15 September 2014

Jervois Resource Update

Highlights

- **85% increase in Resource tonnes to 25.3Mt**
- **64% increase in contained copper to 280,000 tonnes**
- **61% increase in contained silver to 18.0Moz**
- **150% increase in contained lead/zinc to 120,000 tonnes**
- **63% increase in contained gold to 113,000 oz**
- **Additional exploration target of 50,000 to 150,000 tonnes copper**

The global resource at Jervois has been increased to a total of 25.3 mt @ 1.1% copper and 22.1 g/t silver for a total of 280,000 tonnes of contained copper and 18 million ounces of contained silver as detailed in Table 1.

The drilling in this program has increased the Resource by 11.6Mt (85%) and increased contained copper by 109,500kt (64%).

Mineralisation remains open in all existing deposits and there are further prospects that are currently being drilled and evaluated such as Killeen, Morley and the recently identified mineralisation between Green Parrot and Cox's Find that have potential to further add to the resource base.

KGL commenced resource extension drilling at the Jervois project in September 2013. The priority was to generate a substantial increase in the resources at Marshall-Reward and Bellbird but also commence delineation of resources at the Cox's Find and Rockface prospects. The program has achieved all the goals set and provided new insights on the resource.

Drilling at Bellbird has exceeded expectations with the resource continuing to grow in size. Significantly, drilling has not closed off the resource with clear targets for further drilling and a distinct north plunge revealed. A new mineralised trend was discovered at Bellbird East that has yet to be fully evaluated. Although narrow the mineralisation is likely to be within the Bellbird pit.

The Marshall-Reward resource was extended and a new parallel resource was discovered ~50m east of Reward at East Reward. More notable was the intersection of a high-grade massive lead-zinc sulphide zone at Reward that resulted in a large increase in the global lead-zinc resource. Further evaluation of the sulphide lenses is planned.

Shallow drilling in the weathered profile at Marshall-Reward and Bellbird has revealed high-grade supergene enriched mineralisation in the transition zone. This enriched zone has improved the economics of the open pits and will be further evaluated by drilling currently in progress.

The potential quantity and grade of the Exploration Potential is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

This resource update also includes maiden resources for the Cox's Find and Rockface prospects that lie on the 'J-shaped' trend between Marshall-Reward and Bellbird. Exploration success at these prospects highlights potential along the entire 12km strike that has often been poorly tested, particularly in areas of transported cover.

KGL Resources Managing Director Simon Milroy commented "The priority for our recent drilling program has been to substantially increase the resource and begin to assess the true potential of the project while identifying high-grade zones at depth that could be amenable to underground mining. The drilling program that is currently under way has begun the process of upgrading the classification of the existing resource and assessing the potential of shallow mineralisation at several other prospects."

KGL has exceeded the upper end of the range for Exploration Potential included in the 2012 resource update of 5-10Mt containing 50-100,000t copper

The new Exploration Potential of the larger deposits identified by H&S Consulting consists of areas peripheral to the current Inferred estimates within the interpreted mineral wireframes, unconstrained by depth. This is estimated to be a combined total for Marshall-Reward and Bellbird of 5 –12Mt @ 1 to 1.3% Cu and 12 to 20g/t Ag at a 0.5% Cu cut off (50,000 to 150,000 tonnes Cu and 2 to 7 Mozs Ag) (See Figures 1 and 2). The deposits are open at depth and there are additional possibilities along strike from the deposits

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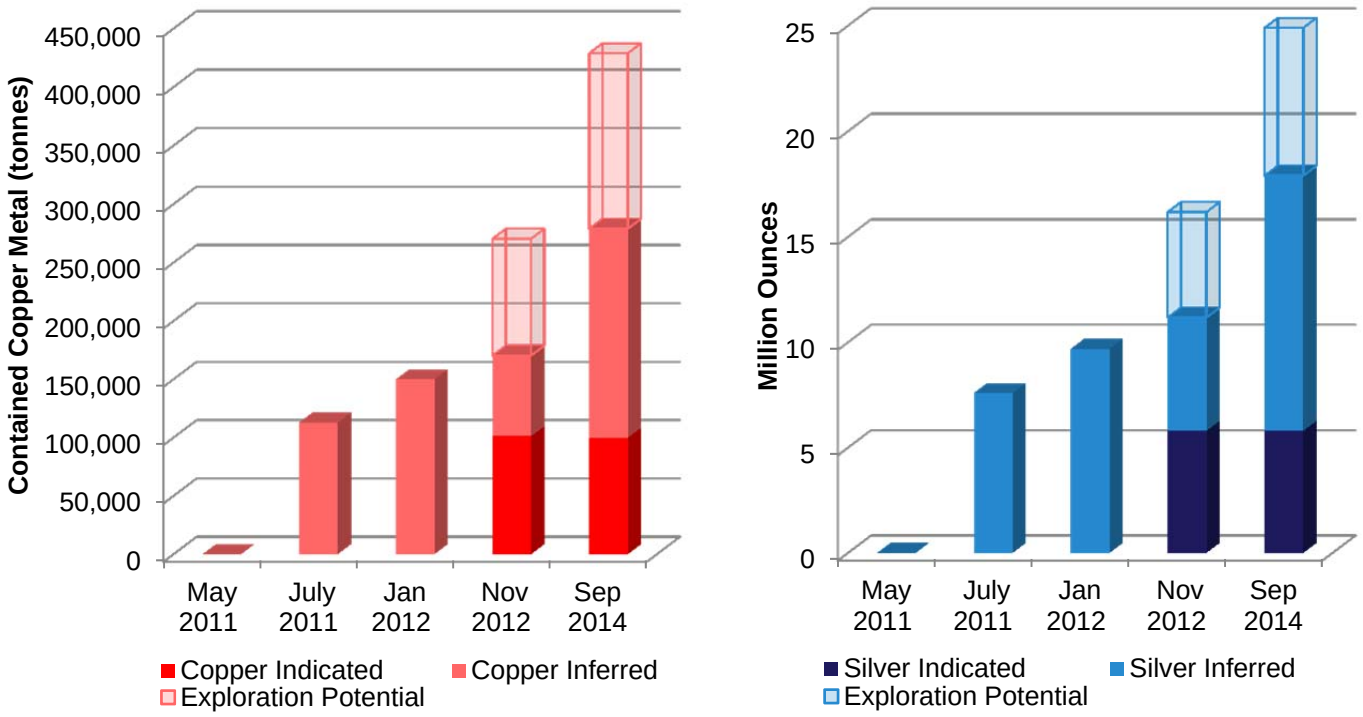

Figure 1 Charts of contained copper and silver resource growth at Jervois by KGL Resources

