

23 October 2014

Deep Hole at Jervois Intersects Copper Sulphide

Highlights

- First deep diamond hole at Jervois intersects copper sulphide mineralisation
- New intersection is 300m below the base of the current resource
- Potential for an increase in the resource below 500m
- Assay results available in 3-4 weeks

KGL Resources (ASX:KGL) is pleased to announce that diamond hole KJD010W1 has intersected sulphide mineralisation within a broad alteration zone. The hole has intersected the interpreted position of the Reward resource at a vertical depth of 800m below the surface, 300m below any previous drilling and the base of the current resource.

Mineralisation comprises veins and disseminations of chalcopyrite with narrow bands of semi-massive sulphide at a downhole depth of 1,097-1,107m (10m). Two additional zones of disseminated sulphides have been intersected at a down hole depth of 1,185-1,215m and 1,230-1,240m. These deeper zones are more weakly mineralised and may represent the depth extensions of East Reward and Morley. Geological logging is underway and assay results should be available in 3-4 weeks.

These new intersections reveal the continuity of mineralisation at depth and open up large areas for future exploration at both Marshall-Reward, Bellbird and along the entire 12km strike length.

KGL Resources Managing Director Mr Simon Milroy said “this intersection is an excellent result for a hole that steps out 300m beyond any previous drilling, illustrating the size of the mineralised system and the potential for further significant extensions to the global resource.”

Next Steps: A geophysical survey contractor is now on site to complete downhole electromagnetic (DHEM) surveying. This survey will be searching for conductors well beyond the hole that may indicate the presence of additional sulphide mineralisation. If a suitable conductor is defined then a wedge hole will be drilled from KJD010W1 to test the anomaly. DHEM surveying of KJD010W1 is planned to commence later this week. The geophysics crew will then begin DHEM surveying of several holes drilled in the recent resource drilling program at Marshall and Reward.



