

Quarterly Activities Report Period Ended 31 March 2023

26 April 2023

- **2023 Accelerated Exploration Program**

- An accelerated exploration drilling program is planned for 2023. Drilling commenced on 1 March 2023. A cost-effective option of adding a third drilling rig exists once near-term resource expansion opportunities are more fully developed.
- The 2023 exploration program will be focused on expanding the resource and extending the mine life of this high-grade project given **anticipation of higher incentive prices for copper** in the medium term, based on forecast copper demand under the clean energy transition.
- Final results received for 2022 drilling program.

- **Project development activities**

- Feedback from discussions with contractors is being incorporated into the preparation of termsheets for mining and process tenders.
- Project commencement will be subject to market conditions.

- **Corporate**

- Current cash & cash equivalent as at 31 March was \$13.2M.
- Appointment of experienced mining executive Brian Gell as Non-Executive Director.
- Key operational appointments to continue.

- **Robust long-term outlook for copper**

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2023 Accelerated Exploration Program

Consistent with its dual track value creation strategy of progressing project development and growing the high-grade resource, KGL will maintain the focus on growing the resource base to target an extension of mine life during 2023 given the robust outlook for copper prices.

Drilling commenced at the Jervois Copper Project on early March 2023 with two diamond drilling rigs for the 2023 program. An extensive drilling program together with Down Hole Electromagnetic (DHEM) surveys has provided the data for the design of new holes, aimed at near mine extensions of existing resources.

Further High-Grade Results received from Reward Infill Drilling

Assay results were finalised for 19 holes from the 2022 Jervois drilling program.

These holes were drilled on a variety of targets including 3 diamond drill-holes and 2 RC holes which were the initial holes of 40-hole program designed to update the mineral resource at Reward. It is expected that this program will be completed in 1H 2023 and result in a significant percentage of the JORC-reported mineral resources now classified as Indicated to be reclassified as Measured. The intersections obtained from the four holes are as follows which continue to confirm the existing Reward geological model.

- **KJCD565** **6.8m¹** @ **3.10% Cu**, 181.0 g/t Ag, 0.63 g/t Au from 144.0m
- **KJC567** **3.1m** @ **2.45% Cu**, 31.9 g/t Ag, 0.64 g/t Au from 80.0m
- **KJCD568** **6.1m** @ **2.14% Cu**, 82.2 g/t Ag, 0.22 g/t Au from 107.0m
- and** **9.3m** @ **2.68% Cu**, 87.2 g/t Ag, 0.20 g/t Au from 182.3m
- **KJCD569** **2.4m** @ **2.66% Cu**, 78.3 g/t Ag, 0.21 g/t Au from 107.0m

The potential along strike and at depth for additional mineralisation at >2% copper and at minable thicknesses is demonstrated by the recent drilling at Marshall Deepes, at the southern end of Reward and at Rockface with potential to grow both deposits in 2023 with the goal of expanding the resource and extending the mine life to 15+ years focusing on near mine extensions to the current resource.

KGL also conducted preliminary exploration work on a number of greenfield target areas including a number of relatively shallow holes which will be the subject of DHEM surveys for input into future drilling programs.

KGL's Chairman, Denis Wood, commented:

"The focus in 2023 will be on expanding the resource and extending the mine life of the high-grade Jervois copper hub to beyond 15 years targeting near mine extensions along strike and at depth for Reward and Rockface which has the potential to add considerable value for shareholders, particularly given the robust outlook for copper prices going forward. We will also expand our focus to include greenfield targets for drilling and DHEM analysis as exploration information further evaluated.

¹ All intervals are Estimated True Thickness unless otherwise specified.

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Project Development Activities

KGL completed the Jervois Feasibility Study in November 2022 which demonstrated the project is technically robust and financially viable. However, as previously noted, the greatest risk in developing new projects successfully today remains the ability to deliver on development timelines and delivery outcomes given the current uncertainties and challenges associated with the strong inflationary environment, labour shortages, ongoing supply chain disruptions, rising energy prices and the war in Ukraine. Rising interest rates are also adding to uncertainties in the macroeconomic environment.

KGL has been progressing key work streams for the Project, including:

- Development of detailed EPC and operating contracts
- Continuing to identify opportunities to improve the project value and reduce risk
- Assessing the ability of potential key contractors to deliver equipment, supplies and labour on time

Work has progressed to bundle 15 significant contracts scopes across the entire Jervois Project covering Project Construction, Commissioning and Execution Phase. The key contracts in terms of contract value and labour requirements are the Underground Operations contract, the Open-Cut Operations contract and the Plant Operations contracts which make up 70% of the life of mine operating expenditure.

These contracts are being developed in draft form to commence discussion with potential service providers. A review of the current mining contractors participating in Open Cut and Underground hard rock markets has been completed.

Other contracts such as fuel, concentrate transport and power supply (20% of the total operating expenditure) and overheads (camp, administration, travel and general overheads) make up the remaining 10% of the LOM expenditure.

