ASX Announcement

Annual Reports

Level 5, 167 Eagle Street
Brisbane QLD 4000
Australia
kglresources.com.au

24 March 2022

KGL Resources Limited (**ASX:KGL**) is today announcing the release of:

- The 2021 Annual Report including the Annual Financial Statements and Corporate Governance Statement and,
- The 2021 Sustainability Report.

The Company also advises that the Annual General Meeting will be held on 31 May 2022.

These announcements have been approved by the directors of KGL Resources Limited.

KGL RESOURCES

2021 \ ANNUAL REPORT

Contents

Corporate Directory

Name of Company Secretary

Kylie Anderson

Address of Registered Office

KGL Resources Limited
Level 5, 167 Eagle Street
Brisbane 4000
07 3071 9003

Name and Address of Share Register

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008

Securities Exchange Listing

Quotation has been granted for the unrestricted ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange.

Chairman's Address

To our Shareholders

This has been a difficult year for your company as we continued to deal with the logistical issues brought about by the Covid-19 pandemic. Nevertheless, I am pleased with our progress at Jervois and I must congratulate our staff, in particular our site staff, who have managed to persevere and complete our 2021 drilling program even with the prevailing and industry-wide challenges.

Work at Jervois during the year provided every indication of a project that will continue to increase in size and quality. The pandemic halted work on-site for much of 2020 and drilling recommenced in early 2021 and while it took some time to get fully into stride, we have seen some very good results. Resource drilling increased the copper metal content at Reward by some 43,000 tonnes, lifting the total contained copper metal at Reward by 20%, and representing an overall increase of 13.5% on the 2020 total Jervois Cu-Ag-Au Resource estimate. Auguring well for the future at Jervois, drilling encountered some extremely high grades at Rockface. The intersections were below the current resource, with the deposit remaining open for significant extensions at depth. All the major deposits at Jervois are open at depth, making them highly prospective for additional resources.

The Feasibility Study is now expected to be completed in mid-2022. While that will be several months later than previously planned the extra time it is taking to complete the Feasibility Study is enabling us to further optimise the mine plan, identify cost pressures and refine capital and operating costs. The opportunity is also being taken to finalise offtake arrangements. We can offer customers long term contracts for copper concentrate with gold and silver credits produced in a secure, low risk country when much of the world's copper supply, now and in the future, is sourced from far less stable environments.

We will be selling into a global market that is expected to continue to experience strong demand and high copper prices. The price reached an all-time peak of US$10,729 a tonne in March 2022 and has remained largely between US$9,000 and US$10,000 since May 2021. Copper lies at the heart of the modern industrial order. It is the key metal required in ever growing quantities for the age of increasing electrification and green energy. Senior analysts are forecasting a copper super-cycle of high producer margins this decade as prices advance towards US$15,000 a tonne, driven by demand growth at a time of constrained supply caused by rising costs, declining ore grades, few new projects and sovereign risks in major producing countries.

KGL's Executive Chairman Denis Wood initially retired last year after six years as a Director and Chairman. Under his leadership, mineral resources at Jervois increased in quality and size, the Feasibility Study reached an advanced stage, market capitalization of the Company increased significantly, and a strong cash position was maintained. Denis was instrumental in transforming KGL from a small explorer into a company now preparing to be a mid-sized copper producer and we are delighted that he has agreed to re-join the board as a Non-executive Director.

Managing Director Simon Finnis joined the Company last year. Based on his long experience in management and operational roles in the mining industry in Australia and internationally, Simon is providing strong executive leadership with the Jervois project.

We were very pleased to welcome Denis Gately on to the board of KGL last year. Denis is one of Australia's most respected energy and resources lawyers having led mineral and oil and gas transactions in Australia and internationally and served as a director on several resource company boards.

We are also appreciative of the service provided to KGL by departing directors, Fiona Murdoch and Stephen Mallyon. Fiona resigned from the board in October 2021 having been an active and valued board member for three years. Stephen joined the board in the middle of 2021 bringing with him management experience with mining projects, both in Australia and internationally, and corporate finance experience. He has recently resigned from the board.

During the year, the Company raised $25.21 million in share placements and a shareholder entitlement issue. Directors greatly appreciate the strong investor and shareholder support in providing the new capital which is funding the Feasibility Study and drilling programs.

Directors join with me in thanking shareholders for their continuing confidence in the Company to build value and create a strong and sustaining mining enterprise.

Peter Hay
CHAIRMAN
KGL Resources Limited
23 March 2022

Message from the Managing Director and CEO

Dear Shareholders

It has been an extremely busy nine months since I joined the Company. After the loss of the 2020 drilling season due to COVID-19, it was straight into the deep end with two drill rigs fully engaged onsite, the feasibility study in full swing and COVID-19 driven disruptions needing management attention on an almost daily basis. We have augmented the team and applied significant resources to enable the feasibility to be very well advanced, despite the abovementioned COVID-19 related delays.

I must say that it was a great effort by everyone involved. The actual disruptions to site activities were minimized, and we were able to complete the drilling, and all site programs for the feasibility study within the 2021 calendar year.

We are now in the final stages of optimising the mine plan, based on the new and increased Resource for Jervois of 22.89 million tonnes at 2.03% Copper, 25.7g/t Silver and 0.25g/t gold. In contained metal this amounts to 465,600t copper, 18.94M Oz silver and 187,000 Oz. gold; a significant increase from the most recent Resource upgrade in September 2020, upon which the PFS was based. From here we will cost the new mine plan and then update the financial model, allowing attention to be given to the Mining Reserve, the final stage of the feasibility study.

We have already been working on the financing strategy, and after we publish the feasibility study we'll focus much more heavily on this aspect as we strive to achieve the Final Investment Decision later this year.

We are encouraged by the strong commodity market, including copper and our other by-products of silver and gold. If things progress along currently envisaged timelines, we will be bringing the Jervois Project online just when copper shortages are predicted to occur as the structural change to the market fundamentals brought about by the electric vehicle revolution and the strong move to renewables, starts to materially affect the supply and demand balance.

I would like to thank the Board and the broader KGL team for their support during this very busy period.

Simply put, I joined KGL because of the quality of the Jervois Project – there are not many high-grade, high-quality copper projects around. This is one of them and it deserves to be developed.

Simon Finnis
MANAGING DIRECTOR AND CEO
KGL Resources Limited
23 March 2022

Operations Review

During 2021, the Company re-established its Northern Territory site operations, which had been put on hold during 2020 due to COVID-19.

The main focus of works was on the completion of the Feasibility Study for the Jervois Project, which involved exploration drilling targeting the upgrade of existing mineral resources; capital and operating costs estimates; design of process plant and finalization of flow sheet; metallurgical test work; planning and design work for water and mine infrastructure; civil works and logistics studies.

Towards the end of 2021, further high-grade discoveries were made using geophysics and followed up through the exploration drilling program, creating potential for longer term extension at Jervois.

FEASIBILITY STUDY

The Jervois Project PFS was completed in December 2020, and the Board approved proceeding to the Feasibility Study stage on the back of encouraging findings that Jervois would support an initial robust mining operation.

In 2021, as globally the world turned to post-pandemic recovery, associated increases in Australian and international cost pressures, have been offset by growing confidence in the resource base at Jervois, and a bull copper market, with all time highs in the market being seen during 2021 and continuing into 2022.

The feasibility was well advanced in 2021, with all major works packages close to being finalised at year's end. Optimisation of the mine plan, prioritising access to high grade ores earlier in the mining sequence, was performed. Synergies using the mining and civils fleet were explored, while similar optimisation reviews were completed for the process plant design and processing costs.

Mine infrastructure design and layout were prepared, and inbound logistics for the planned work force and outbound logistics for copper concentrate were reviewed and optimised. A camp to sleep 300 and hybrid solar-diesel power station design were also developed as the project manning and power needs were clarified. Water infrastructure was designed to provide adequate supply for project needs in accordance with the licenced water draw for the project.

EXPLORATION

The 2021 site ramp up took longer than envisaged, with labour availability and local and interstate lockdowns interrupting travel to and from the site, however one drill rig was operational from February 2021. A further rig mobilised to site in May 2021.

The drill rigs were initially deployed to complete the infill drilling program to complete the resource update upon which the upcoming Feasibility Study will be based. The aim was to increase the proportion of indicated resources and extend the PFS mine life beyond 7.5 years.

A geophysical IP survey was carried out in August 2021, and together with Down Hole Electro Magnetic (DHEM) surveys, provided geological data for design of new holes, aimed at near mine extensions of existing resources. Several new high-grade intersections were discovered at Rockface North, and the DHEM indicates that the ore body remains open at depth, as do the other known resource deposits, Reward and Bellbird.

COPPER MARKET

From a 2020 low point of US$4,630/t, copper more than doubled in price at the year's end, and throughout 2021, traded in the range between US$8,768/t and an all-time high of US$10,724/t.

The forecast increases in copper demand, due to the widespread uptake of electric vehicles and a 'green led' recovery from the COVID-19 downturn, together with declining global copper grades and lack of new near-term supply, points to a copper market entering a new phase.

REGULATORY UPDATES

The Northern Territory government approved KGL's Mining Management Plan on 7 January 2021, which was the last major approval requirement for the project. Water licences were granted in April 2021.

Further details on the operational activities for 2021 are contained in the Review of Operations, within the Directors' Report.

Resource Table

AS AT 23 MARCH 2022

RESOURCE	AREA*	CATEGORY	MINERALISED MASS (Mt)	GRADE Copper (%)	GRADE Silver (g/t)	GRADE Gold (g/t)	METAL Copper (kt)	METAL Silver (Moz)	METAL Gold (koz)
Open Cut Potential > 0.5 % Cu	Reward	Indicated	3.84	1.80	39.4	0.31	69.1	4.86	38.2
		Inferred	0.65	0.92	9.2	0.07	5.9	0.19	1.5
	Bellbird	Indicated	2.03	2.20	13.1	0.16	44.5	0.85	10.5
		Inferred	1.44	1.36	9.3	0.15	19.5	0.43	6.9
	Sub Total		**7.95**	**1.75**	**24.8**	**0.22**	**139.1**	**6.33**	**57.1**
Underground Potential > 1 % Cu	Reward	Indicated	4.78	2.12	42.6	0.45	101.6	6.55	69.2
		Inferred	4.32	1.56	19.6	0.20	67.3	2.72	27.8
	Bellbird	Indicated	0.38	2.62	17.7	0.14	9.9	0.22	1.7
		Inferred	1.92	2.06	12.0	0.10	39.5	0.74	6.0
	Rockface	Indicated	2.80	3.37	21.4	0.23	94.3	1.93	21.1
		Inferred	0.73	1.92	19.0	0.18	14.0	0.45	4.2
	Sub Total		**14.93**	**2.19**	**26.3**	**0.27**	**326.6**	**12.60**	**130.0**
Sub Totals		**Indicated**	**13.83**	**2.31**	**32.4**	**0.32**	**319.4**	**14.41**	**140.7**
		Inferred	**9.06**	**1.61**	**15.6**	**0.16**	**146.2**	**4.53**	**46.4**
TOTAL			**22.87**	**2.04**	**25.7**	**0.25**	**465.6**	**18.93**	**187.1**

* Does not include Reward South deposit

* Due to rounding to appropriate significant figures, minor discrepancies may occur, tonnages are dry metric tonnes.

Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.

Inferred resources have less geological confidence than Indicated resources and should not have modifying factors applied to them.

It is reasonable to expect that with further exploration most of the inferred resources could be upgraded to indicated resources.

COMPETENT PERSON STATEMENT

The Jervois Resources information were first released to the market on 23/03/2022 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.

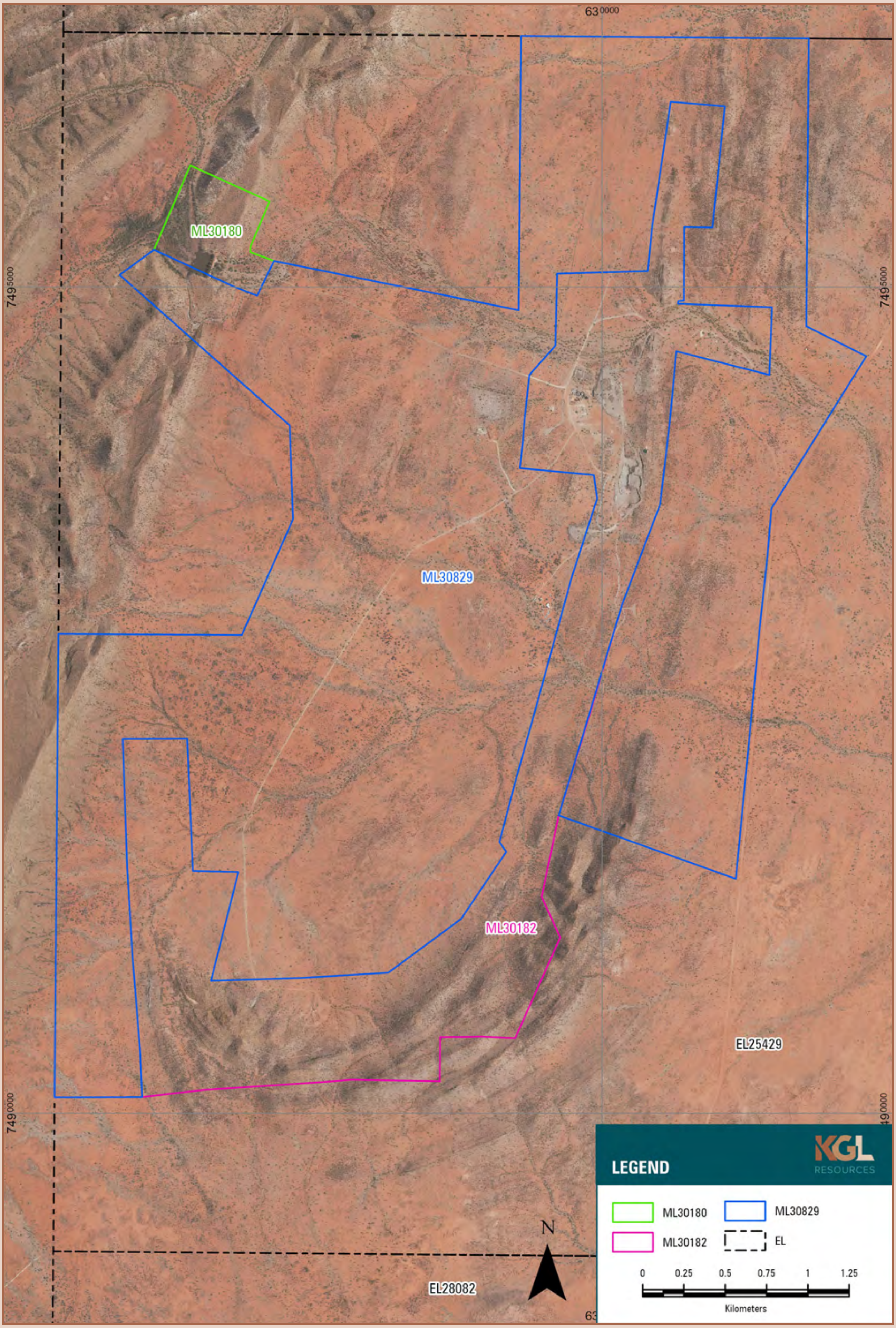
Tenement Map and Holdings

KGL's current tenement holdings cover over 600km^2 including 19.5km^2 Jervois mining leases, 37.9km^2 Jervois Exploration Licence and 72.7km^2 Unca Creek Exploration Licence.

TENEMENT NUMBER	PROJECTS	BENEFICIAL HOLDING	EXPIRY
ML 30180	Jervois Project, Northern Territory	100%	27/01/2034
ML 30182	Jervois Project, Northern Territory	100%	25/03/2034
ML30829	Jervois Project, Northern Territory	100%	17/08/2032
ML 32277	Jervois Project, Northern Territory	100%	17/08/2032
EL 25429	Jervois Project, Northern Territory	100%	01/02/2023
EL 30242	Jervois Project, Northern Territory	100%	25/11/2022
EL 28340	Yambah, Northern Territory	100%	03/07/2023
EL 28271	Yambah, Northern Territory	100%	05/04/2023
EL 28082	Unca Creek, Northern Territory	100%	29/12/2021 (*)

(*) renewal application pending

JERVOIS PROJECT TENEMENTS



Sustainability

The Company was pleased to prepare our inaugural annual Sustainability Report for the period 1 January 2021 to 31 December 2021 (Reporting Period).

