

## Quarterly Activities Report Period Ended 31 March 2022

### 29 April 2022

- **Mineral Resource Estimates Updated**

Reward, Bellbird and Rockface Mineral Resources all updated during the quarter;

**Total Jervois Mineral Resource:**

- **22.87Mt @ 2.04% Cu, 25.7g/t Ag and 0.25g/t Au (Indicated and Inferred)**
- Containing 466kt of copper metal, 18.93Moz of silver & 187.1koz of gold.

- **Feasibility Study of Jervois Copper Project Progressed**

Study on target to be finalised mid-2022 incorporating new Resources

- Optimised Mine Plan and Process Feed plans now complete and being costed
- Capital Estimate nearing completion
- Financial Model update underway

- **Project Advancement Continued**

- Front End Engineering and Design (FEED) for processing plant well advanced
- Packages for Civil works issued and tenders received
- Final designs of infrastructure complete
- Quote for FEED of hybrid Solar/diesel power station received and under review
- Camp supplier agreed
- Mining Leases renewed

- **Binding Glencore Offtake Agreement Executed**

- Evergreen with a minimum 5 year term
- Covers 100% of copper concentrate produced at the Jervois Mine
- Delivered by road to Mount Isa
- Benchmarked pricing for payables – Copper, Silver and Gold.

- **Drilling Program Continued – focused on Reward resource expansion and enhancement**

High-grade assay results from Rockface were reported on 14 February, including<sup>1</sup>:

- KJCD481: 6.28m @ 2.39% Cu, 20.6g/t Ag & 0.29g/t Au from 716.07m
- KJCD481D3: 4.45m @ 18.88% Cu, 396.8g/t Ag & 0.42g/t Au from 725.35m
- KJCD481D6: 4.00m @ 19.80% Cu, 298.6g/t Ag & 1.10g/t Au from 698.88m

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<sup>1</sup> All intersections reported are estimated true thicknesses.

# ASX Announcement

## Quarterly Activities Report

### Period Ended 31 March 2022



During the quarter, KGL Resources Limited (ASX:KGL) (KGL or the Company) continued the Feasibility Study (FS) of the Jervois Copper Project in the Northern Territory, with the FS now nearing completion and on target to be released mid-2022.

The Company released updated Mineral Resource Estimates for the three deposits that make up the Jervois Project; Reward, Bellbird and Rockface. This resulted in an increase in mineral resource tonnes of 20% to 22.87Mt, a 14% increase in contained copper metal to 465.62kt, while maintaining a copper grade above 2%.

The Company recommenced drilling on 9th January and has focused mainly on drilling around the known Reward deposit where there is potential to further increase the Resource to the north, south and at depth.

KGL Managing Director Simon Finnis commented:

“It was very pleasing that the Mineral Resource updates delivered a significant increase in both tonnes and contained copper metal. These benefits will flow into the mine plan and the results of the Feasibility Study, which is on track to be delivered by mid-year.

The offtake agreement with Glencore was a breakthrough for the Jervois Project, delivering a much simplified logistics system, reducing costs and importantly, emissions. The certainty as to sales this agreement brings significantly de-risks Jervois and we look forward to delivering into the contract for many years.

As has been recently announced, we are starting to see the quality of the project and existing team attract further quality people, with Steven Rooney joining KGL as our Chief Operations Officer. I welcome Steven and look forward to working with him as we move ever closer to developing Jervois.”

# ASX Announcement

## Quarterly Activities Report

### Period Ended 31 March 2022

## 1. Updated Mineral Resource Estimates

All three of the deposits that comprise the Jervois Mineral Resource were updated during the quarter. These mineral resource estimates, and the Jervois Mineral Resource combining the three, were completed by experienced and independent consultants, Mining Associates Pty Ltd. The estimates incorporated the results from drilling during 2021 along with drilling from earlier programs. The estimates are reported according to JORC (2012) guidelines.