Figure 1 Hole KJD010W1 showing some of the mineralisation from 1,097m to 1,107m

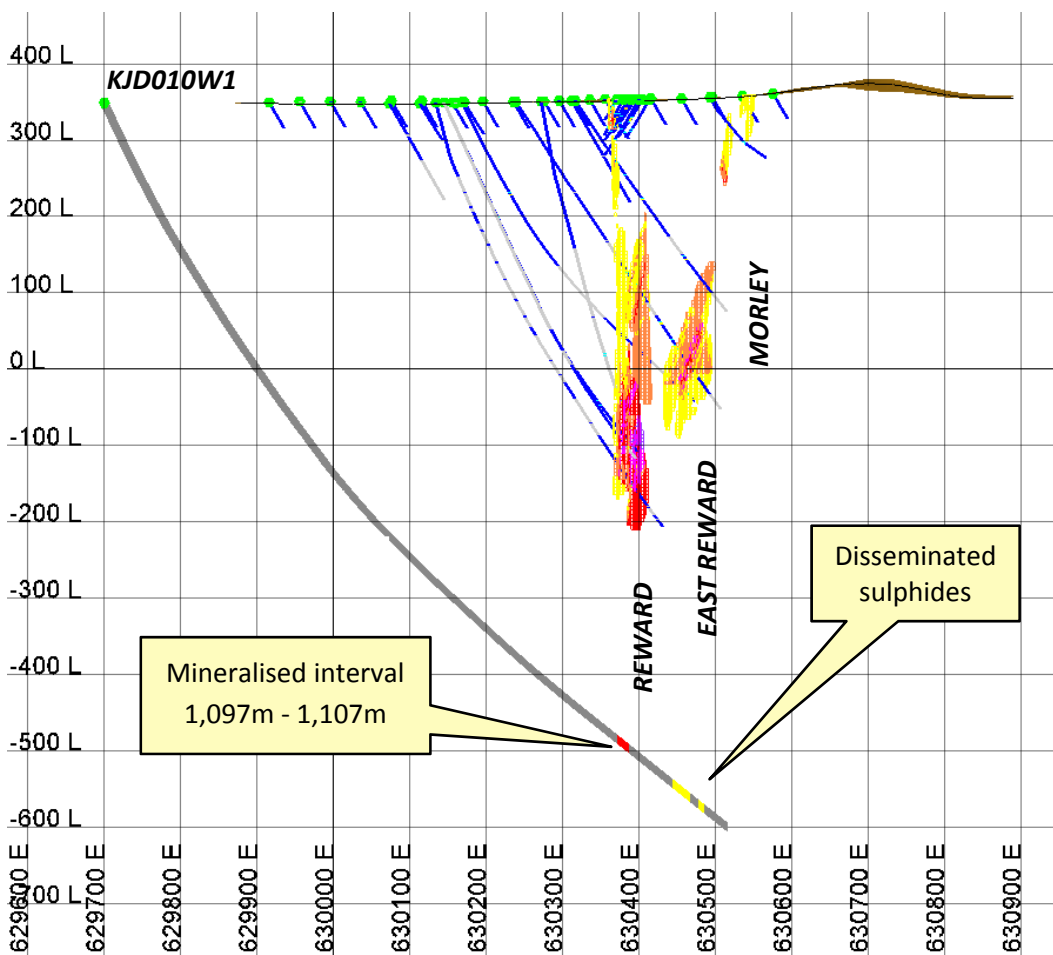


Figure 2 Reward Resource cross section showing location of mineralised intersections in KJD010W1.

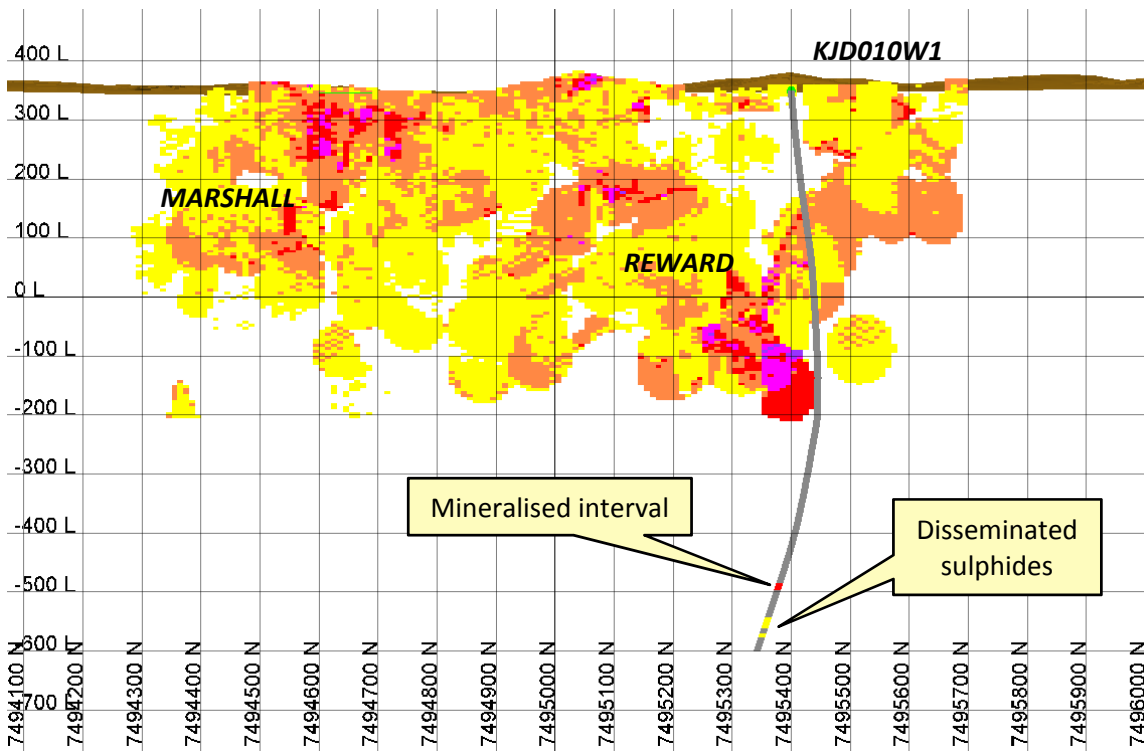


Figure 3 Marshall-Reward long section showing resource blocks and trace of KJD010W1 in grey. Yellow blocks 0.35-0.8% Cu, orange 0.8-2% Cu, red 2-3% Cu, magenta >3% Cu.

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 information in this report is based on information compiled 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.