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Additional \$2.1M increases KGL's R & D Tax Incentive refund to \$3M

- **Funding to progress KGL strategy of increasing tonnes and grade at Jervois Copper-Silver-Gold Project**
- **At Rockface prospect, more drilling of untested conductors to follow high grade successes**
- **At Reward prospect, drilling of conductors to increase known Resource**

KGL Resources Limited (ASX:KGL) (KGL or the Company) has received a further R & D Tax Incentive refund of \$2.1 million

The payment brings total recent R & D Tax Incentive refunds to \$3 million following receipt of \$922,305 three months ago.

The refunds, under an Australian Government program that reimburses part of eligible research and development expenditure, acknowledges innovative metallurgical and related work undertaken at KGL's Jervois Copper-Silver-Gold Project in the Northern Territory.

KGL Chairman Denis Wood said that the cash refunds would be used to advance the Company's strategy of increasing tonnes and grade at Jervois.

"We have been very pleased with the results. Guided by downhole electromagnetic (DHEM) surveying, we have discovered several new zones of extensive high grade mineralisation increasing with grade at depth at the Rockface prospect. We have been further encouraged by the modelling of the latest DHEM surveys at Rockface which have increased the total DHEM conductor area to be explored by 20 per cent," he said.

"We have re-examined existing prospects at Jervois to assess the potential for similar styles of mineralisation to that observed at Rockface.

"One of the most promising targets is at Reward, the location of the largest currently known indicated and inferred mineral resources at Jervois. Previous modelling of DHEM survey results confirmed the presence of several conductors including one that coincided with some of the prospect's best zones of high grade copper mineralisation. This large conductor extends for 200m below existing drilling with two other smaller conductors located to the north where copper and lead mineralisation has been intersected previously.

"With the benefit of knowledge gained at Rockface and the previous work that has been undertaken at Reward, further drilling of DHEM conductors is now planned at Reward. Extensions to high grade magnetite-chalcopyrite breccia will be targeted to help fully assess the potential of Reward.

“Drilling at Rockface will also target untested conductors and the extension to existing high grade mineralisation coincident with conductors. “The R & D Tax Incentive refund of \$3M provides KGL with the cash to fund the carefully targeted exploration activity well into 2017,” Mr Wood said.

For further information, contact:

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About KGL Resources

KGL Resources Limited is an Australian mineral exploration company focused on increasing the high grade resource at the Jervois Copper-Silver-Gold Project in the Northern Territory and developing it into a multi-metal mine.

Competent Person Statement

The Jervois Exploration data in this report is based on information compiled by Rudy Lennartz, a member of the Australian Institute of Mining and Metallurgy and a full time employee of KGL Resources Limited. Mr. Lennartz has sufficient experience which is relevant to the style of the mineralisation and the type of deposit under consideration and to the activity to which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Lennartz has consented to the inclusion of this information in the form and context in which it appears in this report. 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
KJCD171	22/10/2015	2012
KJCD182	09/05/2016	2012
KJCD183	26/04/2016	2012
KJCD195	02/08/2016	2012
KJCD197	19/09/2016	2012
RJ236	2/10/2012	2004
KJCD043	21/03/2014	2012
RJ061	17/05/2011	2004
KJCD075	29/07/2014	2012
RJ169	07/09/2011	2004
RJ237	2/10/2012	2004
RJ237W1	29/05/2014	2012
RJ204	16/08/2012	2004
RJ204W1	16/08/2012	2004

