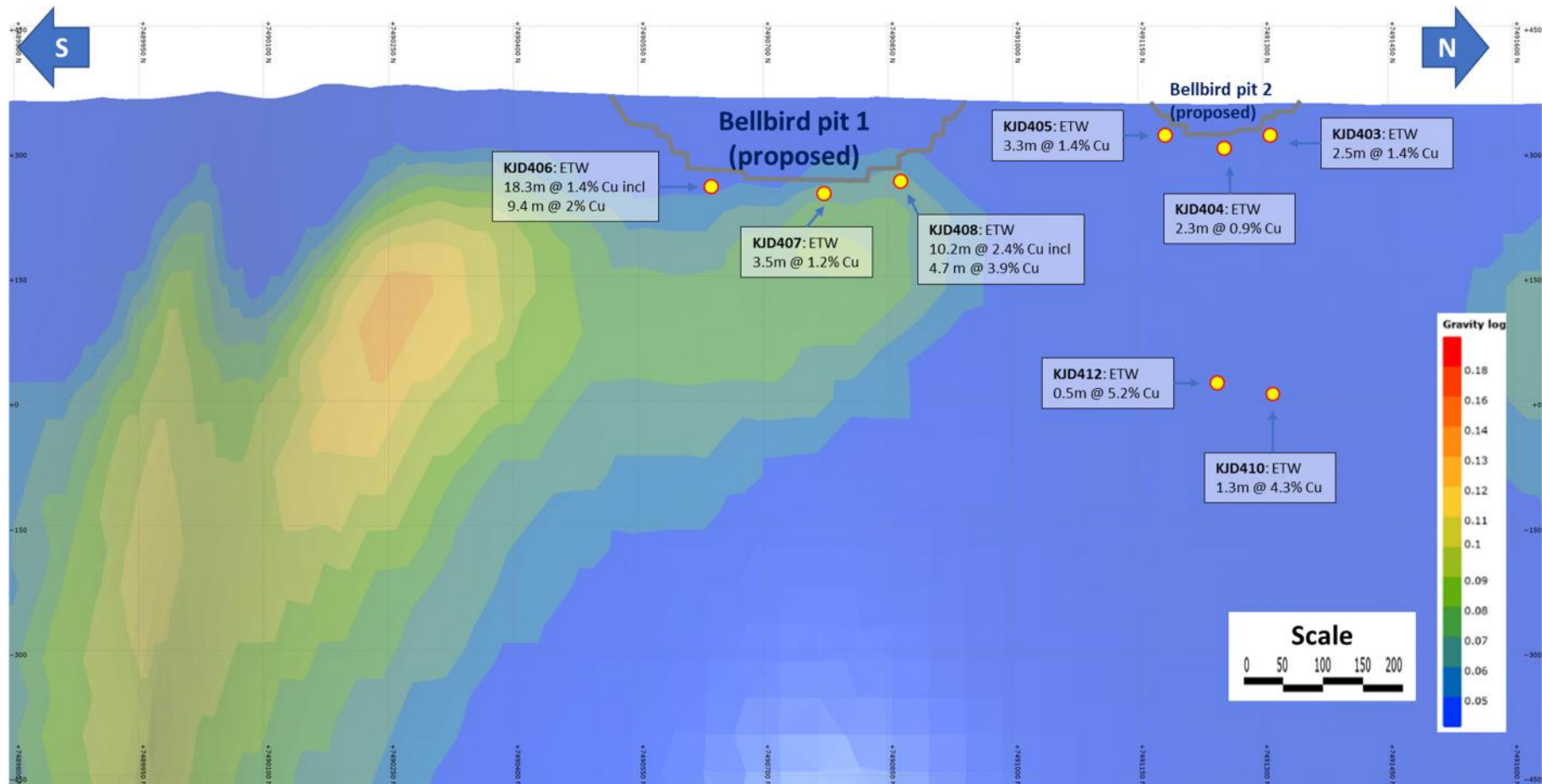


Figure 3: Longitudinal section of recent assay results and recent interpreted conductor plates from Bellbird (decimals rounded for ease of presentation). Also shown is an image of the gravity model of Bellbird.

\* All intervals are Estimated True Width

### **Potential in gravity and IP targets**

The discovery of copper-silver-gold mineralisation at Reward South in KJD415 and KJD416 based on the coincident geophysical anomalies highlights the exploration potential at Jervois and validates the exploration approach.