The next phase is to address the contracts associated with the project delivery civil scope, water supply, power supply, communications, camp supply and construction.

Work continues with process plant modularisation design and additional geotechnical information to improve rock support design and costing for the underground mining tender package.

The project will commence when, amongst other things, confidence in the supply of labour and materials can be assured to deliver the project on time and on budget.

As noted in the recent Company Update announcement, KGL's Chairman, Denis Wood, commented: "KGL will continue to focus on growing the resource and optimising key project value drivers to be ready for FID when the Board believes the risks associated with being able to deliver a project on time and on budget are manageable and acceptable to shareholders. We remain confident regarding the robust outlook for the copper market and believe that the Jervois copper hub is a high-quality project that will play an important role in supporting economic development activity in Northern Australia and Australia's sovereign strategic supply of critical minerals to meet the electrification and clean energy needs of tomorrow."

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Corporate

Current cash & cash equivalent as at 31 March 2023 was \$13.2M.

Copper Market

S&P Global's "Future of Copper" report released in 2022 forecasts an **acceleration** of refined copper demand doubling from **25.0 Mt in 2020** to about **50 Mt by 2035** as growing demand for renewable energy, electricity infrastructure and electric vehicles increases alongside global carbon reduction targets, "an expansion that current trends or projects in the feasibility stage of development are incapable of meeting".

A number of countries have accelerated efforts to transition their economies to clean energy with a renewed focus on energy independence since the Russian invasion of Ukraine and broader efforts to improve the security of supply chains as they pursue strategies to bring manufacturing closer to home.

Dwight Anderson, the founder of Ospraie Management, LLC, notes that although GDP has been on the sluggish side, copper intensity (copper utilized per unit of GDP) is rising, implying that society is shifting to a more copper-dependent way of life. One of the primary reasons for this trend is the push by virtually all governments for greening the economy including the broad-based adoption of EVs, roll out of charging infrastructure and associated storage options, sustainable logistics, clean transportation, and net-zero grids.

Anderson noted that the switch to these technologies is highly copper intensive, ...you use 23 kilograms...of copper per core in a conventional car combustion engine. In a hybrid car battery, it is 83 kilograms. In the US, the 2022 Inflation Reduction Act has allotted \$370 billion in tax credits and other incentives to de-risk the green energy transition and involve private sector parties. Such a strategic shift will fuel greater demand for copper, particularly for use in the wiring of distributed grids.²

As demand from the energy transition begins to accelerate over the next few years, we are facing significant supply challenges arising from a combination of factors including declining grades and reserves from existing mines, a lack of new discoveries despite increased exploration budgets and an extended approval process of on average 16 years from discovery to production.

Copper prices will surge to a record high this year as a rebound in Chinese demand risks depleting already low stockpiles, the world's largest private metals trader has forecast. Kostas Bintas, co-head of metals and minerals at Trafigura, the Singapore-based trading house, was recently quoted as saying that copper prices would probably surpass the \$10,845 a tonne peak achieved in March 2022 and could even hit \$12,000 a tonne. "I think it's very likely in the next 12 months that we will see a new high," Bintas said at the FT Commodity Global Summit in Lausanne, Switzerland. **"What's the price of something the whole world needs but we don't have any of?"**³

Goldman Sachs expects the world to run out of visible copper inventories by the third quarter of this year if demand in China continues to power ahead as strongly as it did in February. Chinese copper demand was up 13 per cent year on year last month, according to the bank, after activity picked up after the lunar new year, which took place earlier this year than last. It forecasts that copper could hit \$10,500 a tonne in the near-term, before reaching \$15,000 by 2025. "The forward outlook is extraordinarily positive," said Jeffrey Currie, global head of commodities research at Goldman Sachs.³

² Copper price outlook: Dwight Anderson sees explosive growth ahead (Invezz. Shivam Kaushik, 22 March 2023)

³ Copper price to surge to record high this year, Trafigura forecasts (Financial Times, 24 March 2023)

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Bold Baatar, CEO of Rio Tinto Group's copper division recently noted that “long permitting times will create challenges for miners trying to respond quickly to the increased demand for copper. Companies need years to develop brownfield projects, and greenfield projects often take longer”. “We definitely need accelerated alignment on permitting,” Baatar said during the CERAWeek event. “We've got to take into account that it takes five to 10 years to build a mine. Then, you have ten years of permitting, and suddenly you're kind of in this 15-year or 20-year development.”⁴

Glencore plc's CEO, Gary Nagle, recently stated that a **“huge” copper shortage will impact global supply between now and 2030**. Speaking to Bloomberg recently, Nagle referenced estimates of a **cumulative gap between projected demand and supply of 50 million tons between 2022 and 2030**.⁵

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

⁴ At CERAWeek, mining executives warn of copper shortage (S&P Global Commodity Insights, 6 March 2023)

⁵ Glencore Says This Time Is Different for Coming Copper Shortage. By [Jack Farchy](#) (Bloomberg, 7 December 2022).