The report's scope covers the activities and approach of KGL Resources Ltd (KGL or the Company), its key subsidiaries, including Jinka Minerals Ltd and its wholly owned subsidiary, Jervois Operations Pty Ltd.

KGL is committed to building on our sustainability reporting platform set through the report. Year-on-year we will collect, interpret, and publish data to support our progress being made against our sustainability objectives and targets. We will also align our sustainability and ESG reporting approach with relevant international guidelines and frameworks that suit a company of our size as we advance in the construction and operational stages of our Project.

Noteworthy sustainability outcomes in 2021 included:

- KGL's continued focus on health and safety was reflected in the way in which our COVID-19 controls were effectively implemented at our operations. The health and safety of our people is our first priority. Our people are our most valuable assets and their safety and health is our greatest responsibility;
- Working alongside our key stakeholders to identify those areas of sustainability that are important to them and our business, including the development of our first set of high-level sustainability objectives, targets and performance measures;

- The Company's commitment to the environment and our operations was demonstrated by receiving approval of our Mining Management Plan from the Northern Territory government, thus supporting our next steps into construction;
- The appointment of three key executive positions with outstanding experience to guide KGL through the next stages of construction and operation; and
- Reflecting KGL's approach to water stewardship, KGL received approval of water licenses and proceeded with the design of the water borefield and water management system to ensure water availability to accommodate the Project's needs.

These outcomes illustrate how sustainability is being actively embedded throughout our business as we progress from exploration and feasibility into mine operations.

Corporate Governance Statement as at 31 December 2021

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

THE BOARD CHARTER

The over-riding responsibility of the Board, as set out in the Board Charter, is to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders, as well as its employees and its customers. The Board should work to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives at all times.

More specifically, the role of the Board is to provide strategic guidance for the Company and to effectively oversee management of the Company.

The Board charter sets out the Board's responsibilities as:

(a) overseeing the Company, including its control and accountability systems;

(b) appointing and removing the CEO and senior executives, and monitoring performance of the CEO and senior executives;

(c) determining and approving the levels of authority to be given to the CEO and senior executives in relation to operational expenditures, capital expenditures, contracts and authorising any further delegations of those authorities by the CEO to the other employees of the Company;

(d) approval of corporate strategy, financial plans and performance objectives;

(e) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;

(f) monitoring occupational health, safety and environmental performance and compliance and ensuring commitment of appropriate resources;

(g) evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of securities of the Company; and

(h) approving all financial reports and material reporting and external communications by the Company.

To effectively carry out its responsibilities, the Board delegates all other functions to the Managing Director.

Management, led by the Managing Director, is responsible for running the affairs of the Company under delegated authority from the Board and implementing the policies and strategies set by the Board. The Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

A copy of the Board Charter can be found on the Company's website www.kglresources.com.au.

The Board Charter is reviewed at least every 2 years to ensure it is in line with the legislative and regulatory requirements and leading practice.

NOMINATION AND APPOINTMENT OF DIRECTORS

Before a director is appointed, the Board undertakes appropriate evaluations including in-depth interviews and reference checks. All members of the Board are given the opportunity to interview the potential appointee.

Where a director is standing for election or re-election, the Notice of Meeting including the Explanatory Memorandum, will set out information on the director including qualifications and experience, independence status and the recommendation of the rest of the Board on the resolution. A statement as to whether the Board supports the election/re-election of each director standing for election is provided.

Additionally, a detailed profile for each director is included in the Company's Annual Report.

TERMS OF APPOINTMENT FOR DIRECTORS AND EXECUTIVES

Each Director executes a Letter of Appointment with the Company prior to appointment as a director. The Letter of Appointment covers the following key terms:

- Performance requirements in terms of board meetings and matters under consideration
- Key responsibilities and powers as detailed in the board Charter
- Conditions of continuing in the role of director
- Membership of committees
- Remuneration
- Consideration of independence and
- Ability to seek independent advice.

A separate Deed of Insurance and Indemnity is executed by each Director.

Details of the Directors' and Key Management Personnel's employment are also provided annually in the Remuneration Report as part of the Directors' Report.

In the case of the Managing Director/CEO, the major terms of his contract are disclosed to the ASX at the time of appointment.

Each executive is employed under an employment agreement which sets out the employment terms, duties, and responsibilities, remuneration details and the circumstances under which employment can be terminated.

COMPANY SECRETARY

The Company Secretary reports solely to the Board and communication between the directors and the Company Secretary is open and unfettered. The Company Secretary advises the Board and its committees on governance matters, attends and takes minutes at all Board meetings, communicates with the ASX and ASIC on all regulatory matters, monitors adherence to Board policies and procedures and retains professional advisors at the Board's request.

DIVERSITY POLICY

KGL Resources Limited believes in equal opportunities for all our people and recognises that our business benefits from the diversity of our people. The Company has a Diversity and Inclusiveness Policy and is committed to developing a diverse and inclusive workforce and providing a respectful environment free from discrimination. We believe that recruitment and promotion of people should be based on merit, regardless of their race, gender or gender orientation, age, relationship or family status, disability, sexual orientation, nationality, political or religious beliefs, or any other factor not relevant to their competence and performance. We are focused on eliminating bias in all its forms. No form of unlawful discrimination will be tolerated by KGL.

The Board has not set measurable objectives for achieving gender diversity however there has been progress made in recruiting women into what is considered a traditionally male dominated industry. With 19 full time employees, 8 are female, and 1 is non-binary.

Women occupy the senior positions of Chief Financial Officer, Group Human Resources Manager, Community, Environment & Cultural Compliance Manager and Company Secretary.

The Company is not a "relevant employer" as defined under the Workplace Gender Equality Act.

A copy of the Diversity and Inclusiveness Policy can be found on the Company website www.kglresources.com.au.

BOARD EVALUATION

KGL is currently a small single project company. The Company is yet to develop a procedure for evaluating the performance of the Board as the outcomes related to the project align with the outcomes required of the Board. As the Company advances the development of the Jervois Copper project, consideration will be made of how best to structure a board performance review.

SENIOR EXECUTIVE EVALUATION

As the Company advances the Jervois project, consideration will be given to the appropriate structure of the executive roles within the Company. As positions are filled, the Board, in conjunction with the Remuneration Committee, considers the processes for evaluation of the performance of senior executives.

STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

NOMINATION COMMITTEE

The Board has a Remuneration Committee that considers matters of nomination as part of its function. The Committee is currently comprised of three independent directors.

The current Committee members are:

Mr Denis Gately (Chairman and Independent Non-executive Director)

Mr Steve Mallyon (Independent Non-executive Director) (i)

Mr Peter Hay (Independent Non-executive Director)

(i) Resigned 21 March 2022

The details of meetings held and attendances can be found in the Directors' Report.

The Remuneration Committee Charter is listed on the Company's website under the Corporate Governance section.

BOARD SKILLS

Directors recognise the following skills as being either essential or desirable to the effective operation of the Board. An assessment is made as to whether any of these skills are required from the members of the Board or whether they are better sourced through a consultant. External consultants have been used on a limited basis.

Skills required:

- Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company.
- Financial performance
  - Qualifications and experience in accounting and/or finance
  - Oversee budgets and efficient use of resources
  - Analyse financial statements
  - Critically assess financial viability and performance
  - Contribute to strategic financial planning
  - Oversee funding arrangements and accountability
- Legal
  - Formal legal qualifications
  - Understanding of the legal framework in which companies operate.
- Risk and compliance oversight
  - Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
- Corporate governance
  - Knowledge and experience in best practice corporate governance, particularly in the context of listed company requirements, including Corporate Governance Guidelines.
- Major transactions
  - Experience at a board level of overseeing and managing large acquisitions, divestments, joint ventures etc.
- Financial/equity market experience
  - Experience in and understanding of the fundamentals and operation of financial/equity markets.
- Experience at an executive level
  - Appointment and evaluation of the performance of the CEO and senior executive managers
  - Oversight of strategic human resource management including workforce planning and employee and industrial relations
  - Oversight of large-scale organisational change.
- Commercial and technical experience
  - A broad range of commercial/business and technical experience.
- Metals industry experience
  - A thorough understanding of the metal/copper industry, including metals production, key stakeholders, geology and exploration, marketing and logistics.
- Mine development and operation experience
  - A thorough understanding of the issues involved in developing and operating a mine in Australia
  - Knowledge of relevant mining legislation
  - Mine planning, design and feasibility
  - Safety and environmental issues
  - Native title requirements
  - Product processing
  - Infrastructure requirements

INDEPENDENT DIRECTORS

The Board currently has three independent, non-executive directors.

Mr Peter Hay
Mr Steve Mallyon(i)
Mr Denis Gately

(i) Resigned 21 March 2022

With the appointment of Mr Gately in December 2021, the Board has returned to having a majority of independent, non-executive directors.

The composition of the Board sub-committees was recently reviewed and at that time, the Board considered the independence of each of the directors of the sub-committee.

The length of service of all directors is disclosed in the Directors' Report.

CHAIRMAN AND CEO ROLES

During 2021, Mr Peter Hay became the Chairman of the Board and Mr Simon Finnis was appointed as Managing Director/CEO. Thus, the Company now has an independent Chairman, separate from the role of Managing Director/CEO.

DIRECTOR INDUCTION AND PROFESSIONAL DEVELOPMENT

New directors undergo an induction process which includes receiving briefing from the Chairman and/or CEO of the Company, being provided with copies of all reports and announcements relevant to the Company's recent activities and developments and, when possible, a site familiarisation visit.

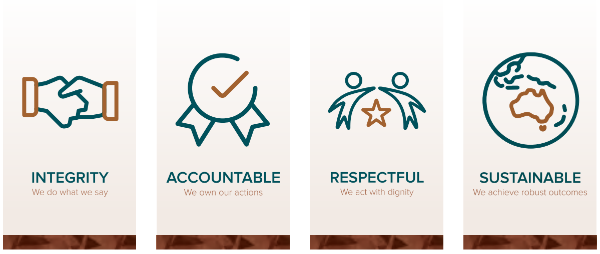
The current Board members have many years' experience, particularly in resources projects and therefore come with a thorough understanding of what is required to perform their roles as directors. The Audit and Risk Committee, via the Chief Financial Officer, are regularly provided with information on developments in laws, regulations and accounting standards relevant to the Company.

INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

COMPANY VALUES

The Company has developed a set of guiding principles and norms that define the type of Company that KGL Resources aspires to be and what it requires from its directors, senior executives and employees to achieve that aspiration.

All policies and procedures use these values as the basis for development.



CODE OF CONDUCT

The Company's Code of Conduct outlines what is expected of everyone who works for KGL with respect to responsibilities to shareholders, employees, customers, suppliers, consumers and the broader community.

The Code of Conduct applies to everyone who works for KGL – directors, officers, employees and contractors – and covers business activities with all stakeholders in Australia and overseas.

The Code of Conduct is to be read in conjunction with KGL's policies and procedures and other relevant documents including employment contracts.

A copy of the Code of Conduct can be found on the Company's website www.kglresources.com.au.

WHISTLEBLOWER POLICY

The Company has introduced a comprehensive Whistleblower Policy that states the Company's commitment to doing business in an open and accountable way through supporting a culture of honest and ethical behaviour. The Company recognises that an important aspect of this is that individuals feel confident about reporting any concerns they may have about suspicious activity or wrongdoing in relation to our business activities without fear of harm or reprisal.

The policy details the process that should be followed to enable the protection of the whistleblower as well as the reporting requirements for issues raised.

A copy of the Whistleblower Policy can be found on the Company's website www.kglresources.com.au.

ANTI-BRIBERY AND CORRUPTION

The Company has an Anti-bribery and Corruption Policy that details KGL's commitment to a zero-tolerance for and prohibiting bribery and corruption in all business dealings, in every country it operates or procures business or supplies from.

The policy details the objectives that KGL is accountable for and the accountabilities of KGL's employees and contractors.

A copy of the Anti-bribery and Corruption Policy can be found on the Company's website www.kglresources.com.au.

SAFEGUARDING THE INTEGRITY OF CORPORATE REPORTS

AUDIT COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices;
- the Company's risk profile and risk policies;
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The specific responsibilities and functions of the Committee in relation to audit, as set out in the Charter, are:

- assessing whether the Company's external reporting is consistent with the information and knowledge of members of the Audit and Risk Committee and whether it is adequate for the needs of the Company's shareholders;
- assessing the management processes supporting external reporting;
- overseeing the development, implementation and review of the procedures for selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners;
- making recommendations to the Board about the appointment and removal of the Company's external auditor;
- assessing the performance and independence of the Company's external auditors, including confirming that provision of non-audit services by the Company's external auditors has not compromised the auditor's independence (if the Company's external auditor provides non-audit services);
- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes;
- monitoring, reviewing and assessing the propriety of related party transactions;
- implementing comprehensive risk management systems across the Company.

The Committee is comprised of three directors, all of whom are independent.

The committee members are:

Mr Steve Mallyon (Chairman, Independent Non-executive Director)[(i)]

Mr Peter Hay (Independent Non-executive Director)

Mr Denis Gately (Independent Non-executive Director)

(i) Resigned 21 March 2022

The Committee meets with the external auditor without management present on general matters concerning the audit and the financial management of the Company. The Chair of the Audit Committee reports to the Board on the Committee's discussions, conclusions and recommendations.

The Committee reviews the performance of the external auditor, most regularly after the release of the Annual Financial Statements, to ensure that the auditor has provided an efficient and effective audit. The Committee is responsible for recommending to the Board the removal of the auditor if, in its opinion, the auditor is not meeting the standards required by the Committee. The appointment of new auditors would also be recommended by the Committee. Partner rotation complies with the requirements of the *Corporations Act 2001*.

The details of the qualifications and experience of the Committee members and the number of meetings attended each year is detailed in the Company's Directors' Report and/or on the Company's website.

CEO AND CFO DECLARATIONS

The Company requires the Managing Director/CEO and Chief Financial Officer to provide the Board with their written opinion stating:

- That the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position of the entity in accordance with Section 295A of the *Corporations Act 2001* and
- That this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

VERIFY CORPORATE REPORTS NOT AUDITED

Any periodic corporate reports that are released to the market are prepared or reviewed by the Company's CFO. In relation to the Quarterly Cashflow Report, the CEO and CFO make the following declaration that;

1. The financial records of the Company/disclosing entity have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*.
2. The financial statements on which the Quarterly Cashflow Report are based are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

MAKE TIMELY AND BALANCED DISCLOSURE

CONTINUOUS DISCLOSURE OBLIGATIONS

The Board approved a Continuous Disclosure Standard that sets out what information must be disclosed, what exemptions may apply and the importance of confidentiality. The standard is applicable to all directors and employees and details how to report potentially disclosable information. Personnel who are authorised to speak on behalf of KGL are approved by the Chairman and the standard imposes restrictions on the content and timing of briefings.

The Policy is listed on the Company's website www.kglresources.com.au.

ADVICE OF MARKET ANNOUNCEMENTS

All directors receive a copy of the final version of all material market announcements both prior to the announcement being released to the ASX and after confirmation has been received from the ASX that the announcement has been released to the market.

COMPANY PRESENTATIONS

The Company regularly updates its corporate presentations used for investors, the annual general meeting and conferences and provides the ASX with copies of this material prior to the presentations. Additionally, for annual general meetings, the Company provides a written transcript of the Chairman's address to these meetings.

RESPECT THE RIGHTS OF SECURITY HOLDERS

COMPANY DETAILS AND GOVERNANCE ON WEBSITE

The Company's website contains detailed information about its business and projects. Details of the Board Members and Executive team are also listed.

The investor page provides helpful information to the shareholder. It allows shareholders to view all ASX and media releases, copies of the annual reports and quarterly activities and cashflow statements.

The website also contains the following corporate governance documents.

- KGL Resources Constitution
- Board Charter
- Audit & Risk Committee Charter
- Remuneration Committee Charter
- Bullying and Harassment Policy
- Diversity and Inclusiveness Policy
- Environmental Policy
- Mental Health and Wellbeing Policy
- Privacy Policy
- Securities Trading Policy
- Whistleblowers Policy
- Workplace Health and Safety Policy
- ASX Continuous Disclosure Policy
- Anti-bribery and Corruption Policy

INVESTOR RELATIONS PROGRAM

The Company has not established a formal investor relations program and the Board considers this appropriate for the Company's stage of development. The Company does take the appropriate measures to keep shareholders informed about its activities and to listen to issues or concerns raised by shareholders.