A review of the gravity anomalies at Jervois indicates that they are associated spatially with epidote-diopside-garnet alteration which is typically associated with the primary mineralisation at Reward.

Low IP resistivity is also shown to be a useful exploration tool at shallower depths. Mineralisation at Reward, Rockface, and Bellbird occurs in zones of low resistivity. This association is even stronger in areas where low resistivity anomalies overlap with gravity high anomalies. This is illustrated for Reward in Figure 4. However, the depth limitation of the IP resistivity signal does not allow the detection of Reward Deeps at greater depth.

The high grade polymetallic intercepts in KJD415 and KJD416 at Reward South are in a zone of low IP resistivity coinciding with a strong gravity anomaly, shown in Figure 4. This zone continues southwards along strike of these high-grade polymetallic intercepts. This low resistivity zone, also shown in map view Figure 5, has not yet been drilled.

Another important gravity anomaly is located at Bellbird South (Figure 6). This anomaly has a distinct elongated shape and coincides with both IP chargeability and low resistivity anomalies. It is similar to the Rockface gravity signal which is also elongated and has overlapping IP anomalies.

These situations present future exploration opportunities. Figure 7 shows prominent areas of coincident high gravity and low IP resistivity. Four areas - Reward, Reward South (western zone), Rockface and Bellbird - have been drilled and resources established. Five other promising areas are yet to be drilled.