Table 1 2014 Jervois Resource Estimate

Jervois Copper Resources	Category	Tonnes Mt	Copper %	Silver g/t	Lead %	Zinc %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Marshall	Indicated	1.2	1.52	38.7			18	1.5			0.5
Copper	Inferred	0.4	1.18	26.2			5	0.3			0.5
Reward	Indicated	3.7	1.11	24.8			41	3.0			0.5
Copper	Inferred	6.8	1.08	26.5			73	5.8			0.5
East Reward	Inferred	2.3	1.01	8.3			23	0.6			0.5
Bellbird	Indicated	3.2	1.21	7.8			39	0.8			0.5
	Inferred	4.0	1.25	7.8			50	1.0			0.5
Cox's Find	Inferred	0.7	0.87	2.8			6	0.1			0.5
Rock Face	Inferred	0.7	0.82	3.1			6	0.1			0.5
Green Parrot Cu	Inferred	0.2	1.49	44.3			3	0.3			0.5
TOTAL	**Indicated**	**8.1**	**1.21**	**20.1**			**98**	**5.3**			
	Inferred	**15.0**	**1.10**	**16.9**			**165**	**8.2**			
	TOTAL	**23.2**	**1.14**	**18.0**			**263**	**13.4**			

Jervois Lead/Zinc Resources	Category	Tonnes Mt	Copper %	Silver g/t	Lead %	Zinc %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Marshall-Reward	Indicated	0.3	0.71	63.7	6.33	0.94	2	0.6	18	3	None
Lead/Zinc	Inferred	0.5	0.58	75.7	7.09	1.18	3	1.3	38	6	None
Green Parrot Pb	Inferred	0.9	0.90	85.3	1.91	1.21	8	2.3	16	10	0.3
Bellbird North	Inferred	0.5	0.65	21.3	2.30	3.38	3	0.3	11	17	0.2
TOTAL	**Indicated**	**0.3**	**0.71**	**63.7**	**6.33**	**0.94**	**2**	**0.6**	**18**	**3**	
	Inferred	**1.9**	**0.75**	**65.9**	**3.49**	**1.76**	**14**	**4.0**	**66**	**33**	
	TOTAL	**2.2**	**0.74**	**65.6**	**3.87**	**1.65**	**16**	**4.6**	**84**	**36**	

2014 Combined	**TOTAL**	**25.3**	**1.10**	**22.1**			**280**	**18.0**	**84**	**36**
2012 Combined	**TOTAL**	**13.7**	**1.25**	**25.5**			**170**	**11.2**	**26**	**22**
2014/2012	**% Variance**	**85%**					**64%**	**61%**	**225%**	**63%**

**These tables may contain minor rounding errors*

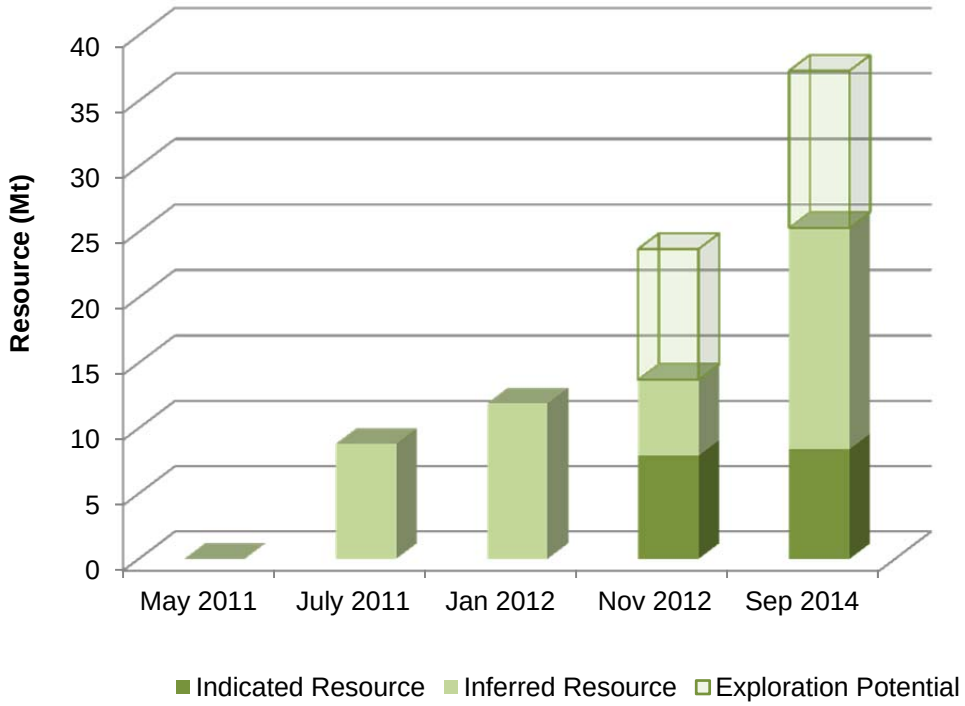

Figure 2 Chart of Resource tonnes growth at Jervois by KGL Resources

Table 2 2014 Jervois Gold Resource Estimate (This is a sub set of the resource shown in Table 1.)

Jervois	Category	Tonnes Mt	Gold g/t	Gold koz	Cut-off Cu%
Marshall-Reward	Inferred	13.9	0.19	85	0.5
Bellbird	Inferred	7.5	0.12	28	0.5
TOTAL	Indicated				
	Inferred	21.4	0.16	113	
	TOTAL	**21.4**	**0.16**	**113**	

2014	**TOTAL**	**21.4**	**0.16**	**113**
2012	**TOTAL**	**12.7**	**0.17**	**69**
2014/2012	**% Variance**	**68%**		**63%**

**These tables may contain minor rounding errors*

Gold grades have been included in the resource estimates though the amount of historical gold data is limited and as a result the gold resource estimate is classed as Inferred. A global resource of 21.4Mt @ 0.16g/t for 113,000ozs at a copper cut off of 0.5% (Table 2).

Mineralisation at Jervois is stratabound in a series of sub-vertical lenses over a strike length of 12km. The mineralisation is hosted by a sequence of meta-sediments (schists) comprising siltstone, mudstone, sandstone with lesser limestone that have been strongly deformed and display a well-developed foliation. Proximal to mineralisation there is a characteristic alteration that may include silica, magnetite, garnet, chlorite and epidote. The host sediments and sulphide lenses have been folded to form the distinctive 'J-Shaped' Jervois Range.

The style of mineralisation at Jervois remains controversial and is currently being investigated as part of a collaborative research project. Previous companies have suggested the mineralisation has similarities to the Broken Hill deposits, to skarn, volcanic-hosted massive sulphide (VHMS) and to sedimentary exhalative (SEDEX). Recent work has provided evidence for an early mineralising event, possibly syn-sedimentation (SEDEX) with significant structural modification during metamorphism.

The Jervois Project comprises six main areas of economic interest, namely Marshall-Reward, Green Parrot, Bellbird and Bellbird North, Rockface and Cox's Find. Each area has sufficient drilling for the identification of a mineral resource. Marshall-Reward (Cu-Ag), Bellbird (Cu), Rockface (Cu) and Cox's Find (Cu) are essentially copper (+silver) deposits with a more polymetallic nature to the Green Parrot and Bellbird North deposits. A location map of the deposits with the regional geology is included as Figure 3.