The independent mineral resource reports themselves were released along with the updates and as per the references below.

The Reward Mineral Resource update was released to market on 10 January and Table 1 presents the latest mineral resource parameters for Reward.

**Table 1. Reward Mineral Resource Estimate 2022\***

Reward Mineral Resource		Mineralised Mass (Mt)	Grade			Metal		
Area*	Category		Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (Moz)	Gold (koz)
Open Cut Potential >0.5 % Cu	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
Subtotal (< 200 m RL)		4.48	1.67	35.0	0.27	75.0	5.04	38.9
Underground Potential > 1% Cu	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
Subtotal (> 200 m RL)		9.10	1.86	31.7	0.33	168.9	9.28	96.6
Resource Categories Subtotal	Indicated	8.62	1.98	41.2	0.39	170.7	11.41	107.4
	Inferred	4.96	1.48	18.2	0.18	73.2	2.91	29.2
Total Resource		13.58	1.80	32.8	0.31	243.9	14.32	136.7

The Bellbird Mineral Resource update released to market on 27 January and Table 2 presents the latest mineral resource parameters for Bellbird.

**Table 2. Bellbird Mineral Resource Estimate 2022**

Bellbird Resource		Mineralised Mass (Mt)	Grade			Metal		
Area*	Category		Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (Moz)	Gold (koz)
Open Cut Potential >0.5 % Cu	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
Subtotal (< 200 m RL)		3.47	1.85	11.5	0.16	64.0	1.28	17.4
Underground Potential > 1% Cu	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
Subtotal (> 200 m RL)		2.29	2.15	12.9	0.10	49.4	0.95	7.6
Resource Categories Subtotal	Indicated	2.41	2.26	13.8	0.16	54.4	1.07	12.2
	Inferred	3.35	1.76	10.8	0.12	59.0	1.17	12.9
Total Resource		5.76	1.97	12.1	0.14	113.4	2.24	25.0

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## Quarterly Activities Report

### Period Ended 31 March 2022

The Rockface Mineral Resource update released to market on 7 March and Table 3 presents the latest mineral resource parameters for Rockface.

**Table 3. Rockface Mineral Resource Estimate 2022**

Rockface Resource		Mineralised Mass (Mt)	Grade			Metal		
Area*	Category		Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (Moz)	Gold (koz)
Underground Potential > 1% Cu	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
<b>Total Resource</b>		<b>3.53</b>	<b>3.07</b>	<b>20.9</b>	<b>0.22</b>	<b>108.3</b>	<b>2.38</b>	<b>25.3</b>

The Jervois (or Total) Resource update was released to the market on 23 March and Table 4 presents the latest mineral resource parameters for the Jervois Project. This Resource will be the basis for the mine plan and Reserve for the Feasibility Study.

**Table 4. Jervois Mineral Resource 2022, comprising Reward, Bellbird & Rockface Mineral Resource Estimates, also of 2022**

Jervois Resource			Mineralised Mass	Grade			Metal		
	Area	Category	(Mt)	Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (M oz)	Gold (koz)
Open Cut Potential > 0.5 % C u	Reward	Indicated	3.84	1.80	39.4	0.31	69.06	4.86	38.2
		Inferred	0.65	0.92	9.2	0.07	5.91	0.19	1.5
	Bellbird	Indicated	2.03	2.20	13.1	0.16	44.55	0.85	10.5
		Inferred	1.44	1.36	9.3	0.15	19.50	0.43	6.9
	Sub Total		7.95	1.75	24.8	0.22	139.06	6.33	57.1
Underground Potential > 1 % C u	Reward	Indicated	4.78	2.12	42.6	0.45	101.64	6.55	69.2
		Inferred	4.32	1.56	19.6	0.20	67.29	2.72	27.8
	Bellbird	Indicated	0.38	2.62	17.7	0.14	9.90	0.22	1.7
		Inferred	1.92	2.06	12.0	0.10	39.49	0.74	6.0
	Rockface	Indicated	2.80	3.37	21.4	0.23	94.31	1.93	21.1
		Inferred	0.73	1.92	19.0	0.18	13.97	0.45	4.2
	Sub Total		14.93	2.19	26.3	0.27	326.57	12.60	130.0
Sub Totals		Indicated	13.83	2.31	32.4	0.32	319.46	14.41	140.7
		Inferred	9.06	1.61	15.6	0.16	146.16	4.53	46.4
Total			22.87	2.04	25.7	0.25	465.62	18.93	187.1