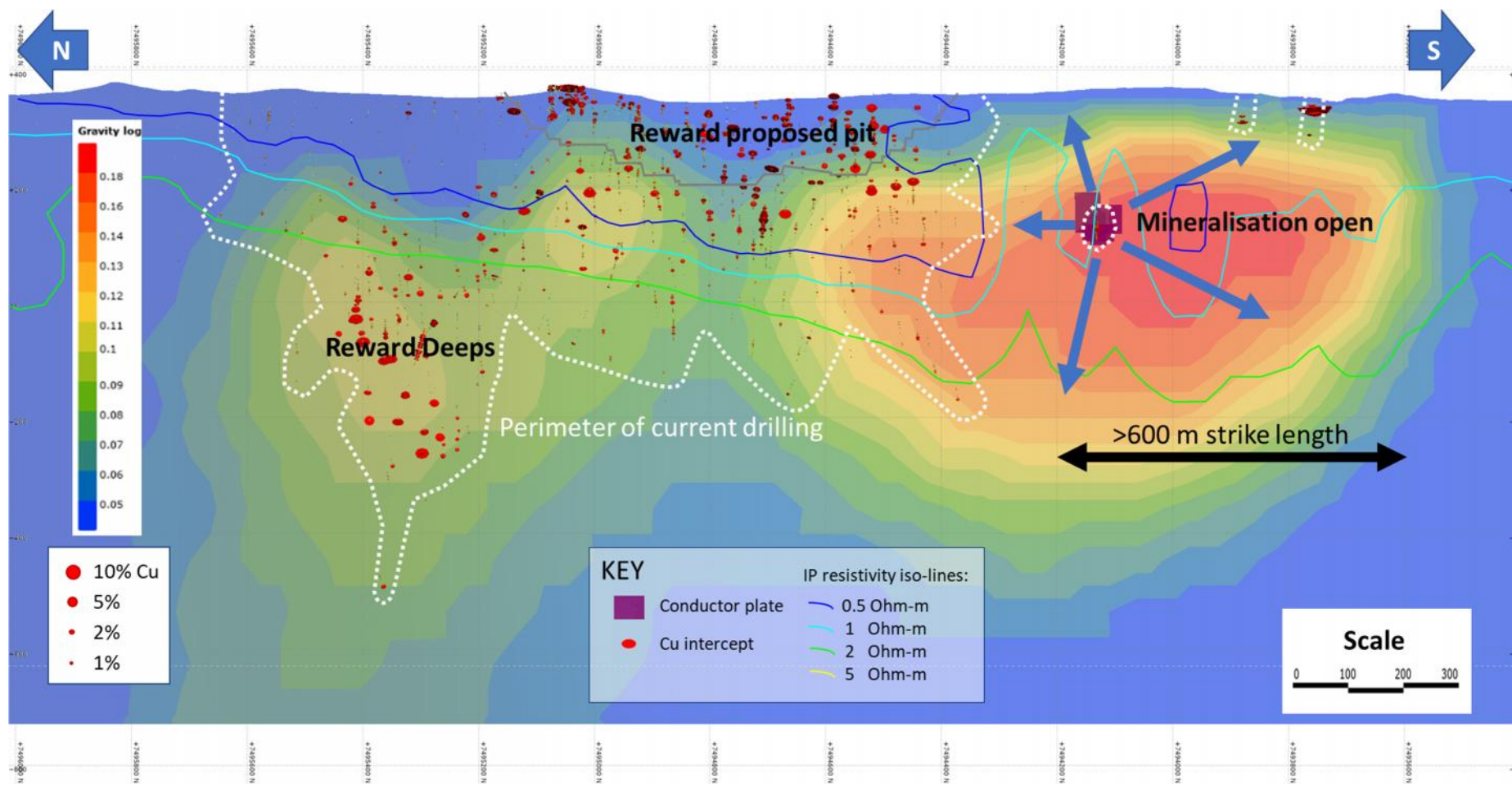


Figure 4 Longitudinal section of all drill intercepts by KGL depicted as discs with disc size reflecting Cu grade, also showing recent interpreted conductor plates, IP resistivity iso-lines and gravity image of Reward. The white dashed line marks the perimeter of the drilling at Reward to date.