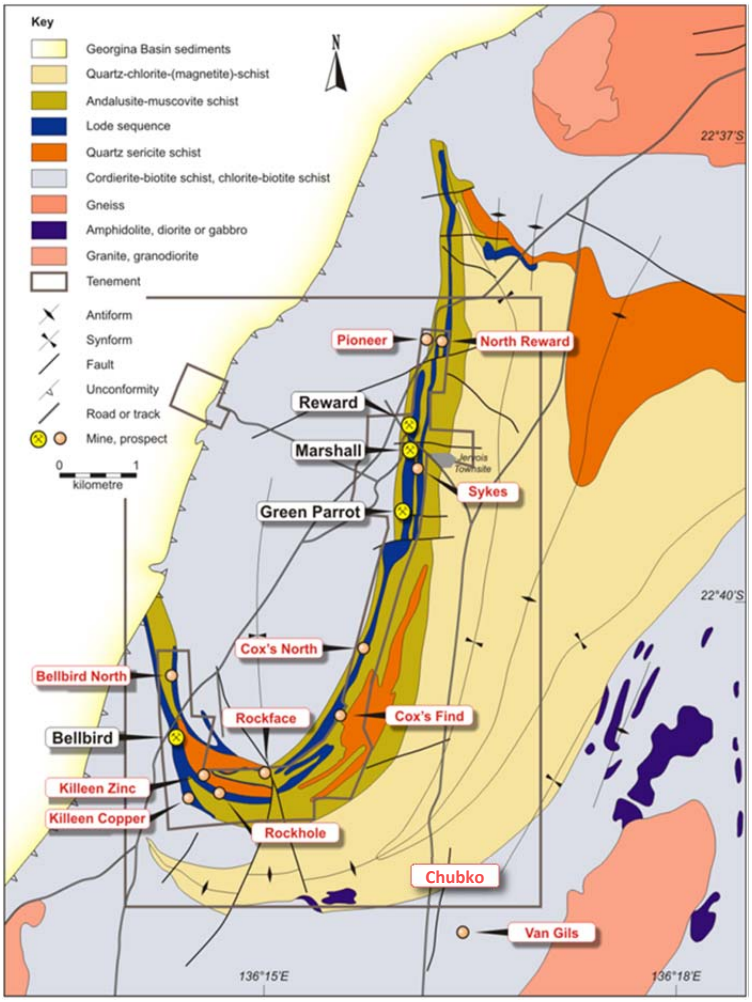

Figure 3 Location and Regional Geology Map

Pit optimisation and underground mine design have now commenced, however the delays to the completion of the resource estimate mean the pre-feasibility study is now expected to be completed in November 2014.

Follow up drilling is now underway with drilling designed to upgrade the shallow resources from Inferred to Measured and Indicated and to test several new exploration targets at Rockface, Killeen and Bellbird East. The drill program comprises 70 holes for approximately 6,000m (See Figure 9).

Diamond drilling of the deep stratigraphic hole has also commenced at site.