N.B. Jervois Mineral resource does not include Reward South deposit

Referring to tables 1 to 4 above: due to rounding to appropriate significant figures, minor discrepancies may occur, tonnages are dry metric tonnes.

## 2. Jervois Feasibility Study

The extended study duration has allowed potential business case advantages to be investigated and incorporated in the study itself where applicable. Activities included:

- Further confirmatory metallurgical laboratory testing which will improve confidence in the key ore processing parameters for the processing plant design.

# ASX Announcement

## Quarterly Activities Report

### Period Ended 31 March 2022



- The tender process for site civil and earthwork construction was completed and the received pricing will now be used in finalisation of the FS capex estimate.
- The FS capital estimate and contingency analysis was advanced to an interim completion state ahead of updates which will arise from improvement initiatives.
- A Letter of Intent for a second-hand camp of appropriate size and quality for the Jervois project was entered into. Given the significant cost advantages and, particularly reduced delivery risk of this opportunity, this is now the base case accommodation solution for the study.
- The study team resourcing was reduced to reflect the workload and align with the revised completion date, while maintaining sufficient capacity to deal with the improvement initiatives described above.
- Rationalisation of the concentrate logistics plan to incorporate the Glencore Offtake Agreement.

### 3. Project Advancement

The Company has continued to progress some of the components of the project in advance of completion of the FS and receipt of the Final Investment Decision. Although on a small scale, this work will assist in minimising construction time. To this end:

- The program for the FEED continued with good progress, including:
  - Finalisation of the plant flowsheet, and settling of all options and alternatives;
  - Update to the next level of accuracy of the capital estimate and construction program;
  - Calling and receiving of tenders for long lead equipment, which in general coincided with FS expectations, with minor price and program advantages being obtained.
- The civil and earthworks design was advanced on schedule. Improvements were made to the site layout including rearrangement of the site access road from the Lucy Creek Station access road providing a significant reduction in length and improved access to the village.
- Tenders were called for the project's civil construction, in accordance with the design which was completed to IFT status by KGL's designer. A joint site inspection was conducted. 4 tenders were received, and assessment is presently underway.
- Engagement with the preferred hybrid power station proponent (Independent Power Producer designate) continued. A request for proposal to conduct a FEED was requested, and proposal received.
- Project systems design and definition has progressed. A first draft of the Project Execution Plan has been prepared. The project Change Management system has been prepared and rolled out. The first steps of the Document Control System using the Aconex platform have been conceived including the project document numbering system have been initiated.

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## Quarterly Activities Report

### Period Ended 31 March 2022

During the quarter two of the mining leases were renewed and extended. The table below depicts the status of the mining leases covering the Jervois Project.

*Table 5. Mining Leases covering the Jervois Copper Project*

	Project	Status	Grant Date	Expiry Date
ML 30180	JERVOIS	Granted	28/01/2014	27/01/2034
ML 30182	JERVOIS	Granted	26/03/2014	25/03/2034
ML 30829	JERVOIS	Granted	18/08/2017	17/08/2032
ML32277	JERVOIS	Granted	27/07/2020	17/08/2032

## 4. Glencore Agreement

During the quarter KGL 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. 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 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.