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Tenements

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	Jervois Project, Northern Territory	100%
ML 30829	Jervois Project, Northern Territory	100%
EL 25429	Jervois Project, Northern Territory	100%
EL 30242	Mt Cornish, Northern Territory	100%
EL 28340	Yambah, Northern Territory	100%
EL 28271	Yambah, Northern Territory	100%
EL 28082	Unca Creek, Northern Territory	100%
ML 32277	Lucy Creek Borefield, Northern Territory	100%

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

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

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

Related Party Payments

As reported in the quarterly cash flow report part 6.1, amounts paid to related parties of \$146k consist of directors' fees and expenses for the quarter.

Glencore Says This Time Is Different for Coming Copper Shortage. By Jack Farchy (Bloomberg, 7 December 2022).

Goldman Sachs. Copper Top Projects 2022. A Deficit on the Horizon. (1 September 2022)

Extremely' tight market to fuel record copper prices next year. By Alex Gluyas (AFR, 7 December 2022)

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Competent Person Statement

The Jervois Resources information were first released to the market on 14/09/2022 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.

Resource			Material	Grade			Metal			
	Area	Category	Mt	Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (Moz)	Gold (koz)	
Open Cut Potential > 0.5 % Cu	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	5.95	0.19	1.5	
	Bellbird	Measured	1.23	2.53	15.1	0.14	31.18	0.60	5.6	
		Indicated	1.26	1.45	9.1	0.17	18.23	0.37	6.8	
		Inferred	1.02	1.24	10.6	0.12	12.67	0.35	4.0	
	Sub Total			8.00	1.71	24.8	0.22	137.09	6.37	56.1
Underground Potential > 1 % Cu	Reward	Indicated	4.78	2.12	42.6	0.45	101.61	6.55	69.2	
		Inferred	4.32	1.56	19.6	0.20	67.29	2.72	27.8	
	Bellbird	Indicated	0.33	2.33	19.8	0.14	7.78	0.21	1.5	
		Inferred	2.84	2.09	12.3	0.11	59.15	1.12	9.7	
	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			15.80	2.18	25.5	0.26	344.11	12.98	133.5
Total				23.80	2.02	25.3	0.25	481.20	19.34	189.6

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

The Jervois Reserves information were first released to the market on 10/11/2022 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.

Open Pit And Underground	Ore Tonnages	Copper Grade	Copper Metal	Gold Grade	Gold Metal	Silver Grade	Silver Metal
Ore Reserves	Mt	%Cu	kt Cu	g/t Au	koz Au	g/t Ag	Moz Ag
Reward Open Pit							
Probable Reserve	2.34	1.73	40.6	0.34	25.7	38.5	2.9
Bellbird Open Pit							
Proven Reserve	1.40	2.07	29.1	0.12	5.2	12.3	0.6
Probable Reserve	0.44	1.12	5.0	0.06	0.9	5.9	0.1
Total Reserves*	1.84	1.84	34.0	0.10	6.1	10.8	0.6
Rockface Underground							
Probable Reserve	2.31	3.26	75.3	0.23	17.0	21.3	1.6
Reward Underground							
Probable Reserve	1.82	2.30	41.9	0.64	37.6	30.2	1.8
Marshall Underground							
Probable Reserve	2.98	1.57	46.7	0.23	21.6	43.2	4.1
Bellbird Underground							
Probable Reserve	0.43	1.77	7.7	0.09	1.2	14.2	0.2
Total Reserves	11.73	2.10	246.2	0.29	109.2	29.8	11.2

* Bellbird open pit design includes an Inferred tonnage (0.01 Mt) which is included in the Life of Mine schedule. Metal tonnage and grade, but any associated metal content (1.28% Cu, 0.02 g/t Au and 11.1 g/t Ag) associated with the Inferred portion of the orebody has been removed from the stated Ore Reserves for the Bellbird open pit.

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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	565	20/04/2023	2012
KJCD	567	20/04/2023	2012
KJCD	568	20/04/2023	2012
KJCD	569	20/04/2023	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 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers – GST receipts	142	734
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(322)	(957)
	(e) administration and corporate costs	(205)	(1,832)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	154	248
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(231)	(1,807)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(94)	(197)
	(d) exploration & evaluation	(961)	(7,716)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – payment of security deposits	-	-
2.6	Net cash from / (used in) investing activities	(1,055)	(7,913)

3.	Cash flows from financing activities		
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	-	(77)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings – lease payments	(99)	(262)
3.7	Transaction costs related to loans and borrowings – lease interest	(3)	(11)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(102)	(350)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,589	23,271
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(231)	(1,807)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,055)	(7,913)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(102)	(350)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13,201	13,201

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,198	5,587
5.2	Call deposits	3,003	9,002
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,201	14,589

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	146
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
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		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(231)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(961)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,192)
8.4	Cash and cash equivalents at quarter end (item 4.6)	13,201
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	13,201
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <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>	11.08
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: N/A	
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: N/A	

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

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: N/A

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: 26 April 2023.....

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 Managing Director 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.