Information is communicated to the members through compliance with ASX Listing Rules and the *Corporations Act 2001*, by way of the Annual Report, Half-Yearly Report, Quarterly Activities Reports, Appendix 5B cashflow reports, the Annual General Meeting and other meetings that may be called to obtain approval for Board recommendations. In addition to this the Company releases regular progress reports and presentation to ASX to keep members abreast of developments. The Company also maintains a website – www.kglresources.com.au – where all of the Company's ASX announcements and media releases can be viewed at any time.

PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

Notices of meeting sent to shareholders comply with the "Guideline for notices of meeting" issued by the ASX. In relation to the Annual General Meeting (AGM), shareholders are encouraged to submit questions before the meeting.

The Chairman encourages shareholders at the AGM to ask questions or make comments about the Company's projects and the performance of the Board and senior management. The Chairman may respond directly to the questions or, at his discretion, refer the question to another director or executive.

SECURITY HOLDER RESOLUTIONS

The Company held its Annual General Meeting in May 2021 with all resolutions being decided by poll. It is the Company's intention to have all resolutions, not only those considered to be substantive, at future meetings decided by a poll.

ELECTRONIC COMMUNICATIONS

The Company's Share Registry provides shareholders with an opportunity to register an email address to receive electronic communication of information provided by the Share Registry e.g. advice on Entitlement Offers, Notices of Meetings.

Additionally, the Company provides a subscription service whereby subscribers can receive advice of ASX announcements after their release to the market.

RECOGNISE AND MANAGE RISK

RISK COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices;
- the Company's risk profile and risk policies;
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The responsibilities and functions of the Committee specific to risk, as set out in the Charter, are:

- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes;
- ensuring that Management has implemented a structured and comprehensive risk management system across the Company;
- reviewing, and approving for recommendation to the Board, guidelines and policies governing the oversight and management of the Company's material business risks, including the processes by which management assesses, manages and controls the Company's exposure to risk; and
- monitoring material changes to the Company's risk profile.

The Committee is currently comprised of three directors, all of whom are independent.

The committee members are:

Mr Steve Mallyon (Chairman, Independent Non-executive Director)(i)

Mr Denis Gately (Independent Non-executive Director)

Mr Peter Hay (Independent Non-executive Director)

(i) Resigned 21 March 2022

The Committee and more generally the Board have reviewed the risk management framework provided by management.

RISK MANAGEMENT FRAMEWORK

The Board considers risks specific to each stage of development and a comprehensive risk assessment is undertaken at each stage. As the Company is rapidly changing, it is considered appropriate to assess risk at each stage of development and following each program. A risk workshop has been undertaken and a detailed assessment and management strategy has been applied to each of the risk areas identified.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit function and considers this appropriate for the size of the Company and the stage of its development.

The Audit & Risk Committee meets at least three times a year to receive and consider reports on, and monitor and discuss, known and emerging risk and compliance issues, including non-financial operational and other business risks.

In support of the functions of the Audit & Risk Committee, the Company's managers are directly responsible for risk management in their respective areas of accountability.

Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the Directors and where appropriate, these risks are managed with the support of relevant external professional advisers. The Board receives monthly reports to ensure that management is appropriately addressing the risks to the Company. Specifically, a compliance register is presented in each Monthly Report detailing the major items that the Company must adhere to. The register provides specifics of actions taken to ensure compliance.

MATERIAL EXPOSURE TO ENVIRONMENTAL OR SOCIAL RISKS

KGL has this year prepared its inaugural Sustainability Report. Material environmental and social risks are dealt with as part of this report which has been released at the same time as the Annual Report.

REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION COMMITTEE

The Board has established a Remuneration committee. The Committee is comprised of three independent directors.

The current committee members are:

Mr Denis Gately (Chairman and Independent, Non-executive Director)

Mr Steve Mallyon (Independent Non-executive Director)(i)

Mr Peter Hay (Independent Non-executive Director)

(i) Resigned 21 March 2022

The Committee has oversight of:

- the integrity of the Company's remuneration practices.
- the Company's remuneration, including the remuneration of executives and the CEO.
- the Company's compliance with applicable legal and regulatory obligations.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities as they relate to remuneration. Specifically, these include, but are not limited to, overseeing:

- remuneration levels of the Board and senior management and recommending changes as appropriate.
- management incentive schemes including employee short-term and long-term incentives.
- the identification of material risks insofar as they relate to remuneration matters.
- the review and recommendation of guidelines and policies for the management of material business risks.

The details of meetings held and attendances can be found in the Directors' Report.

The Remuneration Committee Charter is presented on the Company's website under the Corporate Governance section.

REMUNERATION POLICIES AND PRACTICES

With a small number of executive roles, the Company takes an individual approach to setting the remuneration. Annually the Remuneration Committee receives a report on the employment conditions of staff including the executives referencing external salary surveys to ensure that KGL's employment conditions remain competitive. As the Company progresses the development of the Jervois project and the number of roles increase, policies and practices will be established.

The responsibility of the Remuneration Committee in respect of performance reviews is to:

- develop and recommend to the Board for approval, the individual goals for the MD & CEO;
- review and recommend to the Board for approval the individual goals for executives;
- review and recommend to the Board for approval the Company goals; and
- assist the Board in relation to the performance evaluation of the MD & CEO and executives, including reviewing performance against pre-determined individual goals and the terms of their employment contracts and advising the Board of the outcomes of the performance reviews and any recommended actions.

The Directors are paid a fixed remuneration per month.

Full details of payments to executives can be found in the Remuneration Report as part of the Directors' Report section of the Annual Report.

EQUITY BASED REMUNERATION RISK

The Company has a Securities Trading Policy. This policy strictly prohibits Directors and employees from entering into any transaction that is designed to limit the economic risk of a holding in unvested KGL Resources Limited securities.

A full copy of the policy can be found on the Company's website www.kglresources.com.au.

KGL RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

ABN 52 082 658 080

Financial Report

YEAR ENDED 31 DECEMBER 2021

Financial Report Contents

Directors' Report

Your directors present their report on the consolidated entity (or the Group) consisting of KGL Resources Limited and the entities it controlled at the end of, or during, the year ended 31 December 2021. All amounts are in Australian dollars unless otherwise stated.

DIRECTORS

The following persons were directors of KGL Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated.

DIRECTOR	ROLE	CHANGES IN TENURE
Current		
Mr P. Hay [1]	Independent Chairman	
Mr S. Finnis[2]	Managing Director Chief Executive Officer	
Mr D. Gately	Independent Non-executive Director	Appointed 13 December 2021
Mr S. Mallyon	Independent Non-executive Director	Appointed 05 July 2021, Resigned 21 March 2022
Mr F. Purnamasidi	Non-executive Director	
Mr D. Wood[3]	Non-executive Director	
Former		
Ms F. Murdoch	Former Non-executive Director	Resigned 15 October 2021

1 Mr Hay was appointed as Chairman of the Board of Directors on 30 August 2021. During the period 1 January 2021 to 30 August 2021, Mr Hay was an Independent Non-executive Director of the Company.

2 Mr Finnis was appointed as Chief Executive Officer on 5 July 2021 and as Managing Director on 30 August 2021.

3 Mr Wood was appointed as a Non-executive Director on 18 March 2022. During the period from 1 January 2021 to 30 August 2021, Mr Wood was Executive Chairman, until he retired from the board on 30 August 2021.

REVIEW OF OPERATIONS

The Group employed two drill rigs at the Jervois Copper Project (Jervois) during 2021, with their initial focus on resource infill drilling to improve the confidence in copper resources at Jervois for the purposes of completing the Feasibility Study (FS). Labour shortages, interstate travel disruption and supply chain issues caused by COVID-19 meant exploration drilling did not commence until the infill holes were completed in late Q3 2021.

The FS, including mine planning for the initial mining operation, progressed throughout the year and the mine plan will be further optimised with updated resources announced subsequent to year end.

Further high-grade discoveries from the exploration drilling program have created the potential for longer term extension and expansion at Jervois. Drilling at the Rockface deposit intersected some of the richest copper mineralisation ever seen at Jervois.

The year began with the Northern Territory Government's approval on 7 January 2021 of the Jervois Mining Management Plan, representing the last major regulatory clearance for the project. This was followed by water licensing approval in April 2021.

After an 11-month halt due to COVID-19, drilling re-commenced in mid-February 2021 with one rig, and a second rig commenced in May 2021. Following on from the delays to drilling, the FS is now expected to be completed in mid-2022.

REVIEW OF OPERATIONS (CONTINUED)

Feasibility Study

In December 2020, the Board approved proceeding to the Feasibility Study stage based on the positive results of the Pre-Feasibility Study which found that Jervois would support a robust initial mining operation.

The Feasibility Study dominated work in 2021 against a background of Australian and international cost pressures offset by growing confidence in the quality of the Jervois resource and a strong world copper price.

From a low point of US$4,630/t in March 2020, the price doubled by that year's end and ranged during 2021 between US$8,768/t and an all-time peak of US$10,724/t.

The FS was advanced on all fronts in 2021 and by year's end, all major work packages were being finalised. The initial costed mine plan for Jervois was subjected to an external optimisation initiative to fine tune and improve investor returns by accessing higher grade ore earlier and maximising the use of the civil and mining fleets. Similar studies were initiated for the process plant design and costing.

Layouts were prepared for mine infrastructure, the processing plant and the village to accommodate project development and operations workforces, along with detailed civil designs. A hybrid power station was designed, as the project's power needs were clarified. A water borefield and water harvesting system was also designed to ensure a prudent margin over the project's needs while keeping within the licence entitlements. Logistics studies were completed into incoming freight and outgoing concentrates. To meet fly-in-fly-out needs, charter flight and airfield requirements were determined. A COVID-19 management plan for mine construction and operation was also prepared.

In the last quarter of 2021, the Company committed to Front End Engineering and Design Study of the Process Plant to be completed by the preferred engineering contractor and awarded the contract for the establishment of a high-speed internet link to the Jervois Site.

Increased and Upgraded Mineral Resources

Subsequent to the year end, the Company announced updated Resources for its Reward, Bellbird and Rockface deposits. It is anticipated mine planning will benefit from these upgrades of copper resources resulting from resource drilling carried out during 2021.

Reward Deposit

Contained copper increased by 20% to 244,000 tonnes at Reward, one of the three principal resource deposits at Jervois. Announced on 10 January 2022, the new resource represents an almost 10% increase in the 2020 total estimate for Jervois of 426,000 tonnes contained copper metal. Contained copper in the indicated category at Reward increased by 23%, maintaining a high confidence level in the resource. The copper grade at Reward remained consistent at 1.8%.

Bellbird Deposit

At Bellbird, when compared to the most recent previous estimate (2020), the mineral resource estimate delivered a 10% increase in contained copper metal, to 113.4 kt (from 103.1 kt), and 28% increase in resource tonnes to 5.76 Mt (from 4.49 Mt), in the indicated and inferred categories. Copper grade is reported at 1.97% and represents a drop of 14% (from 2.30% Cu). The main reason for the drop in grade was the inclusion of more mineralised material at, or marginally below the cut-off grade, to improve the continuity of the interpreted lodes.

Rockface Deposit

When compared to the most recent previous estimate (2020), the Rockface indicated and inferred mineral resource estimate delivers a 4% increase in contained copper metal, to 108.3 kt (from 104.3 kt), and a 7% increase in resource tonnes to 3.53 Mt (from 3.29 Mt). Copper grade is reported at 3.07% and represents a drop of just 3% (from 3.17% Cu). Silver grades have increased considerably to 21.0 g/t (from 18.7 g/t) and contained silver metal increased 20% to 2.38 Moz (from 1.98 Moz). Rockface has not been closed off at depth by drilling and DHEM geophysics indicates that the conductive sulphide mineralisation continues substantially below the level of current drilling (Figure 1).

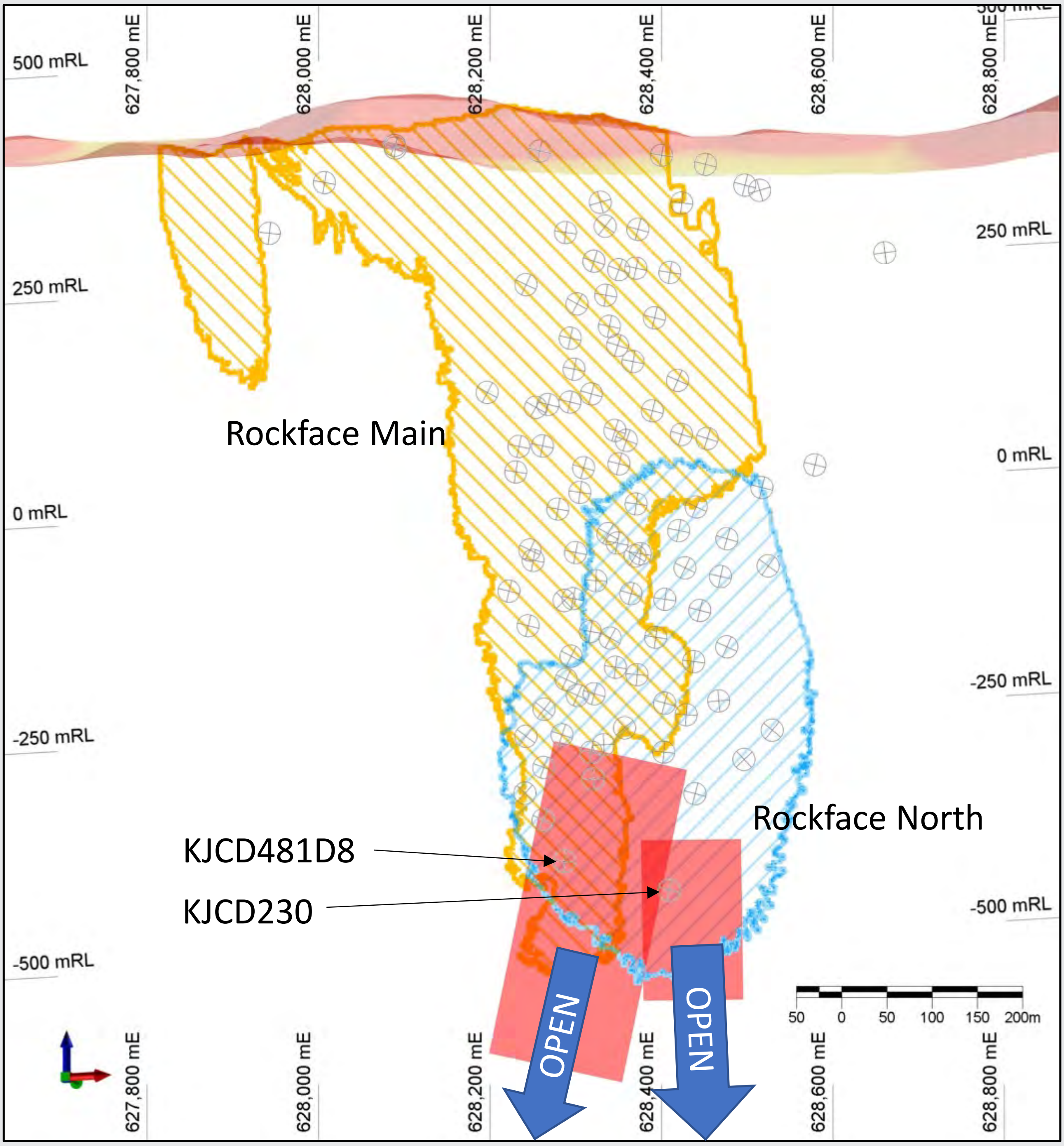
REVIEW OF OPERATIONS (CONTINUED)

Increased and Upgraded Mineral Resources (continued)

Rockface Deposit (continued)

Figure 1:

Long Projection of Rockface Resource Model showing drillhole pierce-points (circled crosses) in the plane of Rockface North lode. Modelled conductors (red rectangles) from recent DHEM survey in KJCD481D8 and earlier DHEM survey in KJCD230, which are the deepest holes at Rockface, indicate that the conductive sulphide mineralisation continues to greater depths.



Mineral resources are not ore reserves and do not have demonstrated economic viability.

Inferred resources have less geological confidence than indicated resources and should not have modifying factors applied to them. It is reasonable to expect that with further exploration most of the inferred resources could be upgraded to indicated resources.

REVIEW OF OPERATIONS (CONTINUED)

Increased and Upgraded Mineral Resources (continued)

Drilling results were reported during the year as they became available. Particularly encouraging were the high-grade copper intersections within and near the open pit outlines at Reward and Bellbird.