The material will be delivered by KGL to Glencore's Mount Isa copper smelter simplifying the logistics task, reducing costs and minimising emissions. It will provide significant working capital benefits, particularly in the ramp up phase, and certainty of concentrate sales for Jervois.

## 5. Drilling Program

Drilling commenced on the 9<sup>th</sup> of January with a clear focus on resource expansion and improvement. A total of 28 holes were completed during the quarter, made up of 1,132.9m of Reverse Circulation (RC) drilling and 7,550.1m of diamond drilling (DD), for a total of 8,683m. Table 5 below lists the details of all drilling during the quarter.



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## Quarterly Activities Report

### Period Ended 31 March 2022

*Table 6. Summary of drilling at Jervois for Q1 2022*

Prospect Name	Comments	No. of Holes	RC (m)	DD (M)	Total (m)
Reward Gap	Between Reward Main and Reward Deeps	11	340.5	2,733.5	3,074.0
Reward North	North of Reward Deeps targeting IP chargeability and historical Cu intercepts.	4	0	1,059.9	1,059.9
Reward South	Exploration and resource expansion south of Reward Main deposit	11	625.2	2,860.2	3,485.4
Cox's Find South	Hole to follow up intersection in KJCD482	1	167.2	658.8	826.0
TSF	Sterilisation hole for Tailings Storage facility	1	0	237.7	237.7
	<b>Totals</b>	<b>28</b>	<b>1,132.9</b>	<b>7,550.1</b>	<b>8,683.0</b>

All the remaining assays for Rockface were received and released to the market. The highlight of the 12 hole program, completed mid-December 2021, was the massive sulphides intersected at depth in the Rockface North lens. Notable high-grade intercepts are listed below, and all intercepts above 1% copper cut off are presented in Table 6 below.

- KJCD481: 6.28m @ 2.39% Cu, 20.6g/t Ag & 0.29g/t Au from 716.07m
- KJCD481D3: 4.45m @ 18.88% Cu, 396.8g/t Ag & 0.42g/t Au from 725.35m
- KJCD481D6: 4.00m @ 19.80% Cu, 298.6g/t Ag & 1.10g/t Au from 698.88m

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## Quarterly Activities Report

### Period Ended 31 March 2022

Hole_ID	Depth_From m	Depth_To m	Downhole Thickness m	Est. True Thickness m	Cu %	Ag g/t	Au g/t	Rockface Deposit Name
KJCD481 including and incl.	716.07	723.00	6.93	6.28	2.39	20.6	0.29	North
	716.07	716.94	0.87	0.79	6.54	38.3	0.12	North
	719.00	720.00	1.00	0.91	4.00	53.2	1.09	North
	752.00	754.00	2.00	1.89	1.40	6.3	0.55	Main
KJCD481D1	724.20	725.37	1.17	1.06	1.03	11.9	0.32	North
KJCD481D2	743.62	747.12	3.50	2.89	1.95	19.3	0.25	North
	829.00	830.00	1.00	0.88	1.65	7.5	0.10	Main
KJCD481D3 Including and incl.	725.35	730.50	5.15	4.45	18.88	396.8	0.42	North
	725.35	727.10	1.75	1.51	37.41	1,105.5	0.59	North
	728.06	729.40	1.34	1.16	21.98	73.1	0.41	North
	784.31	784.94	0.63	0.58	1.03	2.0	0.03	Main
KJCD481D4	752.80	753.72	0.92	0.74	3.62	7.5	6.14	North
	765.44	766.20	0.76	0.61	3.80	89.9	0.26	North
	849.07	850.15	1.08	0.89	1.39	7.0	0.02	Main
KJCD481D5	747.46	749.09	1.63	1.39	4.15	47.4	0.55	North
KJCD481D6 including	698.88	703.45	4.57	4.00	19.80	298.6	1.10	North
	698.88	699.73	0.85	0.74	61.40	521.0	0.11	North
	770.85	772.15	1.30	1.21	2.68	14.9	0.25	Main
KJCD481D7 including	692.00	694.27	2.27	2.17	12.81	218.4	0.71	North
	692.97	694.27	1.30	1.24	21.49	374.1	1.20	North
	759.40	762.45	3.05	2.92	1.31	8.3	0.06	Main
KJCD481D8 including	796.50	799.20	2.70	2.10	3.76	55.1	0.71	North
	796.50	797.51	1.01	0.78	5.95	53.9	0.71	North
	912.80	913.90	1.10	0.80	3.04	18.5	0.16	Main
KJCD481D9	701.00	702.00	1.00	0.88	1.78	7.3	0.01	North
	708.21	709.19	0.98	0.86	3.31	10.3	0.66	North
KJCD487	742.00	743.00	1.00	0.62	1.10	82.3	0.21	North
	769.40	770.29	0.89	0.56	4.26	13.4	0.01	North
	783.40	784.60	1.20	0.75	1.21	5.2	0.14	North
	851.47	852.46	0.99	0.69	2.01	15.8	0.22	Main
KJCD487D1	728.00	730.00	2.00	1.48	1.34	5.6	0.15	North