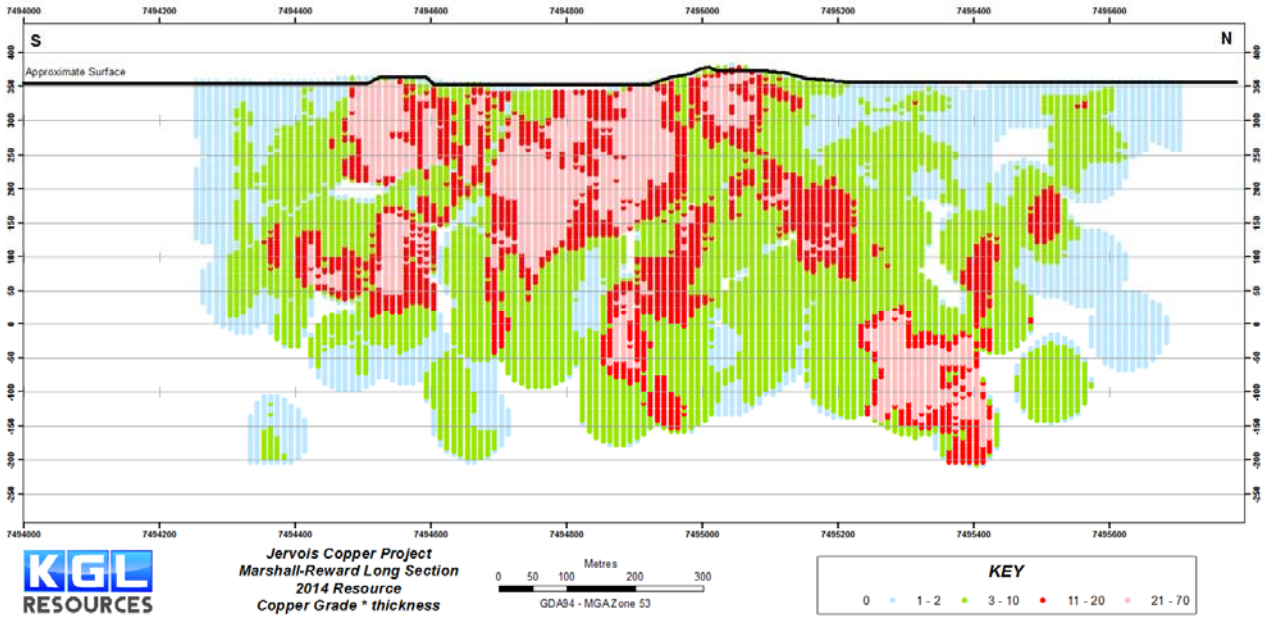

Figure 4 Copper Grade thickness of Marshall-Reward

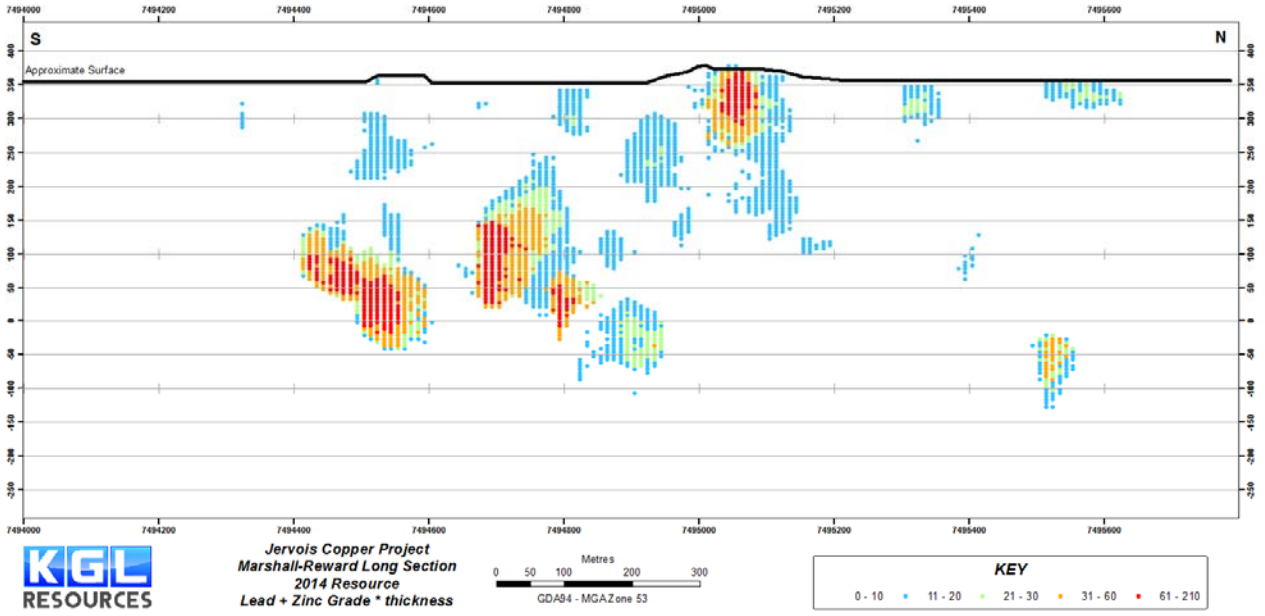

Figure 5 Lead/Zinc grade thickness at Marshall-Reward

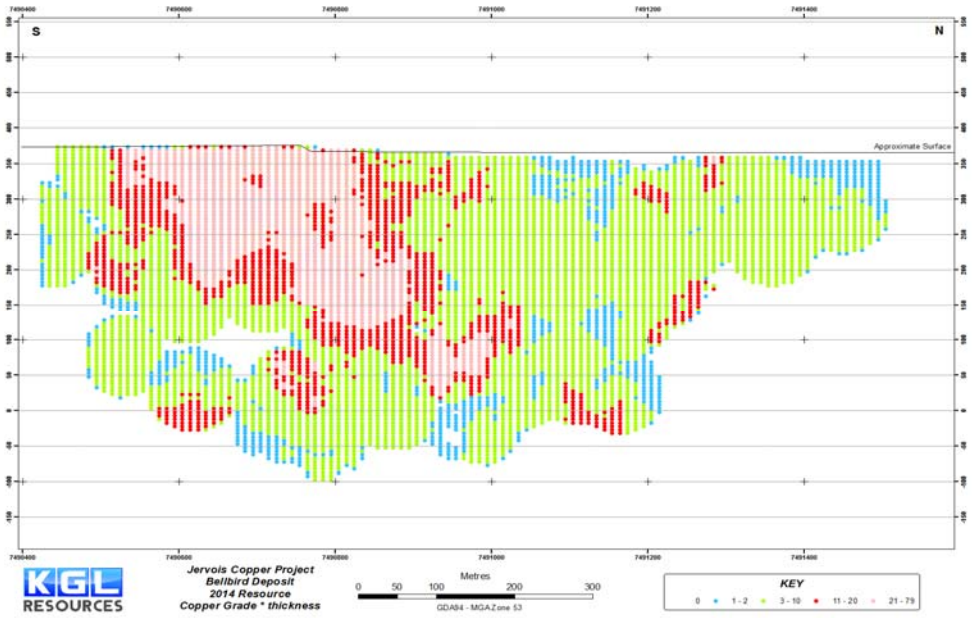

Figure 6 Copper Grade thickness of Bellbird

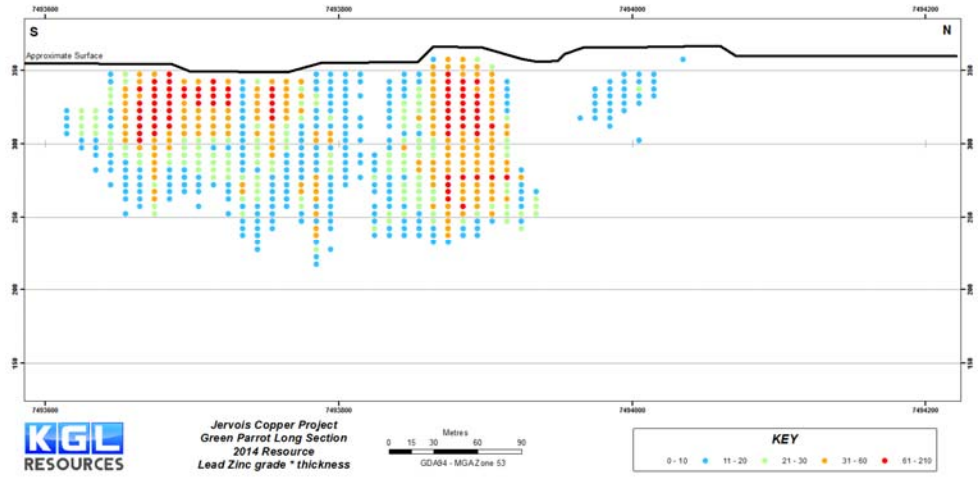

Figure 7 Lead/Zinc grade thickness of Green Parrot

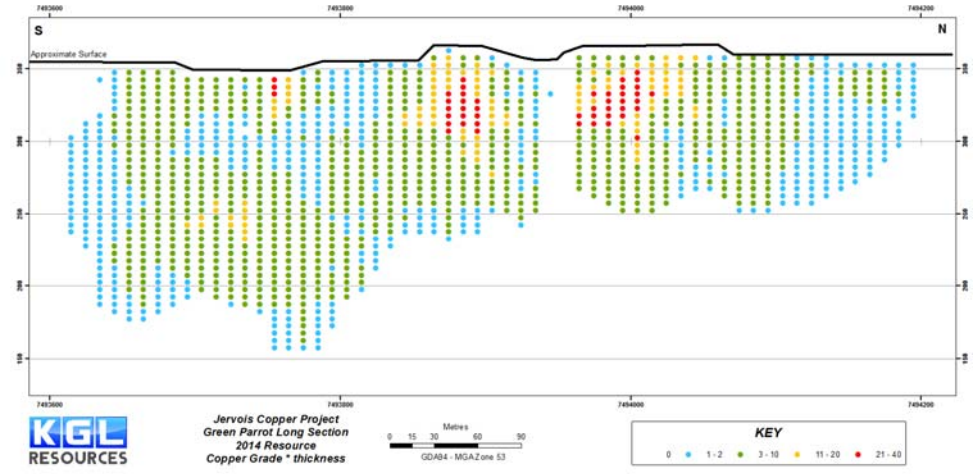

Figure 8 Copper grade thickness plot of Green Parrot

For further information contact:

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About KGL Resources

KGL Resources Limited is an Australian mineral exploration company focussed 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 evaluated by Martin Bennett, who is a member of the Australian Institute of Geoscientists and a full time employee of KGL Resources Limited. Mr. Bennett 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. Bennett has consented to the inclusion of this information in the form and context in which it appears in this report.