Intersections at **Reward** included:

KJCD458D1	**3.72m** @ **6.38% Cu**, 101.3 g/t Ag, 0.50 g/t Au from 84.85m
KJCD446	**27.35m** @ **2.14% Cu**, 18.3 g/t Ag, 0.37 g/t Au from 247.5 m including **7.34m** @ **3.98% Cu**, 33.8 g/t Ag, 0.30 g/t Au from 266m
KJCD447	**4.47m** @ **3.81% Cu**, 22.0 g/t Ag, 0.05 g/t Au from 176.4m and **4.22m** @ **3.18% Cu**, 235.8 g/t Ag, 0.27 g/t Au from 195.07m
KJCD448	**2.57m** @ **2.26% Cu**, 35.0 g/t Ag, 0.09 g/t Au from 217.9m and **5.16m** @ **2.73% Cu**, 23.2 g/t Ag, 0.29 g/t Au from 253.0m

At **Bellbird**, results of drilling broadly confirmed the existing resource model. Intersections at Bellbird included:

KJD449	**3.85m** @ **3.74% Cu**, 19.9 g/t Ag, 0.58 g/t Au from 80.00m
KJD450	**5.45m** @ **3.62% Cu,** 15.8 g/t Ag, 0.15 g/t Au from 59.85m including **2.22m** @ **8.08% Cu**, 32.6 g/t Ag, 0.30 g/t Au from 65.10m
KJD455	**4.46m** @ **4.68% Cu**, 38.3g/t Ag, 0.12 g/t Au from 64.00m downhole
KJD456	**5.30m** @ **3.66% Cu**, 29.1g/t Ag, 0.29g/t Au from 128.26m.

Exciting Exploration Outcomes

Extensive new copper mineralisation was discovered at **Rockface North** late in the year when both drill rigs were engaged at Rockface to define the strike and depth extent. A record copper assay for Jervois of **61.4% copper & 521 g/t Ag** over 0.84m was assayed within a total intercept of **4.21m @ 20.5% Cu & 302 g/t Ag** from 698m downhole in KJCD481D6.

Hole KJCD481D3 intersected **3.5m @ 23.6% Cu & 503 g/t Ag** from 725.35m downhole including:

- **1.51m @ 37.4% Cu & 1,106 g/t Ag** from 725.35m downhole, and
- **0.78m @ 40.9% Cu & 1,427 g/t Ag** from 725.35m downhole.

The results so far reported extend the massive sulphide shoot at Rockface North at least 160 metres up dip and down plunge.

Down hole electromagnetic (DHEM) surveying indicates that Rockface is open at depth, like the Reward and Bellbird deposits, and also to the west, confirming the potential for significant extensions at Rockface.

The application of DHEM and induced polarisation (IP) geophysical techniques resulted in the discovery of a new exploration target at Jervois during the year. Located during a large IP survey of under-explored sections of the J-fold, the segment between Reward and Rockface, south-west of the Cox's Find prospect, was then test drilled. KJCD482 intersected a broad zone of disseminated sulphide mineralisation, including **2.53m @ 1.92% Cu and 14.7 g/t Ag** from 523m downhole. Based on DHEM modelling, an exploration target is postulated to be 2 to 3 million tonnes at 1.5% to 2.3% Cu. The new target, known as Cox's South, is close to the planned Rockface underground mine, presenting potential developmental synergies.

The extensive geophysical surveys along with the results of the exploration drilling into targets indicated by the geophysics continue to be analysed and form the basis of the exploration program being initiated in 2022.

FINANCIAL REVIEW

For the year ended 31 December 2021, the Group has recorded a loss after income tax of $2,325,072 (2020: loss of $1,248,140).

A total of $16,114,231 was capitalised to Exploration and Evaluation Assets during the year (2020: $4,344,574).

Employee expenses increased in the year to 31 December 2021 to $1,025,609 (2020: $569,938) as a result of:

- engaging additional staff to progress the development of the Jervois Copper Project, and
- the issue of share options to key management personnel and other employees as a long-term incentive.

The Group's cash reserve as at 31 December 2021 was $12,742,972 including $8,500,041 in term deposits.

CAPITAL RAISINGS

In February 2021, the Company completed an institutional placement of 28,571,427 new ordinary shares at $0.42 per share, raising $12,000,000 before costs, and announced a 1 for 13 non-renounceable entitlement offer to retail shareholders for new ordinary shares on the same pricing terms.

The Company received applications under the entitlement offer for 22,795,564 new ordinary shares, raising $9,574,128 before costs. Acceptances represented approximately 81.3% of the total of 28,024,573 new ordinary shares offered to shareholders.

Subsequent to the completion of the entitlement offer, the Company placed 5,200,000 shortfall shares with institutional and sophisticated investors at a price of $0.70 per share, representing a 66% premium to the offer price under the entitlement offer. The placement of shortfall shares raised an additional $3,640,000 before costs.

After costs of $973,697, the entitlement offer and placements provided the Company with a total of $24,240,431 of working capital. In total, 56,566,991 new ordinary shares were issued.

MATERIAL BUSINESS RISKS

The Group's exploration and mining operations will be subject to the normal risks of mining and any revenues will be subject to numerous factors beyond the Group's control. The material business risks that may affect the Group are summarised below.

Future Capital Raisings

The Group's ongoing activities are expected to require substantial further financing in the future, in addition to amounts raised pursuant to the entitlement offer completed in 2021. The Group will require additional funding to bring the Jervois Copper Project into commercial production. Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price and debt financing, if available, may involve restrictive covenants which limit the Group's operations and business strategy. Although the Directors believe that additional capital can be obtained, no assurances can be made, especially given the impact of the COVID-19 pandemic, that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Group's activities and could affect the Group's ability to continue as a going concern.

Exploration Risk

The success of the Group depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Group's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Group's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Group and possible relinquishment of the tenements. The exploration costs of the Group are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Group's viability. If the level of operating expenditure required is higher than expected, the financial position of the Group may be adversely affected. The Group may also experience unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Feasibility and Development Risks

It may not always be possible for the Group to exploit successful discoveries which may be made in areas in which the Group has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Group's. There is a complex, multidisciplinary process underway to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected. There is also a risk that, even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.

MATERIAL BUSINESS RISKS (CONTINUED)

Regulatory Risk

The Group's operations are subject to various Commonwealth, State and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that the Group will be successful in maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Group may be curtailed or prohibited from continuing or proceeding with production and exploration. The Group's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Group's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Group. It is also possible that, in relation to tenements which the Group has an interest in or will in the future acquire such an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Group to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected. The Group has a registered Indigenous Land Use Agreement with the traditional owners for its Jervois Copper Project.

Occupational Health and Safety

Given the Group's exploration activities (and especially if it achieves exploration success leading to mining activities), it will face the risk of workplace injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting any future mining activities of the Group can be dangerous. The Group has, and intends to maintain, a range of workplace practices, procedures and policies which will seek to provide a safe and healthy working environment for its employees, visitors and the community. Of particular concern will be operating and managing health and safety in an environment where COVID-19 remains a major concern.

Limited Operating History of the Group

The Group has limited operating history on which it can base an evaluation of its future prospects. If the Group's business model does not prove to be profitable, investors may lose their investment. The Group's historical financial information is of limited value because of the Group's lack of operating history and the emerging nature of its business. The prospects of the Group must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

Key Personnel

In formulating its exploration programs, feasibility studies and development strategies, the Group relies to a significant extent upon the experience and expertise of the Directors and management. A number of key personnel are important to attaining the business goals of the Group. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Group to conduct its business and, accordingly, affect the financial performance of the Group and its share price. Recruiting and retaining qualified personnel are important to the Group's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

MATERIAL BUSINESS RISKS (CONTINUED)

Resource Estimate Risk

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Group's future plans and ultimately its financial performance and value. Copper and gold price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

Environmental Risk

The operations and activities of the Group are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, the Group's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Group attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Group's business, financial condition and performance.

Availability of Equipment and Contractors

Prior to the COVID-19 pandemic, appropriate equipment, including drill rigs, was in short supply. There was also high demand for contractors providing other services to the mining industry. The COVID-19 pandemic has only served to exacerbate these issues. Consequently, there is a risk that the Group may not be able to source all the equipment and contractors required to fulfil its proposed activities. There is also a risk that hired contractors may underperform or that equipment may malfunction, either of which may affect the progress of the Group's activities.

Fluctuations in Copper Price and Australian Dollar Exchange Rate

The copper mining industry is competitive. There can be no assurance that copper and gold prices will be such that the Group can mine its deposits at a profit. Copper and gold prices fluctuate due to a variety of factors including supply and demand fundamentals, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns and speculative activities. These fluctuations were exacerbated by the worldwide spread of the COVID-19 virus and at this stage, forecast recoveries from the impact of the virus are speculative. Similarly, demand and supply of capital and currencies, forward trading activities, relative interest rates and exchange rates and relative economic conditions can impact exchange rates.

Climate Change Risk

The operations and activities of the Group are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Group operates.

MATERIAL BUSINESS RISKS (CONTINUED)

Macro-Economic Risks

In 2022, the world continues to remain in a pandemic phase of COVID-19, with global supply chains, labour and equipment shortages still being materially affected, though this is being slowly abated by re-opening of world economies. Inflationary pressures for appropriately skilled labour and capital items are being seen across many industries, including mining. Australia is continuing to open its interstate and international borders for fully vaccinated persons, however further disruptions may be experienced as the pandemic moves into the endemic phase, with waning vaccine effectiveness and possible new COVID-19 variants, which could cause subsequent disruptions to businesses nationwide.

The recent conflict between Ukraine and Russia may also affect capital markets, and cause spikes in materials prices, particularly diesel prices, in the short term.

SHARES UNDER OPTION

At the date of the report, the unissued ordinary shares of the Company under option are as follows:

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NO. OF OPTIONS
Options issued 23 June 2021	22 June 2026	–	458,000
Options issued 08 July 2021	07 July 2026	–	587,000
Total shares under option			**1,045,000**

During the year ended 31 December 2021, no shares were issued on exercise of options and no shares relating to the exercise of options have been issued since the end of the financial year. Holders of options do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

DIVIDENDS

No dividends in respect of the current year have been paid, declared or recommended for payment.

ENVIRONMENTAL REGULATION

The Group's operations in the Northern Territory are subject to significant environmental regulations under Northern Territory legislation. The Group is also subject to certain environmental obligations under the *Commonwealth Native Title Act 1993*. There have been no breaches by the Company or its subsidiaries.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with each of the directors and the company secretary, indemnifying them against certain liabilities and costs to the extent permitted by law.

The Company has also agreed to pay a premium in respect of a contract insuring the directors and officers of the Company. Full details of the cover and premium are not disclosed in this report as the insurance policy prohibits the disclosure.

NON-AUDIT SERVICES

No amounts have been paid or are payable to the auditor for non-audit services provided during the financial year. Refer to Note 24 of the financial statements for further information on the remuneration of auditors.

OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF BDO AUDIT PTY LTD

There are no officers of the Company who are former audit partners of BDO Audit Pty Ltd.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

OTHER CORPORATE INFORMATION

Principal Activity

The principal activity of the Group during the year was the exploration and development of the Jervois Copper Project in the Northern Territory.

Employees

The Group employed 19 employees as of 31 December 2021 (2020: 9 employees).

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

MR PETER HAY

BACHELOR OF ENGINEERING (MINING)

BACHELOR OF COMMERCE

MEMBER OF CHARTERED ACCOUNTANTS AUSTRALIA & NEW ZEALAND

CHAIRMAN:
Appointed 30 Aug 2021

NON-EXECUTIVE DIRECTOR:
Appointed 02 Nov 2017

Mr Hay has a Bachelor of Engineering (Mining) and Bachelor of Commerce and is an associate member Chartered Accountants Australia & New Zealand. With over 30 years' experience in the mining industry, he has held senior positions in some of Queensland's largest resource companies, including General Manager of Pan Australian Mining Limited, Managing Director of Sedgman Limited and Joint Managing Director of Macarthur Coal Ltd. Mr Hay has extensive experience as a non-executive director of companies including Sedgman Limited and Aston Resources Limited.

Special Responsibilities:

- Chair of the Board of Directors.
- Member of the Audit and Risk Committee.
- Member of the Remuneration Committee.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- 2,771,571 ordinary shares.

MR SIMON FINNIS

MASTER OF BUSINESS AND TECHNOLOGY

MANAGING DIRECTOR:
Appointed 30 Aug 2021

CHIEF EXECUTIVE OFFICER:
Appointed 05 Jul 2021

Mr Finnis has over 30 years of global mining experience across a range of roles. Most recently, Mr Finnis held the position of Managing Director and CEO of Metro Mining Limited (ASX: MMI). He has held a number of managerial and operational roles in mining in Australia and internationally including CEO of Grande Cote Operations (Senegal, West Africa) during its development and operational phases and Managing Director of Cloncurry Metals Limited (renamed Global Resources Corporation Limited).

Special Responsibilities:

- Chief Executive Officer.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- Metro Mining Limited – Resigned 5 July 2021.

Interests in Shares and Options:

- 587,000 share options.

INFORMATION ON DIRECTORS (CONTINUED)

MR FERDIAN PURNAMASIDI

BACHELOR OF COMMERCE

DIPLOMA OF BUSINESS MANAGEMENT

NON-EXECUTIVE DIRECTOR:
Appointed 26 Apr 2016

Mr Purnamasidi is an executive at the Salim Group and a representative for KMP Investments Pte Ltd, a subsidiary of Salim Group. He is responsible for managing the Salim Group's investments in Australia. The Salim Group is a diversified multinational business group which owns various interests in mining, food products, agribusiness, retail, automobile, banking and financial and property sectors.

Mr Purnamasidi is also the Managing Director of Mach Energy Australia Pty Ltd which owns the world-class Mt Pleasant coal operation in the Hunter Valley region, New South Wales.

Special Responsibilities:

- None.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- 646,154 ordinary shares.

MR STEPHEN MALLYON

BACHELOR OF BUSINESS

MASTER OF BUSINESS ADMINISTRATION (UNIVERSITY OF QUEENSLAND)

CERTIFIED PRACTICING ACCOUNTANT

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 05 Jul 2021
Resigned 21 March 2022

Mr Mallyon has spent more than 40 years in the mining and construction materials industry as well as establishing Royal Bank of Canada's investment banking operation in Sydney.
He has extensive operational and corporate finance experience with direct management of mining and development projects in Australia, Africa, South America and Asia. He has worked for major mining companies including in senior roles at M.I.M Holdings Limited, RGC Limited and Billiton Plc.

Mr Mallyon was previously a director of N.M. Rothchild (Australia), managing director of RBC Capital Markets (Australia) and managing director of Riversdale Mining Limited and, subsequently, Riversdale Resources Limited.

Special Responsibilities:

- Chair of the Audit and Risk Committee. Member of the Remuneration Committee.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- 6,119,307 ordinary shares.

INFORMATION ON DIRECTORS (CONTINUED)

MR DENIS GATELY

BACHELOR OF ARTS

BACHELOR OF LAWS

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 13 Dec 2021

Mr Gately is an experienced energy and resources lawyer. He has spent the majority of his legal career with Minter Ellison, serving as head of its National Resources and Energy Industry Group, and serving as a member of its national board for nine years and as Brisbane Managing Partner for six years until his retirement in 2010. He has led transactions in minerals and oil and gas operations and development projects, both domestic and international, as well as having extensive experience in associated infrastructure.

Mr Gately has previously served as a director of Gloucester Coal Limited, Alligator Energy Limited (Chair), Xanadu Mines Limited (Chair) and Resource Generation Limited (Chair).

Special Responsibilities:

- Chair of the Remuneration Committee.
- Member of the Audit and Risk Committee.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- None.

MS FIONA MURDOCH

BACHELOR OF LAWS (HONS)

MASTER OF BUSINESS ADMINISTRATION

GRADUATE OF THE AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS

NON-EXECUTIVE DIRECTOR:
Appointed 26 Apr 2016
Resigned 15 Oct 2021

Ms Murdoch brings more than 30 years of senior operational experience including leadership roles in the mining and resources industry with AMCI Investment, MIM Holdings and Xstrata Queensland. She has extensive experience with major domestic and international projects and has worked with international investment partners across multi-national, listed, private and statutory authority environments. She was a partner of corporate advisory firm Neuchâtel Partners for 10 years and previously a non-executive director of metallurgical services and technology company Core Resources Pty Ltd.

In addition to the non-executive directorships listed below, Ms Murdoch serves on the board of Building Queensland and on the Joint Venture Committee for the West Pilbara Iron Ore Project. Ms Murdoch is also Chair of The Pyjama Foundation Limited, a not-for-profit organisation providing learning-based activities for children in foster care.