Table 7: 2021 Rockface drill intercepts (lower cut off Cu  $\geq$  1%)

## 6. Update of Copper Market and Forecasts

The LME Cash copper price continued at elevated levels during the quarter, often in excess of US\$10,000/tonne, but dropping to US\$9,917/tonne (US\$4.50/lb) as at 26/04/2022. Global stock levels remained low and in a recent report, the Bank of America (22 February 2022) has predicted the copper market will flip into deficit as early as 2025 further supporting sustained high prices..



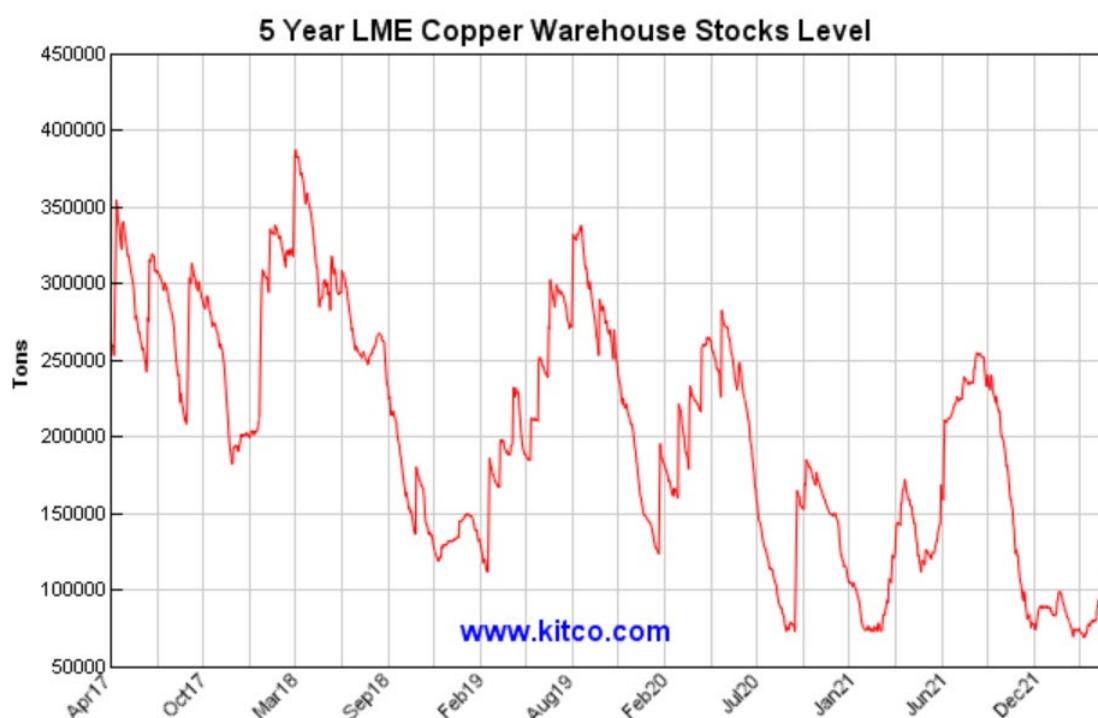
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## Quarterly Activities Report