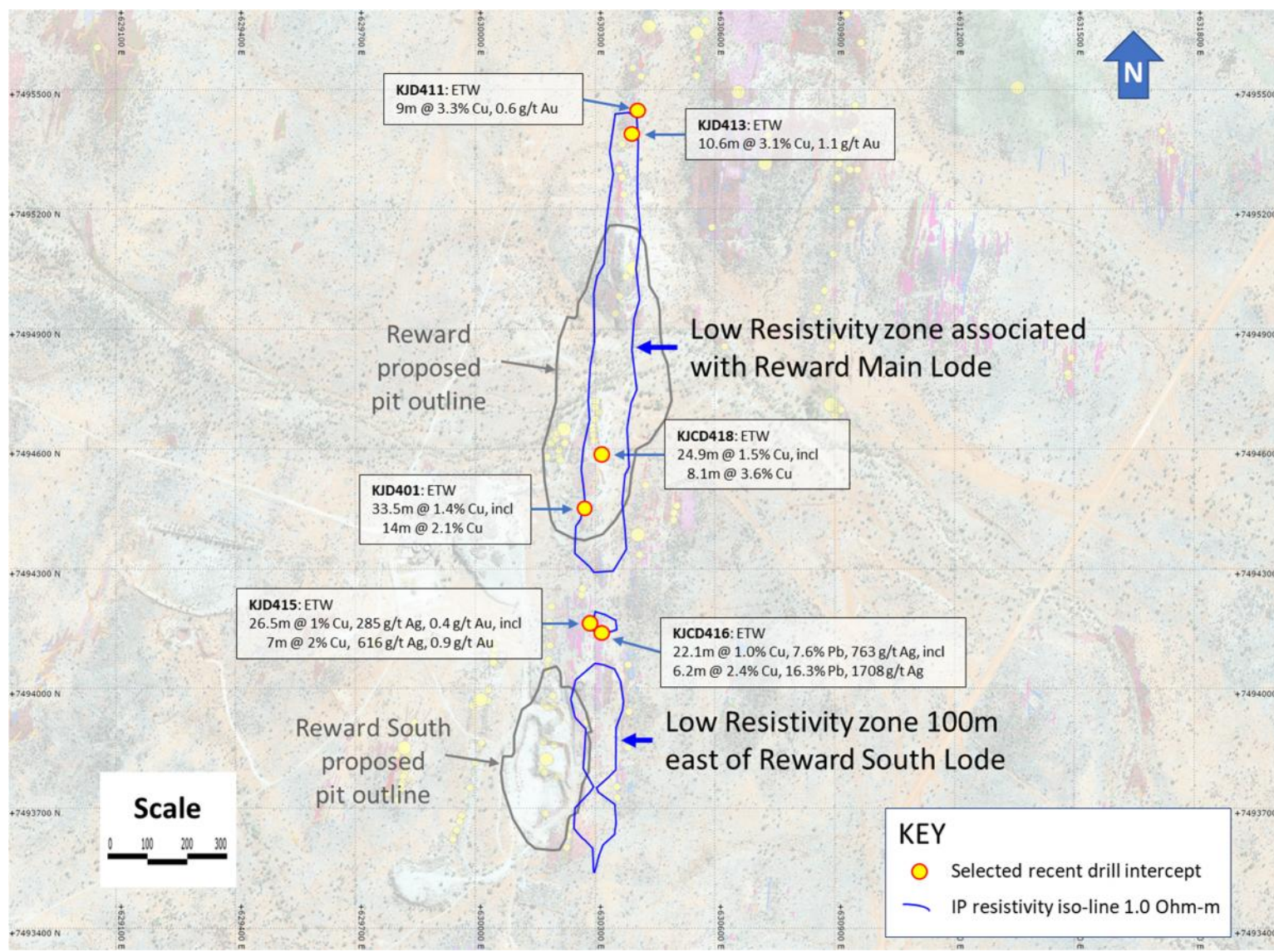


Figure 5 Surface map of Reward with selected recent drill intercepts and IP resistivity 0.5 Ohm-m iso-lines projected onto the surface.