Special Responsibilities:

- Chair of the Audit and Risk Committee until 15 Oct 2021.
- Member of the Remuneration Committee until 15 Oct 2021.

Other Current Directorships of ASX Listed Companies:

- NRW Holdings Limited. Appointed 24 February 2020.
- Metro Mining Limited. Appointed 11 March 2019.

Former Directorships of ASX Listed Companies in Last Three Years:

- KGL Resources Limited. Resigned 15 Oct 2021.

Interests in Shares and Options:

- 83,451 ordinary shares.

INFORMATION ON DIRECTORS (CONTINUED)

MR DENIS WOOD

BACHELOR OF SCIENCE (GEOLOGY)

EXECUTIVE CHAIRMAN:
Appointed 28 Jul 2015
Retired 30 Aug 2021

NON-EXECUTIVE DIRECTOR:
Appointed 18 March 2022

Mr Wood is an Australian and international mining industry director, investor, executive and professional metallurgist and geologist with more than 45 years' experience. Following a 13-year career as a metallurgist with BHP and a further 8 years with CCI Holdings, where he reached the position of Managing Director. Mr Wood moved to Chicago to join a multinational company which supplied a complete range of services to the mining industry.

On his return to Australia, Mr Wood held multiple directorships of Australian based resource companies including executive directorships with Australian Premium Coals and Talbot Group.

Special Responsibilities:

- Executive Chair of the Board until 30 Aug 2021.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- KGL Resources Limited. Retired 30 Aug 2021.

Interests in Shares and Options:

- 35,588,088 ordinary shares.

COMPANY SECRETARY

MS KYLIE ANDERSON

BSC. MBA (INT. BUS.) MPA, MAICD

COMPANY SECRETARY:
Appointed 02 Jan 2008

Ms Anderson has held senior financial and company secretarial roles with a number of companies in the resources sector including Felix Resources Limited and Rio Tinto Group.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors, and of each Board committee, held during the year ended 31 December 2021 and the number of meetings attended by each director were:

A = Attended **H** = Held

	FULL BOARD		AUDIT & RISK COMMITTEE		REMUNERATION COMMITTEE	
	ATTENDED	HELD[1]	ATTENDED	HELD[1]	ATTENDED	HELD[1]
Current Directors						
P. Hay	11	12	3	3	4	4
S. Finnis	4	4	–	–	–	–
D. Gately	–	–	–	–	–	–
S. Mallyon	5	5	1	1	1	1
F. Purnamasidi	11	12	–	–	–	–
Former Directors						
F. Murdoch	9	9	3	3	3	3
D. Wood	7	7	–	–	–	–

1 Held is the number of meetings held during the time the director held office or was a member of the relevant committee.

REMUNERATION REPORT – AUDITED

The Remuneration Report, which has been audited, outlines the director and executive remuneration arrangements for the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations.

A. Remuneration Philosophy

The Group's remuneration philosophy is to ensure that remuneration packages accurately reflect employees' duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the attraction and retention of a high-quality Board and executive team members.

The key principles underpinning the Group's remuneration philosophy are:

- Remuneration that is comparable and market-competitive,
- An appropriate balance between fixed and variable (at-risk) remuneration components,
- The alignment of directors' and executives' interests with those of shareholders, and
- Fairness and transparency.

The Group's remuneration philosophy and practices are overseen by the Remuneration Committee. The Remuneration Committee is responsible for:

- Monitoring and reporting to the Board material risks insofar as they relate to people and remuneration matters,
- Reviewing on an annual basis the remuneration levels of the Board and senior management and recommending changes to the Board as appropriate,
- Overseeing management incentive schemes including employee short-term and long-term incentives,
- Developing and recommending to the Board performance goals for the Managing Director and other executives, and
- Assisting the Board in evaluating achievement of performance goals.

The Remuneration Committee considers that, to maximise stakeholder benefits, the evaluation of the performance of the executive team appropriate for the Group's present circumstances (a mining explorer, transitioning to development and, ultimately, production) should contain Key Performance Indicators (KPIs) related to the achievement of project milestones being the delivery of the Jervois feasibility study, obtaining project financing and first production. In recognition of this, zero-cost share options have been incorporated as a component of executive remuneration in 2021. The zero-cost share options are designed to reward high performance against challenging, clearly defined and measurable objectives.

REMUNERATION REPORT – AUDITED (CONTINUED)

B. Key Management Personnel

The Key Management Personnel (KMP) of the Group, comprising the non-executive directors, the managing director and the chief financial officer, are those individuals considered to have significant influence over the Group's operating performance and decision making. The KMP of the Group are listed in the table below. Unless otherwise indicated, KMP have held the stated position since the commencement of the financial year and up to the date of this report.

NAME	POSITION	TENURE
Directors		
Mr P. Hay	Independent Non-executive Chairman	Appointed 2 November 2017 Appointed Chairman 30 August 2021
Mr S. Finnis	Managing Director Chief Executive Officer	Appointed MD 30 August 2021 Appointed 5 July 2021
Mr F. Purnamasidi	Non-executive Director	Appointed 26 April 2016
Mr S. Mallyon	Independent Non-executive Director	Appointed 5 July 2021 Resigned 21 March 2022
Mr D. Gately	Independent Non-executive Director	Appointed 13 December 2021
Ms F. Murdoch	Former Non-executive Director	Resigned 15 October 2021
Mr D. Wood	Former Executive Chairman Non-executive Director	Retired 30 August 2021 Appointed 18 March 2022
Other KMP		
Ms A. Treble	Chief Financial Officer	Appointed 25 November 2019

C. Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

i) Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain non-executive directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The current aggregate remuneration so determined is $500,000. An amount not exceeding $500,000 is divided between the directors as agreed.

When appropriate, the Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. No remuneration consultants were engaged to review non-executive remuneration in 2021.

Each director receives a fee for being a director of the Company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services. Non-executive directors do not receive any form of equity incentive entitlement, bonus, options, other form of incentive entitlement or retirement benefits. All non-executive directors are entitled to superannuation contributions up to the statutory capped rates.

In order to align with shareholder interests, non-executive directors are encouraged to hold shares in the Company.

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Remuneration Structure (continued)

ii) Executive Remuneration

Objective

The Company aims to attract, motivate and retain high-performance, and high-quality executives, to reward them with a level of remuneration commensurate with their position and responsibilities within the Group and to align their interests with those of shareholders.

Structure

Executive remuneration has three components, a combination of which comprises the executive's total remuneration:

1. Fixed remuneration comprising a base salary, employer superannuation contributions and non-monetary benefits,
2. Other remuneration, including annual leave and long service leave benefits, and
3. A performance-based incentive.

Executives can receive the fixed component of their remuneration in the form of cash or other fringe benefits (for example car parking benefits) where it does not create any additional costs to the Group and adds value to the executive. Any awards over and above contractual fixed remuneration and associated statutory entitlements are made at the discretion of the Board.

Upon retirement or termination, executive KMP are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under services contracts.

For the 2021 financial year, the Board issued performance-based incentives, in the form of zero-cost share options, in two tranches with vesting periods of between 12 months and 33 months. At the completion of the option vesting period, the Remuneration Committee will review performance against the vesting criteria and advise the Board whether the criteria for vesting have been met. Performance against the vesting criteria for tranche 1 will be reviewed in June 2022.

Performance-based incentives are issued at the discretion of the Board. Until vested and exercised, zero-cost share options carry no dividend or voting rights. One ordinary share in the Company is issued on vesting and exercise of a share option.

In determining the level and make-up of executive remuneration, the Board may obtain independent advice from external consultants on market levels of remuneration for comparable executive roles. No remuneration consultants were engaged to review executive remuneration in 2021. It is the Board's policy that employment contracts are entered into with all the senior executives.

D. Relationship between Remuneration and the Company's Performance

The earnings of the Group for the five years to 31 December 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Sales revenue	–	–	–	–	–
EBITDA	(2,265,958)	(1,195,375)	(2,443,690)	(1,508,769)	(1,331,131)
EBIT	(2,322,511)	(1,246,596)	(2,494,448)	(1,521,183)	(1,340,161)
Loss after income tax	(2,325,072)	(1,248,140)	(2,328,377)	(1,229,078)	(1,264,772)
Total KMP remuneration	897,523	538,695	1,278,331 *	238,685	163,635

* in 2019, the remuneration paid included $1,000,000 shares issued to Mr Wood in June 2019. This award was in-lieu of the remuneration for his significant contribution in this role in the three years since his appointment in June 2016. The share issue to Mr Wood was put to, and approved, by shareholders at the 2019 Annual General Meeting. Mr Wood resigned as a member of the Board of Directors on 30 August 2022 and was re-appointed to the Board as a Non-executive Director on 18 March 2022.

REMUNERATION REPORT – AUDITED (CONTINUED)

D. Relationship between Remuneration and the Company's Performance (continued)

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end ($)	$0.60	$0.27	$0.23	$0.29	$0.36
Total dividends declared (cents per share)	–	–	–	–	–
Basic loss per share (cents per share)	(0.61)	(0.39)	(0.83)	(0.50)	(0.65)

E. Employment Contracts

Employment contracts have been entered into by the Group with key management personnel, documenting the components and level of remuneration applicable to their appointments. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are generally reviewed each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations.

F. Remuneration of Directors and Executives

(1) Remuneration of the Managing Director

Mr Simon Finnis

Under contractual arrangements, Mr Finnis is entitled to fixed annual remuneration of $450,000 including statutory superannuation, subject to annual review. For further details of Mr Finnis's employment terms refer to Section G: Service Contracts.

(2) Remuneration of Non-executive Directors

There have been no changes to non-executive remuneration in the current year.

All non-executive directors receive an annual fee of $47,250 plus superannuation at the statutory rate, subject to annual review. There are no additional fees paid for additional roles such as Committee members, or Chair positions. The annual fees have been apportioned in accordance with each Directors' period of tenure during the year.

(3) Remuneration of the Chief Financial Officer

Ms Amy Treble

Under contractual arrangements, Ms Treble is entitled to fixed annual remuneration of $280,000 including statutory superannuation, subject to annual review. For further details of Ms Treble's employment terms refer to Section G: Service Contracts.

Subsequent to the financial year end and following a review and recommendation to the Board by the Remuneration Committee, Ms Treble's fixed annual remuneration, including statutory superannuation, was increased to $305,000 with effect from 1 January 2022.

No member of key management personnel has entitlements to termination payments in the event of removal for misconduct.

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Remuneration of Directors and Executives (continued)

(4) Remuneration Summary

Directors and other key management personnel received the following compensation for their services during the year:

YEAR ENDED 31 DEC 2021	SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS			
	CASH SALARY AND FEES $	SUPERANNUATION $	SHARE-BASED PAYMENTS $	TOTAL $	TOTAL PERFORMANCE RELATED %
Directors					
P. Hay	47,250	4,607	–	51,857	–
S. Finnis[1]	202,648	13,344	114,589	330,581	34.7
D. Gately[2]	3,595	360	–	3,955	–
S. Mallyon[3]	23,625	2,363	–	25,988	–
F. Purnamasidi	47,250	4,607	–	51,857	–
Former Directors					
F. Murdoch[4]	37,216	3,603	–	40,819	–
D. Wood[5]	31,500	3,032	–	34,532	–
Other KMP					
A. Treble	269,958	24,932	63,044	357,934	17.6
	663,042	**56,848**	**177,633**	**897,523**	**19.8**

(1) Appointed as CEO on 5 July 2021, and Managing Director on 30 August 2021, (2) Appointed 13 December 2021, (3) Appointed 5 July 2021, resigned 21 March 2022, (4) Resigned 15 October 2021, (5) Retired 30 August 2021, reappointed 18 March 2022

YEAR ENDED 31 DEC 2020	SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS			
	CASH SALARY AND FEES $	SUPERANNUATION $	SHARE-BASED PAYMENTS $	TOTAL $	TOTAL PERFORMANCE RELATED %
Directors					
D. Wood	47,250	4,489	–	51,739	–
F. Purnamasidi	47,250	4,489	–	51,739	–
P. Hay	47,250	4,489	–	51,739	–
F. Murdoch	47,250	4,489	–	51,739	–
Former Directors					
J. Gooding	47,250	4,489	–	51,739	–
Other KMP					
A. Treble	255,708	24,292	–	280,000	–
	491,958	**46,737**	**–**	**538,695**	**–**

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Remuneration of Directors and Executives (continued)

(4) Remuneration Summary (continued)

The remuneration of all Non-executive Directors is fixed. For all other key management personnel, the proportion of remuneration that is fixed and the proportion of remuneration that is linked to performance is outlined below.

		FIXED REMUNERATION $	AT RISK – STI $	AT RISK – LTI $
Managing Director and CEO				
S. Finnis	**2021**	**65.3**	**–**	**34.7**
	2020	–	–	–
Other Executive KMP				
A. Treble	**2021**	**82.4**	**–**	**17.6**
	2020	100	–	–
Former Executive Chairman				
D. Wood	**2021**	**100**	**–**	**–**
	2020	100	–	–

No member of key management personnel is entitled to receive securities that are not performance based.

G. Service Contracts

Remuneration and other terms of employment for key management personnel, other than Non-executive Directors, are formalised in service agreements. Details of these agreements are as follows:

MR SIMON FINNIS

Managing Director and Chief Executive Officer (CEO)

Agreement Commenced: 5 July 2021

Term of Agreement: Until terminated in accordance with the provisions of the agreement.

The key terms of this agreement are as follows:

- The term is ongoing whilst Mr Finnis is CEO.
- Base remuneration of $450,000 inclusive of superannuation and is subject to annual review by the Board.
- Contractual LTI; up to 40% of base remuneration.
- No termination payments, other than statutory entitlements.
- Notice period on resignation: 3 months' notice in writing.
- Notice period on termination: 6 months' notice in writing.

MS AMY TREBLE

Chief Financial Officer (CFO)

Agreement Commenced: 25 November 2019

Term of Agreement: Until terminated in accordance with the provisions of the agreement.

The key terms of this agreement are as follows:

- The term is ongoing whilst Ms Treble is CFO.
- Base remuneration of $280,000 (increased to $305,000, effective 1 Jan 2022), inclusive of superannuation, and is subject to annual review by the Board.
- Contractual LTI; up to 30% of base remuneration.
- No termination payments, other than statutory entitlements.
- Notice period: 1 month's notice in writing.

REMUNERATION REPORT – AUDITED (CONTINUED)

H. Cash Bonuses

There were no cash bonuses granted to any KMP in relation to either the 2021 or 2020 financial years.

I. Options Granted as Remuneration

The terms and conditions relating to long-term incentive share options offered as remuneration during the year to KMP are as follows:

GRANTEE	TYPE	ISSUE DATE	OFFER VALUE(1)	% VESTED	EXPIRY DATE
S. Finnis	Share Options	08 Jul 2021	$340,460	–	07 July 2026
A. Treble	Share Options	23 Jun 2021	$156,800	–	22 Jun 2026

(1) The indicative offer value was determined using a Black Scholes-Merton valuation model.

The share options were offered by the Board to incentivise executive members of key management personnel and to align their interests with those of shareholders. The share options were issued in two equal tranches which have performance related vesting conditions as outlined below:

TRANCHE	CONDITIONS	ESTIMATED VESTING DATE
1	Vest upon achieving successful final investment decision for the Jervois Copper Project, on time and on budget based on the criteria approved by the Board of the Company. In respect of the Tranche 1 options - unless the board of KGL Resources Limited determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful final investment decision for the Jervois project is delayed beyond the time approved and set by the board of KGL Resources Limited.	June 2022
2	Vest following the construction of the mine for the Jervois Copper Project and achieving first production of at least 1000t of concentrate under the conditions approved by the Board of the Company. In respect of the Tranche 2 options - unless the board of KGL Resources Limited determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois project and first production (1000t) is delayed beyond the time approved and set by the board of KGL Resources Limited.	~ 2024 subject to FID

The number of options over ordinary shares held during the financial year by the managing director and other members of key management personnel of the Group is set out below:

	BALANCE AT BEGINNING OF YEAR NUMBER	GRANTED			EXERCISED		LAPSED	BALANCE END OF YEAR NUMBER
		ISSUE DATE	NUMBER	VALUE $	NUMBER	VALUE $	NUMBER	
Managing Director								
S. Finnis	–	8 Jul 21	587,000	340,460	–	–	–	587,000
Other KMP								
A. Treble	–	23 Jun 21	224,000	156,800	–	–	–	224,000
	–		**811,000**	**497,260**	**–**	**–**	**–**	**811,000**

No share options had vested or were exercisable at 31 December 2021.