### Period Ended 31 March 2022



**Table 8. 5 year LME Copper Cash Price**



**Table 9 LME 5 year Copper Warehouse levels**

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## Quarterly Activities Report

### Period Ended 31 March 2022



## 7. Corporate and Outlook

### Corporate and Finance

KGL has continue to engage with potential financiers during the period in anticipation of completing the feasibility study in mid-2022 and commencing the project financing process.

During the quarter, KGL expended \$5.3m, including \$3.5m on the feasibility study and exploration expenses, with a further \$1.2m spent on early works for the Jervois project communications link and Process Plant Front End Engineering Design work. At the end of the quarter, KGL had cash reserves of \$7.5m.

As reported in the quarterly cash flow report part 6.1, amounts paid to related parties of \$52k consist of directors' fees and expenses for the quarter.

Mr Denis Wood rejoined the Board of KGL during the quarter as a non-executive director. Mr Wood is well known to the Company in his previous role as Executive Chairman. KGL Chairman Mr Peter Hay welcomed Mr Woods' return, commenting that his deep knowledge of the Jervois Project would add immediate value during this very important phase.

Mr Steve Mallyon resigned from the board on 21 March 2022.

### Outlook

Work on the Feasibility Study is nearing completion and will be delivered mid-2022. The Jervois Mineral Resource has been updated and the mine plan based on the new Resource is complete. Costings for mining and processing are ongoing and will be delivered this month, allowing the Financial Model to be updated. A minor change to the load-out area of the processing plant to align with the Glencore Offtake Agreement has been designed and is currently being incorporated into the capital cost estimate. Work on a new Ore Reserve estimate has begun.

## 8. Subsequent to the End of the Quarter

### Equity Raising

On 13 April 2022, KGL announced a Non-renounceable Entitlement Offer (the Offer) to raise up to approximately \$24.2 million. The Offer gives shareholders with an existing holding as at 20<sup>th</sup> April 2022, the opportunity to subscribe for shares on a 1 for 6 basis at a price of \$0.37. Shareholders also have the opportunity to apply for additional shares through a Top-Up facility where other shareholders have elected not to take up their entitlement.

The Offer opened on 26<sup>th</sup> April 2022 and closes 5<sup>th</sup> May 2022 but can be extended further by the directors.

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## Quarterly Activities Report

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#### **Appointment of Chief Operations Officer**

On 20 April it was announced that Mr Steven Rooney had been appointed as Chief Operations Officer, for KGL Resources, effective from 2 May 2022.

Steven is a seasoned mining professional with a successful track record at senior operational levels at both open pit and underground mining operations, and multi-year experience in metalliferous mining and processing. Working his way from a production superintendent to General Manager of Glencore's McArthur River Mining, Steven is a highly capable and respected leader experienced in building and managing project teams across different technical disciplines and in complex operating environments. In addition to holding a Bachelor of Mining Engineering and Quarry Managers Certificate of Competency he is a fellow of Engineers Australia, member of the Australian Institute of Company Directors and associate member of the Northern Territory Women in Resources committee.

As Chief Operations Officer Steven will report to the CEO and oversee all site activities from construction into commissioning and then into operations. He will have responsibility to ensure budgetary and production targets are met in a timely and safe manner.

This announcement has been approved for release by the Directors of KGL Resources Limited.

