

27 August 2021

## Update on Feasibility Study of Jervois Copper Project

- **General delays experienced due to the impact of COVID 19 on site works.**
  - **Initial major packages have been received.**
  - **Study has entered the optimisation phase - key opportunities identified.**
  - **Extension of Feasibility Study required to finalise.**
  - **Final Investment Decision (FID) now planned for Q1 2022.**
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KGL Resources Limited (**ASX: KGL**) (KGL or the Company) advises that the Feasibility Study of the Company's 100% owned Jervois Copper Mine Project in the Northern Territory is being extended to complete essential studies, and carry out the optimisation phase.

KGL Managing Director Simon Finnis said that the Feasibility Study (FS) of the high grade project was well advanced with the initial major costing packages including the mining, processing plant and logistics costs being received, and mine and infrastructure planning nearing completion.

“Although there have been cost increases, there have been no major surprises, however drilling curtailments and other restrictions caused by the COVID pandemic are creating uncertainties in this pre-development period of the project, and that gives us time to carry out a measured optimisation program” Mr Finnis said.

“The industry-wide shortage of drill rigs and drill rig crews, together with COVID-related problems of site access is affecting our resource development drilling program as well as exploration drilling.

Mining and construction contractors are having difficulty providing firm quotes as they manage the labour resource challenges that are being experienced widely across that sector brought about by the uncertainties arising in the COVID environment.

Having considered these factors, the Board of KGL has elected to extend the FS and final investment decision.

While we cannot influence these global uncertainties, we are focusing on activities to further reduce the risks during the development and construction phases, while we also improve the outcomes for the high-grade resource at Jervois.”

Drilling designed to improve the confidence of the Mineral Resource and extend the proposed mine life is being prioritised, and an updated Resource estimate is expected to be released in November 2021. Concurrent metallurgical test work is well advanced and is aimed at improving recoveries of copper as well as valuable gold and silver by-products, thus boosting expected revenue.

During the first (March) quarter of 2022, the aim is to complete the financial results of the FS, produce a new Mining Reserve, finalise the project financing, take the final investment decision and begin project construction. Early works will also commence in this period.

“These are difficult times for mining projects. The planning uncertainties and resource constraints are linked to the lockdowns and border restrictions imposed by governments as Australia moves towards an 80% vaccination rate. However, the impact on costs and schedule is difficult to measure for project planning purposes.

These current factors do not alter the fundamental strengths of the Jervois project. This is a high grade copper resource that continues to increase in both confidence and quality, and, with further drilling, still has significant upside potential.”

Jervois is being prepared for development at a time of near record world copper prices that are forecast to remain strong for at least the life of the initial mine at Jervois. The long term copper supply constraints being forecast as demand for copper strengthens significantly in an increasingly electric society are only intensified by the current stresses on production, most recently the labour disruptions in the world’s largest copper producing country, Chile.

“With supply under such pressure, we look forward to bringing Jervois into production in this extended period of sustained growing demand for copper,” Mr Finnis said.

This announcement has been authorised by the KGL’s Board of Directors.