The data in this report that relates to Mineral Resource Estimates is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 (the “JORC Code”). Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

The data in this report that relates to cut off grades and mining assumptions is based on information evaluated by Mr Simon Milroy who is a member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 (the “JORC Code”). Mr Milroy is a full-time employee of KGL Resources Limited and he consents to the inclusion in the report of the cut off grades and mining assumptions in the form and context in which they appear.

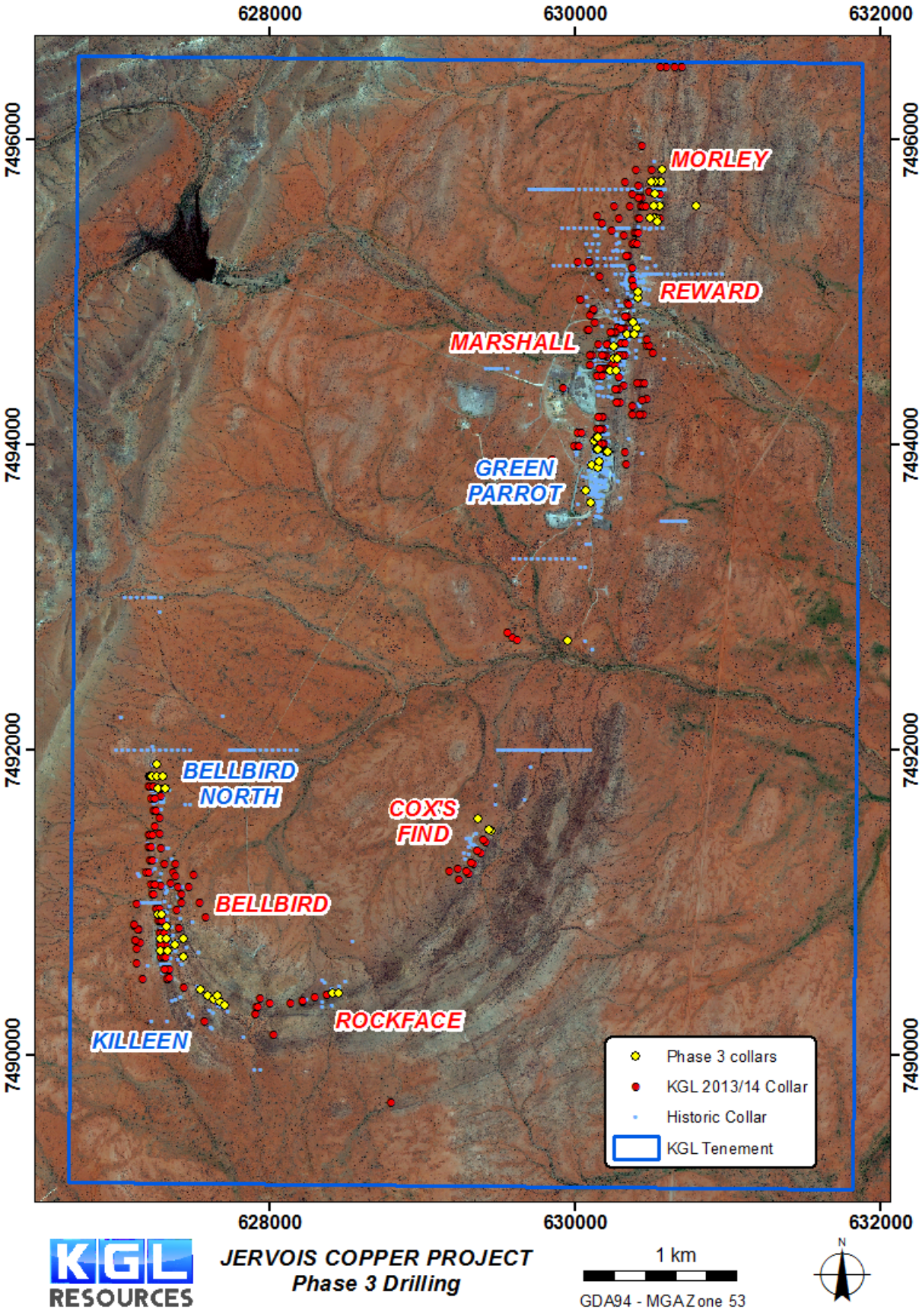

Figure 9 Plan of drilling at Jervois

Table 3 Marshall-Reward Global Grade Tonnage Data

	Cu Cut Off %	Tonnes	Cu %	Ag g/t	Cu Tonnes	Ag ozs
Marshall	0.5	1,597,694	1.43	35.6	22,919	1,826,508
Reward	0.5	10,469,500	1.09	25.9	113,981	8,724,022
Reward E HW	0.5	1,841,411	0.93	7.2	17,092	427,669
Reward E FW	0.5	413,181	1.35	13.4	5,589	177,402
Total	0.5	14,321,785	1.11	24.2	159,573	11,155,796
Marshall	0.75	1,259,450	1.65	40.2	20,824	1,627,930
Reward	0.75	6,621,367	1.37	28.8	90,514	6,129,981
Reward E HW	0.75	971,145	1.20	9.5	11,652	297,245
Reward E FW	0.75	341,479	1.51	14.6	5,145	160,814
Total	0.75	9,193,441	1.39	27.8	128,138	8,216,158
Marshall	1	970,875	1.89	45.3	18,306	1,414,824
Reward	1	4,089,329	1.67	30.7	68,447	4,035,550
Reward E HW	1	537,919	1.47	10.7	7,894	184,588
Reward E FW	1	261,558	1.70	16.4	4,434	137,532
Total	1	5,859,681	1.69	30.6	99,081	5,772,634
Marshall	1.5	553,378	2.39	55.2	13,226	982,735
Reward	1.5	1,778,270	2.27	37.0	40,376	2,114,998
Reward E HW	1.5	239,652	1.82	12.1	4,364	93,233
Reward E FW	1.5	118,599	2.21	20.4	2,618	77,875
Total	1.5	2,689,899	2.25	37.8	60,585	3,268,789

Table 4 Bellbird Global Grade Tonnage Data

	Cu Cut Off %	Tonnes	Cu %	Ag g/t	Cu Tonnes	Ag ozs
Main	0.5	6,600,569	1.27	8.2	84,091	1,733,976
East 1	0.5	348,935	0.99	4.4	3,446	49,255
East 2	0.5	306,931	0.59	4.1	1,812	39,970
Total	0.5	7,256,435	1.23	7.8	89,349	1,823,201
Main	0.75	4,561,100	1.61	10.1	73,644	1,487,124
East 1	0.75	152,059	1.50	4.0	2,277	19,704
East 2	0.75	18,875	1.04	5.5	197	3,338
Total	0.75	4,732,034	1.61	9.9	76,117	1,510,166
Main	1	3,196,657	1.93	12.1	61,827	1,240,632
East 1	1	102,573	1.80	2.9	1,846	9,499
East 2	1	5,576	1.52	7.4	85	1,320
Total	1	3,304,806	1.93	11.8	63,757	1,251,450
Main	1.5	1,849,393	2.45	15.5	45,308	919,345
East 1	1.5	87,809	1.91	2.1	1,676	5,788
East 2	1.5	3,633	1.77	8.4	64	978
Total	1.5	1,940,835	2.42	14.8	47,049	926,110