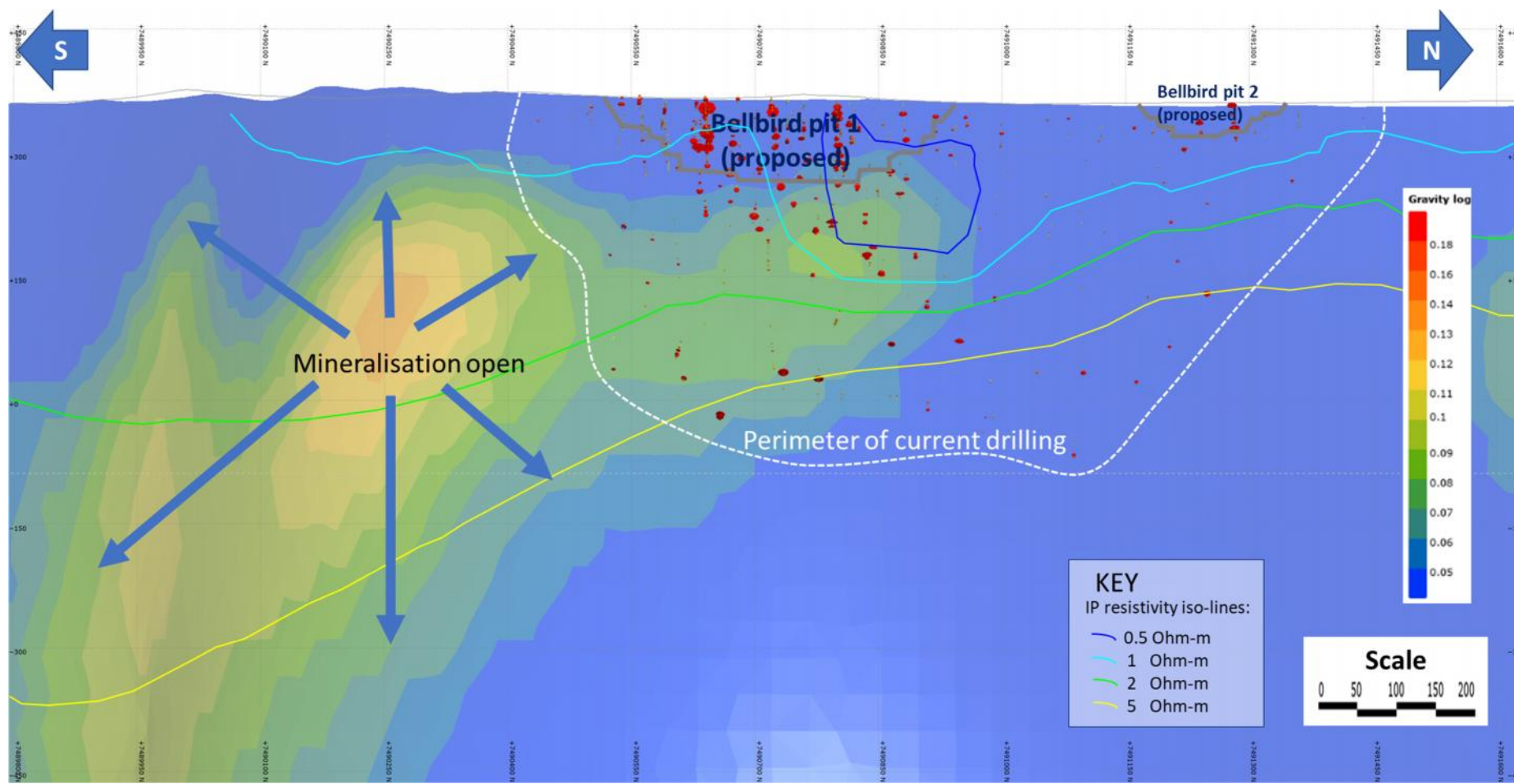


Figure 6 Longitudinal section of all drill intercepts by KGL depicted as discs with disc size reflecting Cu grade, also showing recent interpreted conductor plates, IP resistivity iso-lines and gravity image of Reward. The