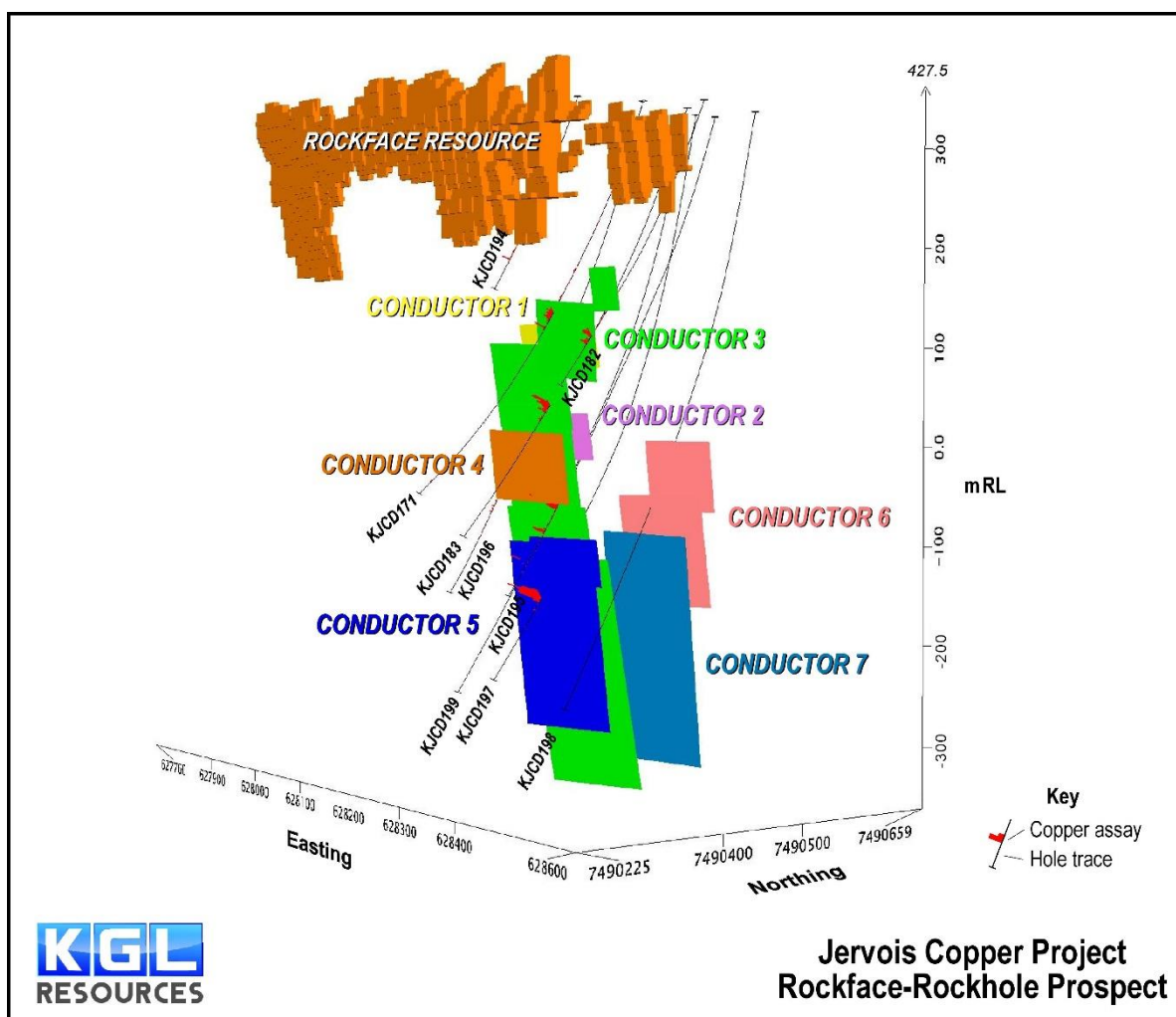


Figure 1 Rockface drilling and DHEM Conductors (looking north-west)

HoleID	Interval	ETW*
KJCD171	13m @ 2.14% Cu, 12.5g/t Ag, 0.10g/t Au from 255 m	10.0m
	2m @ 2.83% Cu, 10.8g/t Ag, 0.05g/t Au from 278 m	1.5m
KJCD182	9m @ 2.91% Cu, 17.6g/t Ag, 0.2g/t Au from 284 m	6.6m
	6m @ 1.6% Cu, 9.3g/t Ag, 0.16g/t Au from 296 m	4.4m
KJCD183	16m @ 3.34% Cu, 16.7g/t Ag, 0.17g/t Au from 362m.	11.7m
KJCD195	10.5m @ 8.76% Cu, 42.9g/t Ag, 0.51g/t Au from 478.4 m	7.5m
	5.1m @ 2.66% Cu, 0.39% Zn, 13.8g/t Ag, 0.27g/t Au from 513.6 m	3.7m
KJCD197	9.4m @ 11.53% Cu, 56.6g/t Ag, 0.87g/t Au from 535.4 m	6.6m
	8.9m @ 1.00% Cu, 7.3g/t Ag, 0.09g/t Au from 544.8 m	6.2m
	15m @ 7.11% Cu, 29.4g/t Ag, 0.89g/t Au from 558 m	10.5m
	The three intervals above, including an intervening 4.3m of low-grade mineralisation, give a combined intersection of: 37.6m @ 5.98% Cu, 27.9g/t Ag and 0.6g/t Au from 535.4m	26.3m