Table 5 Bellbird North Global Grade Tonnage Data

	Cu Cut Off %	Tonnes	Cu %	Ag g/t	Pb %	Zn %	Cu Tonnes	Ag ozs	Pb Tonnes	Zn Tonnes
North	0.5	271,803	0.91	24.7	2.87	3.91	2,466	215,432	7,811	10,634
North	0.75	171,159	1.08	25.0	3.07	4.12	1,843	137,643	5,261	7,053
North	1	96,842	1.24	23.4	3.22	4.24	1,198	72,834	3,120	4,107
North	1.5	12,973	1.75	21.3	3.60	4.75	227	8,864	467	616
Total		552,777	1.04	24.5	3.01	4.05	5,734	434,773	16,659	22,409

Table 6 Green Parrot Global Grade Tonnage Data

	Cu Cut Off %	Tonnes	Cu %	Ag g/t	Pb %	Zn %	Cu Tonnes	Ag ozs	Pb Tonnes	Zn Tonnes
West	0.5	108,659	0.78	50.3	1.20	0.59	845	175,657	1,309	643
East	0.5	459,260	1.26	118.7	2.27	1.54	5,793	1,752,572	10,437	7,079
North	0.5	214,672	1.49	44.3	0.46	0.36	3,196	305,490	982	773
Total	0.5	782,592	1.26	88.8	1.63	1.09	9,834	2,233,734	12,728	8,495
West	0.75	52,709	0.95	53.9	0.80	0.37	500	91,420	423	193
East	0.75	355,665	1.45	132.0	2.42	1.65	5,161	1,509,907	8,613	5,879
North	0.75	104,400	2.44	56.7	0.75	0.46	2,546	190,421	779	481
Total	0.75	512,773	1.60	108.7	1.91	1.28	8,207	1,791,738	9,816	6,553
West	1	13,381	1.20	61.2	0.61	0.28	161	26,345	81	38
East	1	270,614	1.64	145.2	2.65	1.76	4,427	1,263,602	7,184	4,762
North	1	57,425	3.71	71.2	1.10	0.57	2,129	131,455	632	330
Total	1	341,420	1.97	129.5	2.31	1.50	6,717	1,421,405	7,897	5,129
West	1.5	300	1.55	52.0	0.43	0.46	5	502	1	1
East	1.5	110,916	2.25	200.3	3.99	2.59	2,493	714,196	4,429	2,871
North	1.5	50,497	4.06	72.2	1.19	0.60	2,050	117,174	603	301
Total	1.5	161,714	2.81	160.0	3.11	1.96	4,548	831,876	5,033	3,174

1 JORC CODE, 2012 EDITION – TABLE 1

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Diamond drilling and reverse circulation (RC) drilling were used to obtain samples for geological logging and assaying. • RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg. • Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with shorter samples at geological contacts. • RC samples are routinely scanned with a Niton XRF. Samples assaying greater than 0.1% Cu, Pb or Zn are submitted for analysis at a commercial laboratory.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• RC Drilling was conducted using a reverse circulation rig with a 5.25" face-sampling bit. Diamond drilling was either in NQ2 or HQ3 drill diameters.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC samples were not weighed on a regular basis but no sample recovery issues were encountered during the drilling program. • Overweight samples (>3kg) were re-split with portable riffle splitter
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All RC and diamond core samples are geologically logged. Core samples are also orientated and logged for geotechnical information.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg. • Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with shorter samples at geological contacts. • RC sample splits (~3kg) are pulverized to 85% passing 75 microns. • Diamond core samples are crushed to 70% passing 2mm and then pulverized to 85% passing 75 microns.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times,*	• The QAQC data includes standards, duplicates and laboratory checks. In ore zones Standards are added at a ratio of 1:10 and duplicates and blanks 1:20. • Basemetal samples are assayed using a four acid digest with an ICP AES finish. Gold samples are assayed by Aqua Regia

Criteria	JORC Code explanation	Commentary
	calibrations factors applied and their derivation, etc. • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	with an ICP MS finish. Samples over 1ppm Au are re-assayed by Fire Assay with an AAS finish. • An umpire laboratory is used to check ~1% of samples analysed.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Data is validated on entry into the Datashed database. • Further validation is conducted when data is imported into Vulcan
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Surface collar surveys were picked up using a Trimble DGPS. • Downhole surveys were taken during drilling with a Ranger or Reflex survey tool every 30m with checks conducted with a Gyrosmart gyro and Azimuth Aligner. • All drilling is conducted on the MGA 94 Zone 53 grid. All downhole magnetic surveys were converted to MGA 94 grid.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling for Inferred resources has been conducted at a spacing of 50m along strike and 80m within the plane of the mineralized zone. Closer spaced drilling was used for Indicated resources. • Shallow oxide RC drilling was conducted on 80m spaced traverses with holes 10m apart
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Holes were drilled perpendicular to the strike of the mineralization a default angle of -60 degrees but holes vary from -45 to -80.
Sample security	• *The measures taken to ensure sample security.*	• Samples were stored in sealed polyweave bags on site and transported to the laboratory at regular intervals by KGL staff.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques are regularly reviewed.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Jervois project is within E25429 100% owned by Jinka Minerals and operated by Kentor Minerals (NT), both wholly owned subsidiaries of KGL Resources. • The Jervois project is covered by Mining Licences and an Exploration Licence owned by KGL Resources subsidiary Jinka Minerals.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration has primarily been conducted by Reward Minerals, MIM and Plenty River.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• EL25429 lies on the Huckitta 1: 250 000 map sheet (SF 53-11). The tenement is located mainly within the Palaeo-Proterozoic Bonya Schist on the northeastern boundary of the Arunta Orogenic Domain. The Arunta Orogenic

Criteria	JORC Code explanation	Commentary
		Domain in the north western part of the tenement is overlain unconformably by Neo-Proterozoic sediments of the Georgina Basin. • The copper-lead-zinc mineralisation is interpreted to be stratabound in nature, probably relating to the discharge of base metal-rich fluids in association with volcanism or metamorphism or dewatering of the underlying rocks at a particular time in the geological history of the area.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Refer Table 1
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Refer Table 1
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Refer Table 1
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer Figures 1,2,3, 4 & 5
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Refer Table 1
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Outcrop mapping of exploration targets using Real time DGPS.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Refer Figure 5