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## Quarterly Activities Report

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## Tenements

Tenement Number	Location	Beneficial Holding
<b>ML 30180</b>	Jervois Project, Northern Territory	100%
<b>ML 30182</b>	Jervois Project, Northern Territory	100%
<b>ML30829</b>	Jervois Project, Northern Territory	100%
<b>EL 25429</b>	Jervois Project, Northern Territory	100%
<b>EL 30242</b>	Jervois Project, Northern Territory	100%
<b>EL 28340</b>	Yambah, Northern Territory	100%
<b>EL 28271</b>	Yambah, Northern Territory	100%
<b>EL 28082</b>	Unca Creek, Northern Territory	100%
<b>ML 32277</b>	Lucy Creek Borefield, Northern Territory	100%

Mining Tenements Acquired/Granted and Disposed during the quarter*	Location	Beneficial Holding
<b>Nil</b>		

Tenements subject to farm-in or farm-out agreements	Location	Beneficial Holding
<b>Nil</b>		

Tenements subject to farm-in or farm-out agreements acquired or disposed of during the quarter	Location	Beneficial Holding
<b>Nil</b>		

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## Competent Person Statement

The Reward Resources information were first released to the market on 11/01/2022 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.

The Bellbird Resources information were first released to the market on 27/01/2022 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.

The Jervois resources information were first released to the ASX 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.

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	481D1	14/02/2022	2012
KJCD	481D2	14/02/2022	2012
KJCD	481D3	11/10/2021	2012
KJCD	481D4	04/11/2021	2012
KJCD	481D5	04/11/2021	2012
KJCD	481D6	08/12/2021	2012
KJCD	481D7	14/02/2022	2012
KJCD	481D8	14/02/2022	2012
KJCD	481D9	14/02/2022	2012
KJCD	487	14/02/2022	2012
KJCD	487D1	14/02/2022	2012

## Forward Looking statements

- This presentation includes certain forward-looking statements. The words "forecast", "estimate", "like", "anticipate", "project", "opinion", "should", "could", "may", "target" and other similar expressions are intended to identify forward looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results and future expansion plans and development objectives of KGL are forward-looking statements that involve various risks and uncertainties. Although every effort has been made to verify such forward-looking statements, there can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. You should therefore not place undue reliance on such forward-looking statements.
- Statements regarding plans with respect to the Company's mineral properties may contain forward looking statements. Statements in relation to future matters can only be made where the Company has a reasonable basis for making those statements.

## Appendix 5B

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

Name of entity

KGL Resources Limited

ABN

52 082 658 080

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers – GST receipts	454	454
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(223)	(223)
	(e) administration and corporate costs	(743)	(743)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid (leases)	(5)	(5)
1.6	Income taxes paid	-	-
1.7	Other	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(514)</b>	<b>(514)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(101)	(101)
	(d) exploration & evaluation	(4,491)	(4,491)
	(e) investments	-	-
	(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	7	7
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – payment of security deposits	(80)	(80)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4,665)</b>	<b>(4,665)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(15)	(15)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings – lease payments	(77)	(77)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(92)</b>	<b>(92)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	12,743	12,743
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(514)	(514)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,665)	(4,665)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(92)	(92)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>7,472</b>	<b>7,472</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	3,971	4,243
5.2 Call deposits	3,501	8,500
5.3 Bank overdrafts		-
5.4 Other (provide details)		-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,472</b>	<b>12,743</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	52
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

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

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(514)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,491)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,005)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,472
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	7,472
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.5
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes, as the Jervois projects completes its feasibility study and development activities cashflows are expected to be consistent.	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes, as announced on 13 April 2022, the company is currently undertaking non-renounceable entitlement offer to raise up to approximately \$24.2 million to ensure it has sufficient funds to continue its activities.	

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

Answer: Upon the completion of the capital raising described in section 8.8.2, the entity will have sufficient funds to execute its near-term strategy of completing the Jervois feasibility study and commence the project financing process.

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022.....

Authorised by: Kylie Anderson on behalf of the Board

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

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.