*ETW – Estimate of true width

Table 1 Rockface significant results

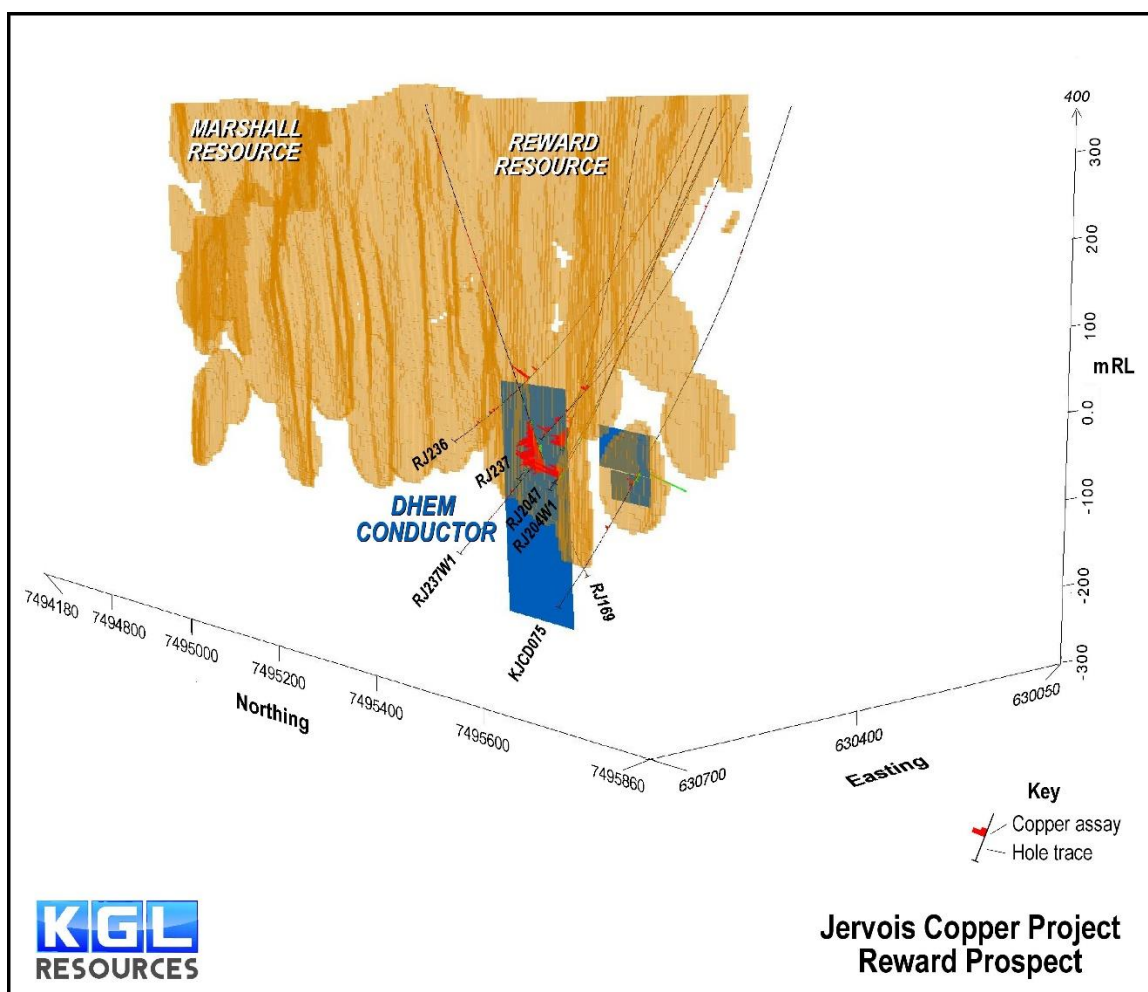


Figure 2 looking Reward Prospect drilling – holes that intersected and were adjacent to DHEM Conductors (south-west)

Hole ID	Interval	ETW*
RJ236	3.7m @ 4.68% Cu, 54g/t Ag, 1.96g/t Au from 433 m	2.8m
KJCD043	7m @ 1.36% Cu, 25g/t Ag, 0.5g/t Au from 413	5.6m
	7m @ 1.28%Cu, 20.1g/t Ag, 0.06g/t Au from 483m	5.6m
RJ061	22.4m @ 2.84% Cu from 408 m	7.9m
KJCD075	7m @5.07% Pb, 0.29% Zn, 106.6g/t Ag from 498m	5.2m
RJ169	72m @ 3.27% Cu, 51.3g/t Ag, 1.16g/t Au from 414m	16.0m
RJ237	23.6m @1.82% Cu, 23.9g/t Ag, 0.27g/t Au from 521.7	16.1m
	including 8m @ 3.86% Cu, 50.8g/t Ag, 0.58g/t Au from 535 m	5.5m
RJ237W1	25m @ 1.74%Cu, 35.9g/t Ag, 0.82g/t Au from 518m	17.0m
	including 8m @ 3.96%Cu, 82.2g/t Ag, 2.38g/t Au from 531	5.5m
RJ204	8m @ 4.8% Cu, 62.1g/t Ag, 0.35g/t Au from 502m	5.0m
RJ204W1	9.05m @ 4.9%Cu, 66.2g/t Ag, 1.22g/t Au from 509m	5.8m
	2m @1.54%Cu, 13.7g/t Ag, 0.14g/t Au from 515m	1.5m

*ETW – Estimate of true width

Table 2 Reward Prospect drilling - holes that intersected and were adjacent to DHEM Conductors