1.3 Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	Limited validation was conducted by H&S Consultants (H&SC) to ensure drill hole database is internally consistent. Validation included checking that no assays, density measurements or geological logs occur beyond the end of hole and that all drilled intervals have been geologically logged. The minimum and maximum values of assays and density measurements were checked to ensure values are within expected ranges. H&SC has not performed detailed database validation or audit and KGL personnel take responsibility for the accuracy and reliability of the data used to estimate the Mineral Resources. The project has been hampered by a lack of continuous sampling and assaying in the historical data. To counteract this H&SC inserted default values for copper, and silver representative of the likely mineralisation taking into account grade continuity issues. Generally the inserted values were relatively low grade. Additional problems have been encountered with the accuracy of the historical hole locations. Some check field work by KGL indicated that some historical holes had been mislocated with the results that some of the historical holes have been relocated in order to make better geological sense; these movements will impact negatively on the resource classification.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	Regular site visits have been carried out by Martin Bennett, KGL's Exploration Manager, who acts as the Competent Person with responsibility for the integrity and validity of the database on which resource estimates were conducted. Simon Tear of H&SC, Competent Person for the reporting of the resource estimate, visited site in August 2011 for 4 days.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	The lithological interpretation of the Jervois deposits are reasonably well constrained with the drilling. The mineralisation at Jervois comprises structurally controlled disseminations and veinlets of copper sulphide mineralisation (locally oxidised near surface) associated with a broader magnetite alteration halo. The structural zones tend to be narrow steeply dipping to vertical structures parallel to the host stratigraphy and eminently traceable at surface in the airborne EM data. They are reasonably well defined by the drilling data. Thus the interpretation of the mineral wireframes, is based on a combination of logged rock units, lithogeochemical interpretation of host units, magnetic susceptibility, copper (and lead/silver) and iron assays, using a notional 0.1% Cu. KGL personnel have had a substantial input into the geological interpretation. The structural nature to the mineralisation meant there appeared in some cases to be lensing, bifurcations, small fault offsets and possible subtle en echelon zoning. The strike and dip of the mineral zones vary slightly but predominately strike parallel to the stratigraphy. Where no drill data exists along strike the wireframes were extended 12 metres north and south of last drill hole intercept. These wireframes were treated as hard boundaries for the estimation of each of the elements. Inside the Reward mineral wireframe five additional wireframes were created representing discrete bodies of higher lead mineralisation in order to limit the influence of the high grade lead samples. These wireframes were treated as hard boundaries for the estimation of lead. KGL provided surfaces representing the bases of total and partial oxidation for the Bellbird, Reward & Cox's_Find deposits, which required some modifications by H&SC using a combination of geological logs and sulphur assays. The base of partial oxidation surfaces were used as hard boundaries for the estimation of sulphur and Acid Soluble Cu concentrations. H&SC have created new wireframes for Green Parrot and Rockface partly based on information supplied by KGL. H&SC is aware that alternative interpretations of the mineralised zones are possible but consider the wireframes to adequately approximate the locations of the mineralised zones for the purposes of resource estimation. Alternative interpretations are unlikely to have a large impact on the global resource estimate.

Criteria	Explanation	Commentary
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The resources at Bellbird, at a cut-off of 0.5% copper, span a length of around 1.4 km and consist of several en echelon parallel north-south striking bodies that dip steeply to the west. The plan width of the resource varies from 10m to 210m (including internal low grade zones) with individual lodes reaching up to 45m wide. The upper limit of the mineralisation reaches surface and the lower limit of the resource extends to a depth of 460 m below the surface. The resources at Marshall Reward, at a cut-off of 0.5% copper, span a length of around 1.4 km and consist of several en echelon parallel north-south striking bodies that dip very steeply to the east. The plan width of the resource varies from 10m to 175m (including internal low grade zones) with individual lodes reaching up to 40m wide. The upper limit of the mineralisation reaches surface and the lower limit of the resource extends to a depth of 560 m below the surface. The resources at Green Parrot at a cut-off of 0.5% copper span a length of around 520m and consist of two parallel north-south striking Pb-dominant bodies that dip steeply to the west. A third steeply dipping, N-S striking, copper-rich lode occurs in the north of the area not necessarily directly along strike from the two southern lodes. The plan width of the resource varies from 2.5m to 60m (including internal low grade zones) with individual lodes reaching up to 25m wide. The upper limit of the mineralisation reaches surface and the lower limit of the resource extends to a depth of 160 m below the surface. The resources at Cox's_Find, at a cut-off of 0.5% copper, span a length of around 425m and consists of a single lens striking approximately at 030°. The plan width of the resource varies from 3.5m to 15m (including internal low grade zones). The upper limit of the mineralisation reaches surface and the lower limit of the resource extends to a depth of 250m below the surface. The resources at Rockface, at a cut-off of 0.5% copper, span a length of around 700m and consists of a single lens striking approximately E-W in the western half before rotating to a 060° bearing in the east. The plan width of the resource varies from 4m to 25m (including internal low grade zones). The upper limit of the mineralisation reaches surface and the lower limit of the resource extends to a depth of 200m below the surface. In all cases mineralisation appears open at depth.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation*	The copper, silver, lead, zinc and gold resources at Jervois were estimated using Ordinary Kriging. The resources at Bellbird, Marshall Reward and Green Parrot were estimated in the Micromine software whereas the resources of Cox's_Find and Rockface were estimated using the GS3 software with the block model loaded into Surpac. One metre composites were used for estimation of all areas. H&SC considers Ordinary Kriging to be an appropriate estimation technique for the type of copper, silver, lead, zinc and gold mineralisation and extent of data available at Jervois. H&SC used a series of wireframes that outline zones of anomalous mineralisation broadly equating to a Cu or Cu equivalent grade of greater than 0.1% with geological sense. The wireframes were treated as hard boundaries i.e. blocks within the wireframes were estimated using composites from within that wireframe. Top-cuts were applied to individual zones when the extreme values had an undue effect on local estimates. Values were cut back to distinct breaks in the grade populations. In Bellbird gold grades were top-cut to 15ppm. In the Reward and Marshal wireframes silver values were top-cut to 370 and 340ppm respectively. Lead values were not top-cut but the influence of high grade values in Reward was limited by the use of wireframes differentiating the high-grade mineralisation from the main copper mineralisation. The estimation procedure was reviewed as part of an internal H&SC peer review. No check models by a different operator were conducted in this round of estimation as resources are in line with the resources estimated in December 2012 by H&SC. The current resource estimate is based on additional geological and assay data from 283 new drill holes for just over 40,000m of drilling and significantly more density data. A detailed comparison of the two resource estimates has not been completed although, due to the extra drilling, the estimated tonnages of the current model are greater and more material is classified as Indicated than the previous estimate. In some instances lower grades including inserted values have combined to reduce areas where the block grade has fallen below 0.5%. Hence the slight reduction in size of the Indicated Resource for the Reward Lode. No assumptions were made regarding the recovery of by-products. The resources are reported here at a cut-off based on copper. Block dimensions are 2x10x5m (E, N, RL respectively) for Bellbird,