REMUNERATION REPORT – AUDITED (CONTINUED)

J. Shareholdings of Directors and Key Management Personnel

The numbers of ordinary shares in the Company held during the financial year by each director and by each other member of key management personnel of the Group, including their personally related parties, are as follows:

31 DECEMBER 2021	BALANCE AT BEGINNING OF YEAR NUMBER	ENTITLEMENT OFFER NUMBER	ISSUED ON EXERCISE OF OPTIONS NUMBER	OTHER CHANGES NUMBER	BALANCE AT END OF YEAR NUMBER
Current Directors					
P. Hay	2,573,601	197,970	-	-	2,771,571
S. Finnis	-	-	-	-	-
D. Gately	-	-	-	-	-
S. Mallyon(i)	-	-	-	6,119,307	6,119,307
F Purnamasidi	600,000	46,154	-	-	646,154
Former Directors					
F Murdoch	77,490	5,961	–	(83,451)	–
D Wood(ii)	33,046,081	2,542,007	-	-	35,588,088
Other KMP					
A Treble	–	–	–		–
TOTAL	36,297,172	2,792,092	-	6,035,856	45,125,120

(i) Mr Mallyon was appointed to the Board on 5 July 2021 and his existing shareholding in the Company is being recognised in the table of Shareholdings of Directors and Key Management Personnel for the first time in the year ended 31 December 2021. Mr Mallyon resigned from the Board on 21 March 2022.

(ii) Mr Wood retired from the Board as an Executive Chairman on 30 August 2021 and was reappointed as a Non-executive director on 18 March 2022.

K. Other Transactions with Key Management Personnel and/or Their Related Parties

There were no transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated parties.

THIS IS THE END OF THE REMUNERATION REPORT – AUDITED

EVENTS AFTER THE REPORTING DATE

Changes to the Board of Directors

Mr Denis Wood was re-appointed to the the board as a Non-executive Director on 18 March 2022. Mr Wood, who is well known to shareholders, previously served as the Company's Executive Chairman for 6 years. He has an extensive knowledge of the Jervois project and was instrumental in advancing the project prior to his retirement last year.

On 21 March 2022, Mr Stephen Mallyon resigned from the Board of Directors.

Change of Group Financial Year End

On 31 January 2022, the Board of Directors resolved, in accordance with s323D of the *Corporations Act 2001*, to change the Group's financial year-end date from 31 December to 30 June. The Company will have a 6-month transitional financial year beginning 1 January 2022 and ending on 30 June 2022.

Thereafter, from 1 July 2022, the Company will revert to a 12-month financial year, first ending on 30 June 2023.

As a result of the introduction of the 6-month transitional financial year, the Company will:

- Lodge an annual financial report by 31 March 2022 for the period 1 January 2021 to 31 December 2021; and hold an annual general meeting by 31 May 2022.
- Lodge an annual financial report by 30 September 2022 for the period 1 January 2022 to 30 June 2022; and hold an annual general meeting by 30 November 2022.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Offtake Agreement with Glencore

On 22 March 2022, the Company announced that it has entered into a binding sales agreement with Glencore International AG (Glencore) for the sale of 100% of the copper concentrate produced from KGL's high-grade Jervois Copper Project (Jervois or the Project). It has a minimum term expiring at the end of 5 full calendar years after commercial production is reached. The sale agreement is evergreen, and will continue beyond the minimum term until either party terminates it by giving 2 years' prior notice.

The sale price for the copper concentrate is volume based and calculated by reference to the LME cash settlement price for copper, with silver and gold credits (subject to minimum 'payable' limits) and adjustments for penalties, treatment and refining charges and a freight credit. The agreement is subject to other customary terms and conditions, including processes for assaying, weighing, sampling and moisture determination in relation to the concentrate, and contains relevant force majeure clauses.

The current schedule, to be confirmed as part of the Feasibility, and Final Investment Decision has the Project in the development phase this year, however this sale contract is conditional upon finance being secured by no later than 30 September 2025, or commercial production by no later than 31 December 2025.

AUDITOR INDEPENDENCE

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set out on page 46 of the financial report.

This report is made in accordance with a resolution of the directors.

On behalf of the Board,

Peter Hay
Chairman
Brisbane
Dated: 23 March 2022

Competent Person's Statement

The Jervois resources information included on pages 22, 23 and 24 of the Directors' Report, was first released to the ASX on 10 January 2022, 27 January 2022 and 7 March 2022 respectively, 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 has 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
KJCD	458D1	21/09/2021	2012
KJCD	446	21/09/2021	2012
KJCD	447	21/09/2021	2012
KJCD	448	21/09/2021	2012
KJCD	449	21/10/2021	2012
KJCD	450	21/10/2021	2012
KJCD	455	21/10/2021	2012
KJD	456	21/10/2021	2012
KJD	481D3	10/11/2021	2012
KJCD	482	21/12/2021	2012

Auditor's Independence Declaration

BY T R MANN TO THE DIRECTORS OF KGL RESOURCES LIMITED

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Fax: +61 7 3221 9227
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Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF KGL RESOURCES LIMITED

As lead auditor of KGL Resources Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of KGL Resources Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 23 March 2022

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021

		CONSOLIDATED	
		2021	2020
	NOTE	$	$
Other income	3	**23,338**	142,939
Administrative expenses	4(a)	**(1,083,474)**	(645,008)
Employee benefits expense	4(b)	**(1,025,609)**	(569,938)
Other expenses		**(180,213)**	(123,368)
Depreciation and amortisation expense		**(56,553)**	(51,221)
Finance expense	4(c)	**(2,561)**	(1,544)
Loss before income tax		**(2,325,072)**	(1,248,140)
Income tax benefit	5	**–**	–
Net loss for the year		**(2,325,072)**	(1,248,140)

Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the year		**(2,325,072)**	(1,248,140)

Loss per share attributable to the owners of the Company

Basic loss per share (cents per share)	6	**(0.61)**	(0.39)
Diluted loss per share (cents per share)	6	**(0.61)**	(0.39)

This financial statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 31 DECEMBER 2021

		CONSOLIDATED	
		2021	2020
	NOTE	$	$
Current assets			
Cash and cash equivalents	7	**12,742,972**	5,157,935
Trade and other receivables	8	**230,429**	23,326
Financial assets	9	**148,765**	110,155
Prepayments		**580,260**	114,939
Total current assets		**13,702,426**	5,406,355
Non-current assets			
Financial assets	9	**223,102**	224,202
Property, plant and equipment	10	**159,838**	66,176
Right-of-use assets	11	**535,983**	69,693
Exploration and evaluation assets	12	**80,599,275**	64,485,044
Intangible assets	13	**21,218**	–
Total non-current assets		**81,539,416**	64,845,115
Total assets		**95,241,842**	70,251,470
Current liabilities			
Trade and other payables	15	**2,871,105**	454,307
Lease liabilities	11	**310,671**	63,348
Total current liabilities		**3,181,776**	517,655
Non-current liabilities			
Lease liabilities	11	**218,791**	13,427
Total non-current liabilities		**218,791**	13,427
Total liabilities		**3,400,567**	531,082
Net assets		**91,841,275**	69,720,388
Equity			
Contributed equity	17	**214,480,963**	190,240,532
Reserves	16	**205,528**	–
Accumulated losses		**(122,845,216)**	(120,520,144)
Total equity		**91,841,275**	69,720,388

This financial statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2021

		CONSOLIDATED	
		2021	2020
	NOTE	$	$
Cash flows from operating activities			
Receipts in the course of operations		**1,314,992**	578,066
Payments to suppliers and employees		**(3,571,670)**	(1,599,396)
Interest received		**25,596**	40,361
Finance costs – leases	7(d)	**(15,089)**	(3,332)
Net cash used in operating activities	7(a)	**(2,246,171)**	(984,301)
Cash flows from investing activities			
Payment for exploration and evaluation assets		**(13,938,329)**	(4,526,675)
Payment for property, plant and equipment	10	**(170,469)**	(20,661)
Payment for right-of-use assets		**(10,395)**	–
Payment for intangible assets	13	**(21,721)**	–
Movement in financial assets		**(37,510)**	366,489
Net cash used in investing activities		**(14,178,424)**	(4,180,847)
Cash flows from financing activities			
Proceeds from issue of shares	17	**25,214,128**	3,828,787
Payment of share issue costs	17	**(973,697)**	(126,138)
Principal elements of lease payments		**(230,799)**	(105,821)
Net cash provided by financing activities		**24,009,632**	3,596,828
Net increase/ (decrease) in cash and cash equivalents		**7,585,037**	(1,568,320)
Cash and cash equivalents at the beginning of the year		**5,157,935**	6,726,255
Cash and cash equivalents at the end of the year	7	**12,742,972**	5,157,935

This financial statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED	CONTRIBUTED EQUITY	SHARE-BASED PAYMENT RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	$	$	$	$
Balance as at 1 January 2021	**190,240,532**	**–**	**(120,520,144)**	**69,720,388**
Loss for the year	**–**	**–**	**(2,325,072)**	**(2,325,072)**
Other comprehensive income, net of tax	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**(2,325,072)**	**(2,325,072)**
Transactions with owners in their capacity as owners				
Issue of share capital (net of costs)	**24,240,431**	**–**	**–**	**24,240,431**
Share-based payments – expensed	**–**	**171,738**	**–**	**171,738**
Share-based payments – capitalised (i)	**–**	**33,790**	**–**	**33,790**
Balance as at 31 December 2021	**214,480,963**	**205,528**	**(122,845,216)**	**91,841,275**
Balance as at 1 January 2020	186,537,883	–	(119,272,004)	67,265,879
Loss for the year	–	–	(1,248,140)	(1,248,140)
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	(1,248,140)	(1,248,140)
Transactions with owners in their capacity as owners				
Issue of share capital (net of costs)	3,702,649	–	–	3,702,649
Balance as at 31 December 2020	190,240,532	–	(120,520,144)	69,720,388

(i) The value of share-based payments to employees of the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation Asset (refer Note 12).

This financial statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 December 2021

ABOUT THIS REPORT

The financial statements of KGL Resources Limited for the year ended 31 December 2021 cover the consolidated entity consisting of KGL Resources Limited and its controlled entities (together referred to as the Group) as required by the *Corporations Act 2001*.

The registered office and principal place of business is Level 5, 167 Eagle Street, Brisbane, Queensland, 4000, Australia.

The financial statements are presented in the Australian currency.

KGL Resources Limited is a public company, incorporated and domiciled in Australia.

The principal activity of the Group during the year was exploration and development of the Jervois multi-metal project in the Northern Territory.

There have been no significant changes in the nature of these activities during the year.

The consolidated general-purpose financial report of the Group for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 23 March 2022. The Directors have the power to amend and reissue the financial report. The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board,
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB and IFRS that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 January 2021. Adopting these standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

The financial statements have been prepared on a historical cost basis. The entity is a for-profit entity for the purposes of Australian Accounting Standards.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

- Note 5: Income taxes Page 54
- Note 11: Leases Page 59
- Note 12: Exploration and evaluation assets Page 61

BASIS OF CONSOLIDATION

Subsidiaries are those entities over which KGL Resources Limited has control. The Group controls an entity when the Group is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

THE NOTES TO THE FINANCIAL STATEMENTS

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered relevant and material if for example:

- the amount in question is significant because of its size or nature,
- it is important for understanding the results of the Group,
- it helps to explain the impact of significant changes in the Group's business, for example acquisitions and impairment write-downs, or
- it is related to an aspect of the Group's operations that is important to its future performance.

1. Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, the Group incurred a net loss of $2,325,072 and net operating cash outflows of $2,246,171 for the period ended 31 December 2021. As at 31 December 2021, the Group has cash and cash equivalents of $12,742,972.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise capital as and when necessary, and/or
- the successful exploration and subsequent exploitation of the Group's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate for the following reasons:

- the Directors believe there is sufficient cash available for the Group to continue operating until it can raise further capital to fund its ongoing activities.
- Funds through equity raisings have been successfully raised in the past, as recently as February, and March 2021, and the entitlement offer was fully subscribed after shortfall was placed in May 2021.
- Directors can curtail activities to preserve cash.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

2. Segment information

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and determining the allocation of resources.

All information provided to the Board is consolidated information. Accordingly, management currently identifies the Group as having only one reportable segment, being exploration at the Jervois Copper Project in the Northern Territory. The financial results from this segment are equivalent to the financial statements of the Group as a whole. All significant operating decisions are based upon analysis of the Group as one segment.

All assets of the Group are located in Australia.

The Group does not yet have any products or services from which it derives an income.

	CONSOLIDATED	
	2021	2020
	$	$

3. Other income

Interest revenue – third parties	**23,338**	42,939
ATO Cashflow Boost Grant	**–**	100,000
Total other income	**23,338**	142,939

Recognition and measurement

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (GST).

4. Expenses

a) Administrative expenses

Professional and consulting fees	**568,625**	315,429
Business development and investor relations	**72,145**	47,165
Corporate office overheads	**141,602**	138,509
Corporate fees	**118,424**	78,441
Insurance	**179,570**	61,620
Expenses relating to leases of low-value assets	**3,108**	3,844
	1,083,474	645,008

b) Employee benefits expense

Salaries, wages, and related costs	**601,006**	284,555
Directors' fees (excluding superannuation)	**190,436**	237,193
Share-based payments expense	**171,738**	–
Superannuation contributions	**62,429**	48,190
	1,025,609	569,938

c) Finance expense

Interest on lease liabilities (refer Note 11)	**2,561**	1,544
	2,561	1,544

Recognition and measurement

Post-employment benefits plans – defined contribution plans

The Group provides post-employment benefits through defined contribution plans.

The Group pays fixed contributions into independent entities in relation to several state plans. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that the relevant employee services are received.

	CONSOLIDATED	
	2021	2020
	$	$

5. Income taxes

a) Components of tax expense

Current tax benefit on loss for the year	–	–
Deferred tax arising from origination and reversal of temporary differences	–	–
Total income tax benefit in profit or loss	–	–

b) The prima facie income tax on the loss is reconciled to income tax benefit as follows:

Loss before income tax	**(2,325,072)**	(1,248,140)
Prima facie tax benefit on loss before income tax at 25% (2020: 27.5%)	**(581,268)**	(343,239)
Amounts that are not deductible in calculating tax loss	**(19,198)**	–
Deferred tax assets arising from temporary differences not recognised	**600,466**	343,239
Income tax benefit attributable to the Group	–	–

c) Unrecognised deferred tax assets

Prior year tax losses brought forward – gross	**140,585,405**	135,023,871
Total losses recognised – gross	**(79,140,842)**	(64,362,895)
Current year tax losses – gross	**17,193,413**	5,561,534
Unrecognised tax losses – gross	**78,637,976**	76,222,510
Deferred tax assets not taken up – at 25% (2020: 26%)	**19,659,494**	19,817,853

d) Recognised net deferred tax assets

Deferred tax liabilities		
Exploration and prospecting	**(19,911,136)**	(16,766,111)
	(19,911,136)	(16,766,111)
Deferred tax assets		
Tax losses	**19,785,210**	16,734,353
Provisions/accruals	**125,926**	31,758
	19,911,136	16,766,111
Net deferred tax asset recognised	–	–

e) Franking credits

There are no franking credits available.

5. Income taxes (continued)

Recognition and measurement

The income tax expense / (benefit) for the year comprises current income tax expense / (benefit) and deferred tax expense / (benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense / (benefit) reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense / (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Key judgements

Recoverability of deferred tax assets

The Group recognises deferred tax assets when it becomes probable that sufficient taxable income will be derived in future periods against which to offset these assets. At each reporting date, the Group assesses the level of expected future cash flows from the business, and the probability associated with realising these cash flows, and determines whether the deferred tax assets of the Group should be recognised.

The Group continues to assess that, at the reporting date, it is not probable that the Group's carry-forward tax losses and temporary differences will be used to offset future taxable profits.

A future income tax benefit from the Group's carry-forward tax losses and temporary differences will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised,
- the conditions for deductibility imposed by tax legislation continue to be complied with, and
- no changes in tax legislation adversely affect the Group in realising the benefit.

	CONSOLIDATED	
	2021	2020
	$	$

6. Loss per share

Loss after income tax attributable to the owners of the Company used in calculating basic and diluted loss per share.	**(2,325,072)**	(1,248,140)
Basic loss per share (cents per share)	**(0.61)**	(0.39)
Diluted loss per share (cents per share)	**(0.61)**	(0.39)

	# SHARES	# SHARES
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share.	**381,338,390**	321,494,682

At 31 December 2021, the Company had 1,045,000 options (2020: nil options) over unissued ordinary shares. No options had vested or were exercisable at financial year end. Therefore, the options have been treated as anti-dilutive for the purposes of determining diluted loss per share (Refer to Note 18).