white dashed line marks the perimeter of the drilling at Bellbird to date.

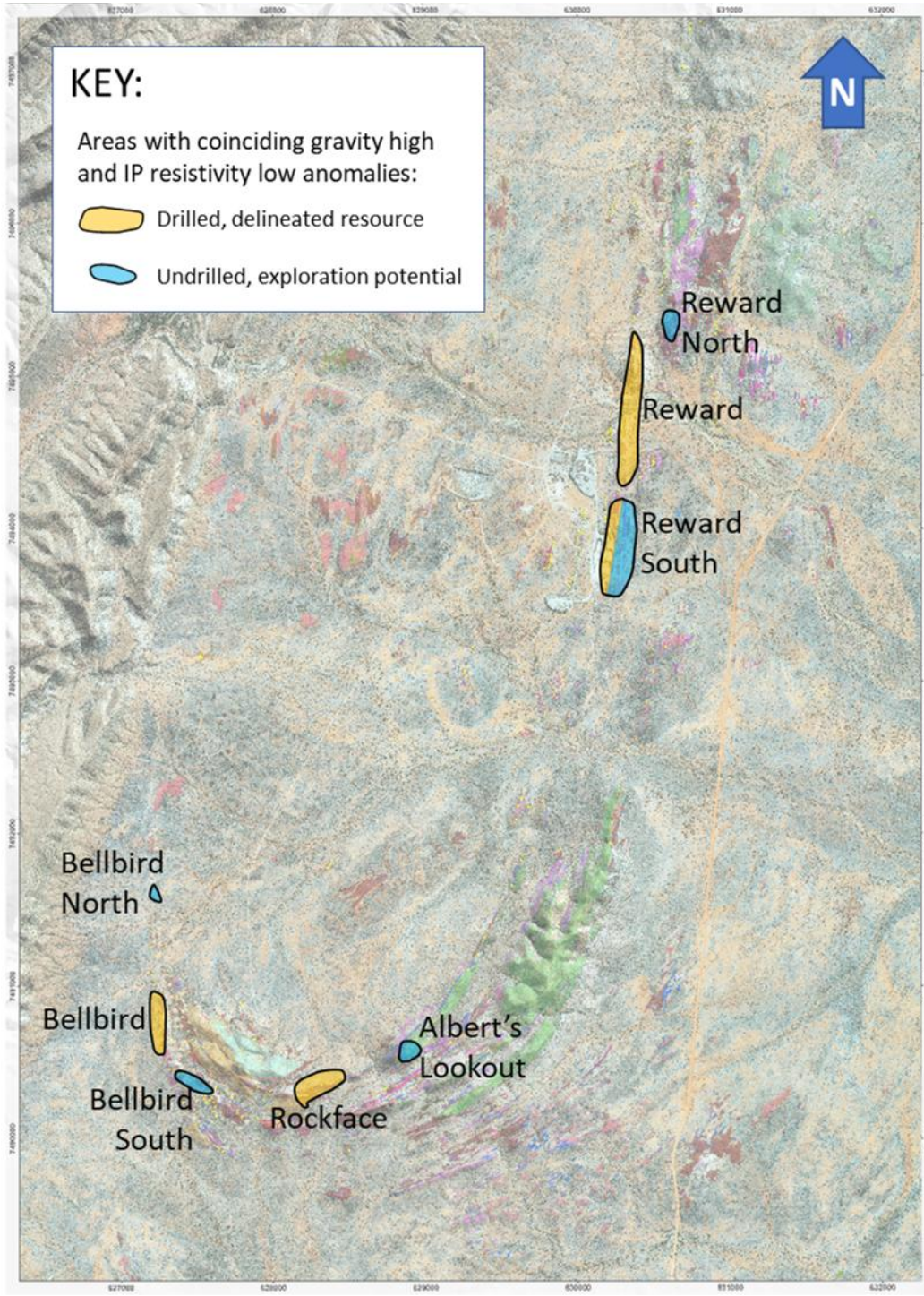


Figure 7 Surface map of Jervois showing areas of coincident gravity high and IP resistivity low anomalies, grouped in drilled and undrilled zones.