Criteria	Explanation	Commentary
	between variables. • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	Marshall Reward and Green Parrot. The longer north-south dimension was chosen as it is nominally a third to a half of the distance between drill hole sections. The vertical dimension was chosen to reflect the data distribution and allow some added control over tagging blocks with the oxidation codes. The thin east-west dimension was chosen to reflect the sample spacing and anisotropy of mineralisation. For Coxs_Find and Rockface the block size was 2x20x5m (E, N, RL respectively) to reflect the larger drill spacing. Each element was estimated separately by Ordinary Kriging. Two different three pass search regimes were used for both Bellbird and Marshall Reward because some portions of these zones are relatively thin (<3 m) and therefore had less data available for estimation. Green Parrot used the thick zone search. Both search regimes employed three passes progressively larger radii or decreasing search criteria. The first passes used radii of 10x30x30m, the second passes used 10x60x60m and the third passes used 60x60x20m (along strike, down dip and across mineralisation respectively). All passes used a four sector search ellipse in order to aid declustering. The first pass in the thick zone domains required a minimum of 13 composites from at least four drill holes. The maximum total number of composites was set to 24 with a limit of six per drill hole. The thick zone domains' second pass criteria were similar except a minimum of nine samples were required with data from at least three drill holes. The third pass used a maximum of 32 composites, allowing eight composites from a single drill hole. The first pass in the thin domains and the high grade lead domains required a minimum of 9 composites from at least four drill holes. The maximum total number of composites was set to 16 with a limit of four per drill hole. The second pass criteria were similar except a minimum of six samples were required with data from at least three drill holes. The third pass used a maximum of 24 composites, allowing six composites from a single drill hole. An extra pass was added for the estimation of lead inside the narrow high grade lead. This pass used the same criteria as the thin domains' third pass except the minimum number of samples was reduced to two. For Cox's_Find and Rockface a slightly different set of search parameters was used to reflect the different amounts of drilling with a thinner search zone beginning from radii 5x30x30m with a minimum number of 12 data for 4 octants to 10x60x60m and a minimum number of 6 data and 2 octants. Each of the mineralised wireframes was treated as a hard boundary so that only composites from within each wireframe were used to estimate the blocks in the respective wireframe. The H&SC block model was reviewed visually by H&SC and KGL geologists and it was concluded that the block model fairly represents the grades observed in the drill holes. H&SC also validated the block model statistically using a variety of histograms, boxplots, swathe plots, contact plots and summary statistics.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages of the Mineral Resource are estimated on a dry weight basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	The resources are reported at a cut-off of 0.5% copper based at the request of KGL who take responsibility for the cut off grades for reporting the resources.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may*	The Jervois resources were estimated on the assumption that the shallow resources will be targeted using conventional open pit mining methods and the deeper resources targeted by underground mining methods. Minimum mining dimensions are envisioned to be around 2.5x10x5m (E, N, RL respectively). The resource estimation includes internal mining dilution.

Criteria	Explanation	Commentary
	not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	Results from scoping and prefeasibility level metallurgical testwork were used in the design of a processing facility. The intent is to process ore on site at Jervois at a certain production rate, producing a sellable copper concentrate product for shipment. No metallurgical factors where used to determine the resource. Sample selection and compositing for the metallurgical testwork program procedure involving continuous drill hole intersection samples making up the variability composite. Various amounts of variability composites were then blended to create four master composites to represent the oxide and sulphide components of each of the Bellbird and Marshall-Reward deposits. An extended suite of head assays were conducted on variability and master composites. The lithologies within the tenement include quartzo-feldspathic muscovite and sericite schists, ranging in composition from pelitic to psammo-pelitic. There are also local occurrences of cordierite, sillimanite, garnet and andalusite. The mine sequence also contains chlorite schist, garnet, magnetite quartzite, calc silicates and impure marble. The mineralization consists predominately of stratiform/bound copper and/or lead-silver-zinc sulphides within zones of massive/semi-massive pyrite associated with variable garnet and calc-silicate alteration. Mineralogical analysis using QEMSCAN (and XRD) identified chalcopyrite (12%) to be the dominant economic mineral, with minor presence of galena, sphalerite, bismuthinite and molybdenite. Pyrite (18%) was the only sulphide gangue mineral, whilst magnetite (27%) and quartz (31%) were the main non-sulphide gangue minerals. Comminution tests including SMC tests, JK drop weight tests, Bond ball mill tests, Bond rod mill tests and Bond abrasion tests, were conducted on several samples from the Bellbird and Marshall-Reward deposits. This PFS Sulphide Flotation Testwork Report has been prepared for KGL Minerals Limited by AMEC Limited. Supporting data and assumptions are identified throughout the text.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	The Jervois Project lies with a broad open area of relatively flat ground. Vegetation is typical arid bushland with seasonal rainfall and creek flows. There has been previous mining activity at the Green Parrot open pit and some minor trial underground exploration. Carbonate rocks are known to occur within the general mine sequence.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and*	Density data has been determined on single pieces of core using the Archimedes Method with 6,259 results supplied. Density data from the complete and partial oxidation zones is limited. However oxidation via surface weathering has had only limited sub-surface penetration as many partially oxidised pieces of core have density values marginally less than fresh rock. Density of the mineralised domains was estimated directly from

Criteria	Explanation	Commentary
	representativeness of the samples. • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	measured density values using OK and the same search criteria as used for the estimation of the elements. The distribution of measured density data was not sufficient to populate all blocks with an estimated density and so an additional estimate of density was carried out using values derived for each rock type. For blocks that were not estimated using data based on the measured data the density that was estimated from the rock type densities was used. A small proportion of blocks that were estimated for Cu remained without a density value due to missing rock types in drill hole logs. These blocks were assigned the average density values for each area. The density of samples within the high grade lead wireframes are strongly related to the lead grade and are therefore the individual block density was based on a regression from the estimated lead grade. This regression was based on measured values. The density data tends to occur in clusters making broader reaching modelling potentially less accurate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	The resources are classified on a number of aspects including the search criteria, the variography, the location, logging, sampling and assay issues with the historical drilling, Passes 1 and 2 are therefore classified as Indicated and Pass 3 classified as Inferred. H&SC believes the confidence in tonnage and grade estimates, the continuity of geology and grade, and the distribution of the data reflect the Indicated and Inferred categorisation. H&SC has not assessed the reliability of input data and KGL personnel take responsibility for the accuracy and reliability of the data used to estimate the Mineral Resources. KGL also take responsibility for the cut off grades for reporting the resources. The estimates appropriately reflect the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	No audits or reviews have been conducted
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	No statistical or geostatistical procedures were used to quantify the relative accuracy of the resource. The Mineral Resource estimate of the Jervois deposits are sensitive to the cut-off grade applied and are considered to be global estimates. Comparison with the 2012 estimates indicates that the changes are in line with expectations. For instance the drop in grade at Reward would be expected as the average grade of composites in the pre-2012 model inside the current wireframes is 0.88% whereas the average grade of the post-2012 drilling is 0.78%, a 13% difference in grade. Confidence issue surround the veracity of the historical data and hence the lack of Measured Resource. There is no reliable production data from the earlier Green Parrot mining. There are no production figures for trial mining at Bellbird and Marshall Reward.