Recognition and measurement

Basic earnings per share
Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings / (loss) per share adjusts the figures used in the determination of basic earnings / (loss) per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	CONSOLIDATED	
	2021	2020
	$	$

7. Cash and cash equivalents

Cash at bank	**4,242,931**	404,406
Term deposits with short-term maturity	**8,500,041**	4,753,529
Total cash and cash equivalents	**12,742,972**	5,157,935

Cash at bank balances bear floating interest rates between 0.0% and 0.05% (2020: 0% and 0.20%).

Term deposits bear fixed interest rates between 0.05% and 0.1% (2020: 0.25% and 0.60%).

Recognition and measurement

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	CONSOLIDATED	
	2021	2020
	$	$

7. Cash and cash equivalents (continued)

a) Reconciliation of loss after tax to net cash flows from operations		
Loss for the year after income tax benefit	**(2,325,072)**	(1,248,140)
Non-cash flows in loss:		
Depreciation and amortisation expense	**56,553**	51,221
Share-based payments expense	**171,738**	–
(Gain) / loss on disposal of property, plant and equipment	**8,089**	–
Capitalised expenditure classified as cash flows from operating activity:		
Interest expense	**(12,528)**	–
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	**(207,103)**	153,680
(Increase) / decrease in payables for exploration and evaluation assets (i)	**101,949**	343,379
(Increase) / decrease in prepayments	**(174,027)**	(10,739)
Increase / (decrease) in trade and other payables	**134,230**	(273,702)
Net cash used in operating activities	**(2,246,171)**	(984,301)

(i) Classified as investing activity

b) Facilities with banks

There are no borrowing facilities at reporting date (2020: Nil).

c) Non-cash financing and investing activities

Non-cash investing and financing activities disclosed in other notes are:

- Additions to right-of-use assets – refer to Note 11, and
- Share options issued to employees for no cash consideration – refer to Note 18.

d) Cash and non-cash movements in liabilities arising from financing activities

The following table reconciles the cash and non-cash movements in liabilities arising from financing activities:

Borrowings	Opening Balance	Non-cash		Cash	Closing Balance
		Additions	Other Adjust.	Lease Payments	
	$	$	$	$	$
31 Dec 2021					
Lease liabilities	76,775	686,003	(2,517)	(230,799)	529,462
31 Dec 2020					
Lease liabilities	182,596	–	–	(105,821)	76,775

	CONSOLIDATED	
	2021	2020
	$	$

8. Trade and other receivables

GST receivable (net)	**208,058**	16,176
Other receivables	**22,371**	7,150
Total trade and other receivables	**230,429**	23,326

Other receivables are non-interest bearing and have repayment terms up to thirty days.

9. Financial assets

Current

Term deposits	**148,765**	110,155
Total current financial assets	**148,765**	110,155

Non-current

Security deposits	**223,102**	224,202
Total non-current financial assets	**223,102**	224,202

Financial assets are comprised of rolling interest-bearing term deposits supporting environmental bank guarantees with the Department of Mines and other guarantees. Security deposits and guarantees of $223,102 (2020: $224,202) have been provided to the Department of Mines and other suppliers.

10. Property, plant and equipment

Plant and equipment

Cost	**634,890**	479,559
Accumulated depreciation	**(475,052)**	(413,383)
Total plant and equipment	**159,838**	66,176

Recognition and measurement

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

At each reporting period end, the carrying amount of property, plant and equipment is reviewed to ensure that carrying values are not in excess of the recoverable amounts. The assets' residual values and useful lives are also reviewed, and adjusted if appropriate, at each reporting date.

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis to allocate cost, net of any residual value, over the estimated useful lives to the Group commencing from the time the asset is held ready for use. The useful lives of assets classified as plant and equipment are between 3 and 10 years.

10. Property, plant and equipment (continued)

Movements in carrying amount of property, plant and equipment:

2021	PLANT AND EQUIPMENT $
Carrying amount at the beginning of the year	**66,176**
Additions	**170,469**
Depreciation	**(68,718)**
Disposals	**(8,089)**
Carrying amount at the end of the year	**159,838**

2020	PLANT AND EQUIPMENT $
Carrying amount at the beginning of the year	140,320
Additions	20,661
Depreciation	(91,671)
Disposals	(3,134)
Carrying amount at the end of the year	66,176

11. Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	CONSOLIDATED	
	2021	2020
	$	$
Right-of-use assets		
Property	**112,769**	23,223
Infrastructure	**136,333**	–
Equipment	**103,991**	–
Motor vehicles	**182,890**	46,470
Total right-of-use assets	**535,983**	69,693
Lease liabilities		
Current	**310,671**	63,348
Non-current	**218,791**	13,427
Total lease liabilities	**529,462**	76,775

11. Leases (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income includes the following amounts relating to leases:

	CONSOLIDATED	
	2021	2020
	$	$
Amortisation charge	**227,589**	112,344
Interest expense (i)	**2,561**	1,544
Expense relating to leases of low value assets	**3,108**	3,844

(i) Interest of $12,528 recognised on leases entered into for the purposes of advancing the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation asset.

Recognition and measurement

The Group leases various properties, motor vehicles, infrastructure and items of equipment. Lease contracts are typically made for periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide variety of terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for the lease of real estate for which the Group is the lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentive receivable,
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the Group under residual value guarantees,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rates implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

11. Leases (continued)

Recognition and measurement (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low value assets are small items of office equipment.

Key judgements and estimations

In determining both the right-of-use asset and the lease liability certain estimates and judgements were made. These included the following:

- *Impairment identification*. No impairments were identified at 31 December 2021. Each of the right-of-use asset was allocated to a cash generating unit (CGU) and the CGUs were assessed for impairment based on value in use. No impairments to CGUs have been identified.
- *Discount rate*. The Group determined that the appropriate discount rate for valuation of the right-of-use assets and lease liabilities was the Group's current incremental borrowing rate.

12. Exploration and evaluation assets

	CONSOLIDATED	
	2021	2020
	$	$
Deferred exploration and evaluation assets	**80,599,275**	64,485,044
Deferred exploration and evaluation assets		
Balance at the beginning of the year	**64,485,044**	60,140,470
Current year expenditure	**16,114,231**	4,344,574
Balance at the end of the year	**80,599,275**	64,485,044

The ultimate recovery of exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Recognition and measurement

The Group applies AASB 6 *Exploration for and Evaluation of Mineral Resources*. Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to mine development and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where incidental income and other research and development grants are received that relate to capitalised exploration and evaluation expenditure, these amounts are offset against the amounts capitalised.

12. Exploration and evaluation assets (continued)

Key estimates and judgements

The Directors determine when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decisions are made after considering the likelihood of finding commercially viable outcomes balanced with acceptable political and environmental assessment. No tenements were abandoned in the current year.

The Group continues to assess the economic viability of a potential mine through the completion of a definitive feasibility study. Works undertaken in the current year have advanced the technical aspects of the project, however, until the feasibility study is complete, the vast majority of work undertaken to date is eligible for capitalisation under AASB6 Exploration and Evaluation Accounting Standard. Until the feasibility work is complete (planned for mid-2022), the Directors believe that the Jervois project is still in the exploration and evaluation phase and have capitalised expenses to the Exploration and evaluation asset in accordance with the prescribed accounting treatment.

13. Intangible assets

	CONSOLIDATED	
	2021	2020
	$	$
Software at cost	**21,721**	83,555
Accumulated amortisation	**(503)**	(83,555)
Total intangible assets	**21,218**	–
Movements in carrying amount		
At 1 January, net of accumulated amortisation	**–**	5,350
Additions	**21,721**	–
Amortisation expense	**(503)**	(5,350)
At 31 December, net of accumulated amortisation	**21,218**	–

Recognition and measurement

Items of computer software which are not integral to the computer hardware owned by the Group are classified as intangible assets with a finite life. Computer software is amortised on a straight-line basis over the expected useful life of the software being 5 years.

14. Interests in other entities

Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group.

NAME	COUNTRY OF INCORPORATION	2021 % HELD	2020 % HELD
Jinka Minerals Limited	Australia	**100**	100
Jervois Holdings Pty Ltd	Australia	**100**	100
Jervois Operations Pty Ltd	Australia	**100**	100
Kentor Minerals (WA) Pty Ltd	Australia	**–**	100
KGL Resources Sales Pty Ltd	Australia	**100**	100

14. Interests in other entities (continued)

Different reporting dates

Jinka Minerals Limited has a reporting date of 30 June which was the company's reporting date when it was acquired in 2011. The reporting date has not been changed to coincide with the remainder of the Group. However, the financial statements of Jinka Minerals Limited consolidated within the Group aligns with the same reporting period as the parent entity, using consistent accounting policies. This entity is an unlisted public company.

Deregistration of subsidiary

In November 2021, the Group applied to the Australian Investment and Securities Commission for the deregistration of Kentor Minerals (WA) Pty Ltd. There was no impact on the financial statements because of deregistration.

Company name changes

During the financial year, the following company name changes were made:

- The name of Kentor Minerals (NT) Pty Ltd was changed to Jervois Operations Pty Ltd,
- The name of Kentor Energy Pty Ltd was changed to KGL Resources Sales Pty Ltd, and
- The name of Kentor Minerals (Aust) Pty Ltd was changed to Jervois Holdings Pty Ltd.

15. Trade and other payables

	CONSOLIDATED	
	2021	2020
	$	$
Trade payables	**2,695,000**	283,527
Employee benefits	**176,105**	170,780
Total trade and other payables	**2,871,105**	454,307

Recognition and measurement

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year-end which are unpaid. These amounts are unsecured and have 7 to 30-day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the Group have been pledged as security for the trade and other payables.

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, superannuation, annual leave and long service leave.

Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

16. Reserves

	CONSOLIDATED	
	2021	2020
	$	$
Share-based payments reserve	**205,528**	–
Total reserves	**205,528**	–

Nature and purpose of reserves

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to Directors and other employees as part of their remuneration (refer to Note 18).

17. Contributed equity

Ordinary shares – fully paid	**214,480,963**	190,240,532

Movement in shares on issue

DETAILS	2021		2020	
	SHARES ISSUED, NO.	ISSUED CAPITAL, $	SHARES ISSUED, NO.	ISSUED CAPITAL, $
Beginning of the financial year	**335,748,021**	**190,240,532**	311,818,103	186,537,883
Entitlement offer – July 2020	**–**	**–**	23,929,918	3,828,787
Shares issued – February 2021	**28,571,427**	**12,000,000**	–	–
Entitlement offer – May 2021	**22,795,564**	**9,574,128**	–	–
Shortfall offer – May 2021	**5,200,000**	**3,640,000**	–	–
Share issue costs	**–**	**(973,697)**	–	(126,138)
End of the financial year	**392,315,012**	**214,480,963**	335,748,021	190,240,532

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Ordinary shares have no par-value and the Company does not have a limited amount of authorised capital.

Capital risk management

The capital structure of the Group consists of equity as disclosed in the statement of financial position. Management controls the capital of the Group in order to generate long-term shareholder value, maximising the return to shareholders and ensuring that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

The Group's capital is effectively managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Recognition and measurement

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction in the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments, and which would not have been incurred had those instruments not been issued.

18. Share-based payments

Share options granted to key management personnel and other employees

On 23 June 2021, the Company issued 458,000 zero-priced options to key management personnel and other eligible employees. These options were approved at the annual general meeting of the Company on 31 May 2021 (Grant Date). A further 587,000 zero-priced options were granted to key management personnel on 8 July 2021. Of the total of 1,045,000 options issued during the financial year, 811,000 were granted to key management personnel. The options are unlisted.

The share options granted during the financial year ended 31 December 2021 are summarised as follows:

OPTIONS GRANTED	GRANT DATE	EXERCISE PRICE $	EXPIRY DATE	FAIR VALUE AT GRANT DATE $	NUMBER OF OPTIONS
Share options	31 May 2021	–	22 Jun 2026	320,600	458,000
Share options	8 Jul 2021	–	7 Jul 2026	340,460	587,000
Total options granted				**661,060**	**1,045,000**

The grant of options to each option holder has been split into two equal tranches with each tranche subject to vesting conditions as outlined below:

TRANCHE	CONDITIONS	ESTIMATED VESTING DATE
1	Vest upon achieving successful final investment decision for the Jervois Copper Project, on time and on budget based on the criteria approved by the Board of the Company. In respect of the Tranche 1 options - unless the board of KGL Resources Limited determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful final investment decision for the Jervois project is delayed beyond the time approved and set by the board of KGL Resources Limited.	June 2022
2	Vest following the construction of the mine for the Jervois Copper Project and achieving first production of at least 1000t of concentrate under the conditions approved by the Board of the Company. In respect of the Tranche 2 options - unless the board of KGL Resources Limited determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois project and first production (1000t) is delayed beyond the time approved and set by the board of KGL Resources Limited.	~ 2024 subject to FID

The estimated vesting date of the tranches is based on management's best estimate as at 31 December 2021, and the probability of achieving the hurdles has been reflected in the fair value of the options granted.

Terms and conditions of option issue

Unless the Board of the Company determines otherwise, the options will immediately lapse if a holder ceases to be employed by the Group.

If, in the opinion of the Board of the Company, a significant safety, environmental or social incident occurs, the Board of the Company may determine that the options will lapse.

In respect of the Tranche 1 options, unless the Board of the Company determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful final investment decision for the Jervois Copper Project is delayed beyond the time approved and set by the Board of the Company.

In respect of the Tranche 2 options, unless the Board of the Company determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois Copper Project and first production (1000t) is delayed beyond the time approved and set by the Board of the Company.

The options do not confer a right to participate in new issues of shares unless the options have vested and have been exercised on or before the record date for determining entitlements to the issue. Similarly, while they remain unexercised, the options will not give the holder any entitlement to receive any dividends declared and paid by the Company.

Each option entitles the holder to one ordinary fully paid share in the Company. Any shares issued on exercising an option will be issued on the same terms as, and rank in all respects on equal terms with, existing ordinary fully paid shares in the Company.

18. Share-based payments (continued)

Fair value of options

The fair value of options issued was determined in accordance with AASB 2 *Share-based Payments* using the Black Scholes-Merton (BSM) valuation model and the following assumptions:

GRANT DATE	SHARE PRICE ON GRANT DATE	RISK FREE RATE	VOLATILITY	DIVIDEND YIELD	TIME TO EXPIRY
	$	%	%	%	YEARS
31 May 2021	0.70	1.205	21.7	–	5
08 Jul 2021	0.58	1.205	21.7	–	5

The volatility of the shares was determined by calculating the standard deviation of the KGL share price over the preceding 12 months. Given the share options are zero-priced options, the BSM valuation model calculates the value of the shares as the fair value of the shares on the date of options issue.

Option summary

A summary of the movements of all options issued for the year ended 31 December 2021 is as follows:

GRANT DATE	EXPIRY DATE	BALANCE AT START OF YEAR	GRANTED	EXERCISED	LAPSED / FORFEITED	BALANCE AT END OF YEAR	TOTAL VALUE
		#	#	#	#	#	$
Tranche 1							
31 May 2021	22 Jun 26	–	229,000	–	–	229,000	160,300
08 Jul 21	07 Jul 26	–	293,500	–	–	293,500	170,230
Tranche 2							
31 May 2021	22 Jun 26	–	229,000	–	–	229,000	160,300
08 Jul 21	07 Jul 26	–	293,500	–	–	293,500	170,230
Total		**–**	**1,045,000**	**–**	**–**	**1,045,000**	**661,060**

No options were exercisable as at 31 December 2021.

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is $171,738 which relates to equity-settled share-based payment transactions. A further $33,790 in equity-settled share-based payment expenditure has been capitalised as part of the Exploration and Evaluation asset.

Recognition and measurement

Equity-settled share-based payments with Directors and employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes-Merton valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

No expense is recognised for awards that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met. Where options are cancelled, they are treated as if they had vested on the date of cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement is treated as if it were a modification.

Equity-settled share-based payment transactions with other parties are measured at fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date goods or services were obtained.

19. Financial assets and liabilities

Fair value estimation of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are presented in the following table. For all categories of financial assets and financial liabilities, the carrying amount is considered a reasonable approximation of fair value.