## Appendix I Drill hole information and assay results at Jervois March 2020

| Lode           | Hole ID | 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 Main    | KJD398  | 630,221     | 7,494,918    | 346    | 399.6 | -58.1     | 106.01          | 225.5    | 236.7  | 11.20        | 8.38    | 1.38  | 0.04 | 0.10   | 10.6   | 0.40   |
|                | KJD399  | 630,177     | 7,494,470    | 349    | 392.6 | -60.4     | 86.78           | 231.0    | 248.4  | 17.44        | 11.71   | 0.84  | 0.12 | 0.23   | 12.7   | 0.09   |
|                |         |             |              |        |       |           | including       | 231.0    | 235.1  | 4.10         | 2.73    | 2.10  | 0.16 | 0.33   | 18.5   | 0.29   |
|                | KJD400  | 630,165     | 7,494,724    | 346    | 465.6 | -61.3     | 89.47           | 278.9    | 304.3  | 25.41        | 16.94   | 1.01  | 1.78 | 0.84   | 62.1   | 0.25   |
|                | KJD401  | 630,174     | 7,494,448    | 350    | 268.4 | -57.0     | 89.73           | 170.3    | 220.1  | 49.81        | 33.50   | 1.41  | 0.28 | 0.54   | 43.6   | 0.12   |
|                |         |             |              |        |       |           | including       | 170.3    | 192.0  | 21.74        | 14.48   | 2.14  | 0.26 | 0.35   | 57.1   | 0.17   |
|                | KJD402  | 630,196     | 7,494,434    | 351    | 282.2 | -50.0     | 84.20           | 112.0    | 120.2  | 8.20         | 6.01    | 1.96  | 0.26 | 0.97   | 49.5   | 0.18   |
| KJCD418        | 630,216 | 7,494,574   | 351          | -59.9  | 88.5  | 227.50    | 114.6           | 154.2    | 39.60  | 24.90        | 1.53    | 0.21  | 0.21 | 37.5   | 0.21   |        |
|                |         |             |              |        |       | including | 116.7           | 128.2    | 11.50  | 8.10         | 3.57    | 0.48  | 0.43 | 87.2   | 0.56   |        |
| Reward Deeps   | KJD411  | 630,278     | 7,495,434    | 351    | 399.8 | -64.3     | 91.80           | 235.0    | 248.8  | 13.78        | 9.04    | 3.27  | 1.14 | 0.78   | 70.3   | 0.63   |
|                | KJD413  | 630,215     | 7,495,396    | 350    | 423.6 | -62.8     | 94.18           | 339.1    | 355.1  | 16.05        | 10.63   | 3.05  | 0.10 | 0.10   | 28.5   | 1.07   |
|                | KJD414  | 630,257     | 7,495,310    | 350    | 342.8 | -69.9     | 93.93           | 315.2    | 324.0  | 8.80         | 5.11    | 1.25  | 0.03 | 0.07   | 14.9   | 0.37   |
|                | KJCD417 | 630,277     | 7,495,332    | 351    | -67.1 | 91.0      | 399.80          | 255.4    | 264.8  | 9.40         | 5.70    | 1.40  | 0.02 | 0.13   | 11.6   | 0.34   |
| Reward South   | KJD415  | 630,158     | 7,494,139    | 355    | 304.7 | -65.1     | 88.83           | 242.2    | 287.2  | 45.01        | 26.53   | 0.98  | 1.35 | 0.74   | 285.5  | 0.36   |
|                |         |             |              |        |       |           | including       | 272.4    | 284.0  | 11.65        | 7.00    | 2.04  | 1.62 | 0.68   | 616.5  | 0.91   |
|                | KJCD416 | 630,176     | 7,494,139    | 356    | -64.8 | 89.4      | 299.30          | 224.8    | 263.0  | 38.20        | 22.10   | 1.02  | 7.57 | 5.26   | 763.2  | 0.44   |
|                |         |             |              |        |       | including | 251.2           | 261.8    | 10.60  | 6.20         | 2.41    | 16.33 | 8.87 | 1708.1 | 0.81   |        |
| Bellbird Main  | KJD406  | 627,361     | 7,490,633    | 364    | 170.0 | -58.5     | 270.03          | 104.6    | 135.1  | 30.50        | 18.30   | 1.35  | 0.01 | 0.02   | 4.2    | 0.04   |
|                |         |             |              |        |       |           | including       | 119.4    | 135.1  | 15.70        | 9.42    | 2.01  | 0.00 | 0.02   | 7.2    | 0.05   |
|                | KJD407  | 627,356     | 7,490,776    | 362    | 180.0 | -59.2     | 270.07          | 139.3    | 145.1  | 5.80         | 3.48    | 1.23  | 0.01 | 0.04   | 6.1    | 0.06   |
|                | KJD408  | 627,315     | 7,490,866    | 361    | 147.7 | -64.3     | 269.27          | 91.5     | 108.5  | 17.00        | 10.20   | 2.38  | 0.02 | 0.03   | 14.0   | 0.13   |
|                |         |             |              |        |       | including | 91.5            | 99.3     | 7.80   | 4.68         | 3.90    | 0.02  | 0.03 | 20.6   | 0.21   |        |
| Bellbird North | KJD403  | 627,225     | 7,491,308    | 359    | 100.0 | -55.9     | 269.68          | 38.0     | 42.1   | 4.10         | 2.46    | 1.36  | 0.02 | 0.05   | 4.7    | 0.29   |
|                | KJD404  | 627,247     | 7,491,258    | 357    | 110.0 | -56.9     | 269.47          | 48.0     | 51.9   | 3.90         | 2.34    | 0.85  | 0.01 | 0.06   | 6.1    | 0.17   |
|                | KJD405  | 627,235     | 7,491,184    | 357    | 100.0 | -54.8     | 269.32          | 37.3     | 42.7   | 5.45         | 3.27    | 1.43  | 0.02 | 0.03   | 13.5   | 0.20   |
|                | KJD410  | 627,490     | 7,491,316    | 355    | 447.8 | -66.2     | 270.48          | 394.3    | 396.5  | 2.20         | 1.32    | 4.30  | 0.06 | 0.05   | 32.0   | 0.20   |
|                | KJD412  | 627,490     | 7,491,314    | 355    | 428.9 | -68.7     | 240.64          | 373.7    | 374.6  | 0.84         | 0.50    | 5.16  | 0.83 | 7.81   | 31.0   | 0.06   |

## Outlook

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The Company is continuing with the final stages of pre-development planning for the Jervois project. Northern Territory Government approval of the Mine Management Plan is now awaited so that any accompanying conditions can be incorporated into the financial modelling required to seek project financing. The Company's goal is to be fully ready to proceed to the project financing stage and the start of project construction as soon as the COVID-19 situation has ended.

## Tenements

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| 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 |
|--|----------|--------------------|
| Nil  |          |                    |

| Tenements subject to farm-in or farm-out agreements | Location | Beneficial Holding |
|---|----------|--------------------|
| Nil   |          |                    |

| Tenements subject to farm-in or farm-out agreements acquired or disposed of during the quarter | Location | Beneficial Holding |
|--|----------|--------------------|
| Nil  |          |                    |

## Transaction with related parties

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As reported in the quarterly cash flow report part 6.1, amounts paid to related parties of \$62,000 consist of directors' fees and expenses for the quarter.



## JORC Compliance Statement

The Jervois Resources information were first released to the market on 22/08/19 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.

The following drill holes were originally reported on the date indicated and using the JORC code specified in the table. Results reported under JORC 2004 have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported.

| Hole |     | Date originally Reported | JORC Reported Under |
|------|-----|--------------------------|---------------------|
| KJD  | 401 | 17/03/2020               | 2012                |
| KJD  | 408 | 17/03/2020               | 2012                |
| KJCD | 418 | 14/04/2020               | 2012                |
| KJCD | 416 | 14/04/2020               | 2012                |
| KJD  | 413 | 17/03/2020               | 2012                |
| KJCD | 417 | 14/04/2020               | 2012                |
| KJD  | 415 | 17/03/2020               | 2012                |
| KJD  | 411 | 17/03/2020               | 2012                |
| KJD  | 414 | 17/03/2020               | 2012                |
| KJD  | 398 | 17/03/2020               | 2012                |
| KJD  | 400 | 17/03/2020               | 2012                |
| KJD  | 402 | 17/03/2020               | 2012                |
| KJD  | 399 | 17/03/2020               | 2012                |
| KJD  | 406 | 17/03/2020               | 2012                |
| KJCD | 358 | 17/10/2019               | 2012                |
| KJD  | 407 | 17/03/2020               | 2012                |
| KJD  | 405 | 17/03/2020               | 2012                |
| KJD  | 412 | 17/03/2020               | 2012                |
| KJD  | 404 | 17/03/2020               | 2012                |
| KJD  | 410 | 17/03/2020               | 2012                |
| KJD  | 403 | 17/03/2020               | 2012                |

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KGL Resources Limited

ABN

52 082 658 080

Quarter ended ("current quarter")

31 March 2020

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | 165                        | 165                                   |
| 1.2 Payments for  |                            |                                       |
| (a) exploration & evaluation (if expensed)                | -                          | -                                     |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) staff costs   | (156)                      | (156)                                 |
| (e) administration and corporate costs                    | (471)                      | (471)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | 5                          | 5                                     |
| 1.5 Interest and other costs of finance paid              | -                          | -                                     |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Government grants and tax incentives                  | -                          | -                                     |
| 1.8 Other (provide details if material)                   | -                          | -                                     |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(457)</b>               | <b>(457)</b>                          |

|  |         |         |
|--|---------|---------|
| <b>2. Cash flows from investing activities</b> |         |         |
| 2.1 Payments to acquire:                       |         |         |
| (a) entities                                   | -       | -       |
| (b) tenements                                  | -       | -       |
| (c) property, plant and equipment              | (4)     | (4)     |
| (d) exploration & evaluation (if capitalised)  | (1,036) | (1,036) |
| (e) investments                                | -       | -       |
| (f) other non-current assets                   | -       | -       |

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from the disposal of:                        |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) tenements   | -                          | -                                     |
|                                      | (c) property, plant and equipment                     | -                          | -                                     |
|                                      | (d) investments                                       | -                          | -                                     |
|                                      | (e) 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)                   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(1,040)</b>             | <b>(1,040)</b>                        |

|             |   |          |          |
|-------------|---|----------|----------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |          |          |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -        | -        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -        | -        |
| 3.3         | Proceeds from exercise of options   | -        | -        |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -        | -        |
| 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)   | -        | -        |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>-</b> | <b>-</b> |

|           |  |                |                |
|-----------|--|----------------|----------------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                |                |
| 4.1       | Cash and cash equivalents at beginning of period                             | <b>6,725</b>   | <b>6,725</b>   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | <b>(457)</b>   | <b>(457)</b>   |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | <b>(1,040)</b> | <b>(1,040)</b> |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | -              | -              |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| 4.5   | Effect of movement in exchange rates on cash held | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b> | <b>5,228</b>                       | <b>5,228</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 1,127                              | 3,625                               |
| 5.2        | Call deposits   | 4,101                              | 3,100                               |
| 5.3        | Bank overdrafts   | -                                  | -                                   |
| 5.4        | Other (provide details)   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>5,228</b>                       | <b>6,725</b>                        |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| <b>Current quarter<br/>\$A'000</b> |
|------------------------------------|
| 62                                 |
| -                                  |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| <b>7. Financing facilities</b>  | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (please specify)  | -   | -  |
| 7.4 <b>Total financing facilities</b>   | -   | -  |
| 7.5 <b>Unused financing facilities available at quarter end</b>   |   | -  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. |   |  |
| N/a   |   |  |

| <b>8. Estimated cash available for future operating activities</b>                | <b>\$A'000</b> |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)                     | (457)          |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d))                            | (1,040)        |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2)                                | (1,497)        |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6)                           | 5,228          |
| 8.5 Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.6 Total available funding (Item 8.4 + Item 8.5)                                 | 5,228          |
| 8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b> | 3.5            |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/a

## 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.

Date: 15 April 2020.....

Authorised by: Kylie Anderson on behalf of the Board.....

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.