		CONSOLIDATED	
		2021	2020
	NOTE	$	$
Financial assets measured at amortised cost			
Cash and cash equivalents	7	**12,742,972**	5,157,935
Security deposits	9	**371,867**	334,357
Trade and other receivables	8	**230,429**	23,326
Total financial assets		**13,345,268**	5,515,618
Financial liabilities measured at amortised cost			
Trade and other payables	15	**(2,695,000)**	(283,527)
Lease liabilities	11	**(529,462)**	(76,775)
Total financial liabilities		**(3,224,462)**	(360,302)

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or it expires.

Classification and subsequent measurement of financial assets

a) Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

19. Financial assets and liabilities (continued)

Classification and subsequent measurement of financial assets (continued)

a) Investments and other financial assets (continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

b) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.

  When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- *FVPL:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

c) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables and lease liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

20. Financial risk management

Financial risk management objectives and policies

Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks. These risks include market risk (including interest rate risk, foreign currency risk and commodity price risk), credit risk, and liquidity risk.

The primary responsibility for identification and control of financial risks rests with the Board. The Group's financial and commodity risk management program supports the achievement of the Group's objectives by enabling the identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks and implementing policies and procedures to manage and monitor the risks.

These written policies establish the financial and commodity risk management framework and define the procedures and controls for the effective management of the Group's risks that arise through the Group's current exploration and development activities and those risks which may arise through other mining activities in the future.

The policy ensures all financial and commodity risks are fully recognised and treated in a manner consistent with:

- The Board's management philosophy,
- Commonly accepted industry practice and corporate governance, and
- Shareholders' expectations of becoming a gold and copper producer.

The policies are reviewed by the Board annually, at a minimum, as the Group's financial and commodity risks are likely to change over time. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period.

The Group's principal financial instruments comprise cash at bank, security deposits, trade and other receivables, trade and other payables and lease liabilities.

Exposure limits are reviewed by management on a continuous basis. The Group does not enter into, or trade, financial instruments for speculative purposes.

Credit risk exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from cash on deposit and trade and other receivables. The objective of the Group is to minimize risk of loss from credit risk exposure.

The maximum exposure to credit risk, excluding the value of any collateral or other security at reporting date, is the carrying amount of those assets, net of any impairment, as disclosed in the statement of financial position and notes to the financial statements.

In the years ended 31 December 2021 and 31 December 2020, there has been no concentration of credit risk in trade and other receivables as the Group did not have customers at either year end.

At year end, the Group has one material exposure of $12,891,737 to ANZ (2020: $5,157,935) relating to funds on deposit and cash at bank. The Group manages its credit risk associated with funds on deposit and cash at bank by only dealing with reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due.

Working capital is primarily comprised of cash. The Group has established policies and processes for managing liquidity risk including:

- Monitoring actual cashflows against budgeted cashflows,
- Regularly forecasting long term cashflows and stress testing, and
- Regularly monitoring the availability of equity capital and current market conditions.

20. Financial risk management (continued)

Liquidity risk (continued)

Maturity Analysis

The following table shows the periods in which financial liabilities mature. Contractual cash flows shown in the table are at undiscounted values (including future interest expected to be paid). Accordingly, these values may not agree to the carrying amount.

CONSOLIDATED	<1 YEAR	1 – 5 YEARS	TOTAL CASHFLOWS	CARRYING AMOUNT
	$	$	$	$
31 December 2021				
Financial liabilities				
Trade and other payables	**2,695,000**	**–**	**2,695,000**	**2,695,000**
Lease liabilities	**327,066**	**223,641**	**550,707**	**529,462**
Total financial liabilities	**3,022,066**	**223,641**	**3,245,707**	**3,224,462**
31 December 2020				
Financial liabilities				
Trade and other payables	283,527	–	283,527	283,527
Lease liabilities	66,173	14,318	80,491	76,775
Total financial liabilities	349,700	14,318	364,018	360,302

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices (commodity price risk); foreign exchange rates (foreign currency risk) or interest rates (interest rate risk).

The objective of market risk management is to manage and control risk exposure within acceptable parameters whilst optimising returns.

It is the policy of the Group to manage the foreign currency risk on highly probable forecast capital expenditure by utilising foreign currency hedging where appropriate.

At 31 December 2021 and at 31 December 2020, there was no foreign currency that was being held as a hedging instrument.

The Group has no exposure to foreign currency risk at the reporting date.

20. Financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group has established policies and processes for managing interest rate risk. These include monitoring risk exposure continuously and utilising fixed rate facilities where required. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out in the following table:

CONSOLIDATED	WEIGHTED AVERAGE INTEREST REATE	FLOATING INTEREST RATE	MATURING IN		NON-INTEREST BANKING	TOTAL
			< 1 YEAR	1 TO 5 YEARS		
	%	$	$	$	$	$
2021						
Financial assets						
Cash and cash equivalents	**0.06**	**305,747**	**12,437,225**	**–**	**–**	**12,742,972**
Security deposits	**0.15**	**–**	**148,765**	**–**	**223,102**	**371,867**
Trade and other receivables	**N/A**	**–**	**–**	**–**	**230,429**	**230,429**
Total financial assets		**305.747**	**12,585,990**	**–**	**453,531**	**13,345,268**
Financial liabilities						
Trade and other payables	**N//A**	**–**	**–**	**–**	**(2,695,000)**	**(2,695,000)**
Lease liabilities	**4.32**	**–**	**(310,671)**	**(218,791)**	**–**	**(529,462)**
Total financial liabilities		**–**	**(310,671)**	**(218,791)**	**(2,695,000)**	**(3,224,462)**
2020						
Financial assets						
Cash and cash equivalents	0.22	404,406	4,753,529	–	–	5,157,935
Security deposits	1.30	–	110,155	–	224,202	334,357
Trade and other receivables	N/A	–	–	–	23,326	23,326
Total financial assets		404,406	4,863,684	–	247,528	5,515,618
Financial liabilities						
Trade and other payables	N/A	–	–	–	(283,527)	(283,527)
Lease liabilities	4.84%	–	(63,348)	(13,427)	–	(76,775)
Total financial liabilities		–	(63,348)	(13,427)	(283,527)	(360,302)

20. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At 31 December 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and other comprehensive income would have been affected as follows:

CONSOLIDATED	NET LOSS HIGHER / (LOWER)		OTHER COMPREHENSIVE INCOME HIGHER / (LOWER)	
	2021	2020	2021	2020
	$	$	$	$
+0.5% (50 basis points)	**77,785**	54,760	**–**	–
-0.5% (50 basis points)	**(77,785)**	(54,760)	**–**	–

21. Fair value measurement

Due to their short-term nature, the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

Recognition and measurement

Fair values may be used for asset and liability measurement as well as for sundry disclosures.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant who would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

22. Commitments

	CONSOLIDATED	
	2021	2020
	$	$
Capital expenditure commitments – exploration and evaluation assets		
No longer than 1 year	**4,746,636**	115,038
Between 1 and 5 years	**224,682**	13,427
Total capital expenditure commitments – exploration and evaluation assets	**4,971,318**	128,465

Capital expenditure commitments of less than one year are outstanding purchase order commitments relating to the Jervois Copper Project. There are capital and rental commitments on tenements ranging from $4,000 to $40,000 per annum with expiry terms of between 1 to 2 years.

Non-cancellable rental commitments – tenements *Commitments for rental payments in relation to tenements are payable:*		
No longer than 1 year	**70,236**	61,766
Between 1 and 5 years	**192,829**	151,201
Greater than 5 years	**161,508**	202,933
Total commitments for rental payments in relation to tenements	**424,573**	415,900

Rental commitments comprise the tenement rentals at Jervois, Unca Creek and Yambah. The annual rental commitments on these leases range from $996 to $31,884 per annum with expiry terms of between 1 to 11 years. AASB 16 *Leases* does not apply to mining tenements.

23. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Parent entity

The parent entity is KGL Resources Limited, which is incorporated in Australia.

Subsidiaries

Interests in subsidiaries are disclosed in Note 14

Key management personnel compensation

Information regarding the identity of key management personnel and their compensation can be found in the audited Remuneration Report contained in the Directors' Report. The Directors and the chief financial officer are the only key management personnel.

The total remuneration paid to key management personnel of the Company and the Group during the year is as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Key management personnel compensation		
Short-term employee benefits	**663,042**	491,958
Post-employment benefits	**56,848**	46,737
Share-based payments	**177,633**	–
Total key management personnel compensation	**897,523**	538,695

23. Related party transactions (continued)

Key management personnel compensation (continued)

Short-term employee benefits

These amounts include fees and benefits paid to the Board of Directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefit schemes as measured by the fair value of share options granted on grant date. Refer to Note 18 for further information.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 36 to 43.

Amounts payable to key management personnel

At 31 December 2021, the following amount due to a member of key management personnel was outstanding:

	CONSOLIDATED	
	2021	2020
	$	$
Payable to key management personnel		
Director's fees	**3,131**	–

Other related party transactions

There were no other transactions with other related parties during the year.

24. Auditor's remuneration

	CONSOLIDATED	
	2021	2020
	$	$
Amounts paid or payable to BDO Audit Pty Ltd for audit or review of the financial statements of the Company and any other entity in the Group	**58,000**	66,800

25. Contingent liabilities and contingent assets

Contingent assets

There were no contingent assets as at 31 December 2021 or at 31 December 2020.

Contingent liabilities

In the prior financial year, the Company selected a preferred mining contractor to prepare a mine plan for the Jervois Copper Project. The contract with the preferred mining contractor contains several termination provisions, allowing the Company to select an alternative mining contractor in exchange for a compensation payment of $237,500.

26. Events after reporting date

Changes to the Board of Directors

Mr Denis Wood was re-appointed to the the board as a non-executive director on 18 March 2022. Mr Wood, who is well known to shareholders, previously served as KGL's Executive Chairman for 6 years. He has an extensive knowledge of the Jervois project and was instrumental in advancing the project prior to his retirement last year.

On 21 March 2022, Mr Stephen Mallyon resigned from the Board of Directors.

Change of Group financial year end

On 31 January 2022, the Board of Directors resolved, in accordance with s323D of the *Corporations Act 2001*, to change the Group's financial year-end date from 31 December to 30 June. The Company will have a 6-month transitional financial year beginning 1 January 2022 and ending on 30 June 2022.

Thereafter, from 1 July 2022, the Company will revert to a 12-month financial year, first ending on 30 June 2023.

As a result of the introduction of the 6-month transitional financial year, the company will:

- Lodge an annual financial report by 31 March 2022 for the period 1 January 2021 to 31 December 2021; and hold an annual general meeting by 31 May 2022.
- Lodge an annual financial report by 30 September 2022 for the period 1 January 2022 to 30 June 2022; and hold an annual general meeting by 30 November 2022.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Offtake Agreement with Glencore

On 22 March 2022, the Company announced that it has entered into a binding sales agreement with Glencore International AG (Glencore) for the sale of 100% of the copper concentrate produced from KGL's high-grade Jervois Copper Project (Jervois or the Project). It has a minimum term expiring at the end of 5 full calendar years after commercial production is reached. The sale agreement is evergreen, and will continue beyond the minimum term until either party terminates it by giving 2 years' prior notice.

The sale price for the copper concentrate is volume based and calculated by reference to the LME cash settlement price for copper, with silver and gold credits (subject to minimum 'payable' limits) and adjustments for penalties, treatment and refining charges and a freight credit. The agreement is subject to other customary terms and conditions, including processes for assaying, weighing, sampling and moisture determination in relation to the concentrate, and contains relevant force majeure clauses.

The current schedule, to be confirmed as part of the Feasibility, and Final Investment Decision has the Project in the development phase this year, however this sale contract is conditional upon finance being secured by no later than 30 September 2025, or commercial production by no later than 31 December 2025.

27. Parent entity information

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regard to the parent entity, KGL Resources Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Group accounting policies. The financial information for the parent entity, KGL Resources Limited, has been prepared on the same basis as the consolidated financial statements.

	2021	2020
	$	$
Parent entity		
Current assets	**12,873,328**	5,298,983
Non-current assets	**80,042,264**	65,129,762
Total assets	**92,915,592**	70,428,745
Current liabilities	**(479,678)**	(327,795)
Non-current liabilities	**(47,832)**	–
Total liabilities	**(527,510)**	(327,795)
Net assets	**92,388,082**	70,100,950
Contributed equity	**214,480,963**	190,240,532
Reserves	**205,528**	–
Accumulated losses	**(122,298,409)**	(120,139,582)
Total shareholders' equity	**92,388,082**	70,100,950
Total comprehensive loss for the year	**(2,158,826)**	(1,149,399)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Contractual commitments

The parent entity has no capital commitments.

Contingent liabilities

The parent entity has no known contingent liabilities.

28. Other accounting policies

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cashflows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

New and amended standards and interpretations not yet adopted

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2021.

From management's review of the new Australian Accounting Standards and Interpretations issued not yet adopted there are no significant impacts on the financial performance or position of the Group envisaged.

New, revised or amending accounting standards and interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

There were no material effects requiring disclosure, on applying the new, revised or amended standards and interpretations in the current reporting period.

Directors' Declaration

1. In the opinion of the Directors of KGL Resources Limited:
   (a) The consolidated financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001* and:
      (i) comply with Australian Accounting Standards (including the Australian Accounting Interpretations), which as stated in the notes to the financial statements constitutes compliance with International Financial Reporting Standards and the Corporations Regulations 2001; and
      (ii) give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date.
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the year ended 31 December 2021.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

Peter Hay
Chairman
Brisbane

Dated: 23 March 2022

Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the members of KGL Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of KGL Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of exploration and evaluation assets

Key audit matter	***How the matter was addressed in our audit***
Refer to note 12 in the financial report. There is significant balance of exploration and evaluation assets as at 31 December 2021. The recoverability of exploration and evaluation assets is a key audit matter due to: • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but are not limited to the following: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as licence agreements and also considering whether the Group maintains the tenements in good standing; • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cash-flow forecast for the level of budgeted spend on exploration projects; and • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 43 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of KGL Resources Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 23 March 2022

Additional Information

AS AT 22 MARCH 2022

1. Names of substantial holders

NAME OF HOLDER	NO. OF SECURITIES	% ISSUED CAPITAL
KMP Investments Pte Ltd	96,252,777	24.53%
Mr Denis Wood	30,264,422	9.07%
Marshall Plenty Investments	28,331,249	7.22%
Paradice Investment Management Pty Ltd	29,536,791[1]	7.53%[3]
Pegasus CP One	18,050,000[2]	4.66%[3]

1 per substantial shareholder notice dated 14 October 2021
2 per substantial shareholder notice dated 14 March 2019
3 recalculated on current issued share capital, in absence of updated substantial shareholder notices.

2. Number of holders in each class of equities

	NO OF HOLDERS	NO OF UNITS
Ordinary Shares	2,782	392,315,012

3. Voting rights attached to each class of security

Each fully paid ordinary share is entitled to one vote.

4. Distribution schedule

RANGE	SECURITIES	NO OF HOLDERS
100,001 and Over	358,870,398	202
10,001 to 100,000	27,540,008	833
5,001 to 10,000	3,115,040	405
1,001 to 5,000	2,636,616	962
1 to 1,000	152,950	380
TOTAL	**392,315,012**	**2,782**

5. Unmarketable parcels

Number of holders with a holding of less than a marketable parcel is 382 (154,976 securities, at a price of $0.49 on 22 March 2022).

6. 20 largest holders in each class of quoted security

RANK	NAME	NO. OF SECURITIES	%
1	KMP INVESTMENTS PTE LTD	96,252,777	24.53
2	MR DENIS LESLIE WOOD & MRS ANNE WOOD	30,832,829	7.86
3	MARSHALL PLENTY INVESTMENTS	28,331,249	7.22
4	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	22,945,231	5.85
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,769,842	4.78
6	CITICORP NOMINEES PTY LIMITED	15,838,681	4.04
7	NATIONAL NOMINEES LTD	15,688,874	4.00
8	BNP PARIBAS NOMINEES PTY LTD	14,217,501	3.62
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,279,897	1.86
10	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	7,151,811	1.82
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,511,592	1.66
12	RAVELLO GROUP PTY LIMITED	6,011,614	1.53
13	ROBRIAN PTY LTD	5,400,000	1.38
14	COAL INDUSTRY SERVICES PTY LTD	4,755,259	1.21
15	UBS NOMINEES PTY LTD	3,387,404	0.86
16	SCML INVESTMENTS PTY LTD	3,159,007	0.81
17	HAY SUPERANNUATION PTY LTD	2,771,571	0.71
18	MORANBAH NOMINEES PTY LTD	2,448,996	0.62
19	TRI-STAR ENERGY COMPANY	2,188,685	0.56
20	MRS MELINDA GAYE TURNER	2,000,000	0.51
	TOTAL	**295,942,820**	**75.43**

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