www.kglresources.com.au

18 May 2015

Drilling extends the Lead-Zinc-Copper zones at Jervois

KGL Resources (ASX:KGL) is pleased to announce that reverse circulation (RC) drilling at Jervois has continued to extend high-grade mineralisation. Significant results from this program include:

Marshall

14m @ 2.53% Cu, 0.18% Pb, 1.71% Zn, 27.8g/t Ag, 0.22g/t Au from 263 m (KJC122)

Incl. 5m @ 6.12% Cu, 0.2% Pb, 2.42% Zn, 31.4g/t Ag, 0.48g/t Au from 263 m

4m @ 0.51% Cu, 7.91% Pb, 4.4% Zn, 163.3g/t Ag, 0.13g/t Au from 393 m(KJC121)

Reward

19m @ 0.6% Cu, 3.36% Pb, 2.26% Zn, 104.2g/t Ag, 0.11g/t Au from 235 m (KJC123)

Incl. 6m @ 0.96% Cu, 8.37% Pb, 4.64% Zn, 162.9g/t Ag, 0.16g/t Au from 235 m

A ~10,000m RC drilling program was commenced in early February at the Bellbird, Marshall-Reward and Green Parrot Resources. Particular emphasis was placed on targeting poorly drilled areas outside the current resources that have potential for high-grade mineralisation and are within the proposed open pits or close to planned underground mine development.

Holes KJC121-3 were designed to extend the polymetallic mineralisation at Marshall-Reward. Marshall-Reward contains several lenses of lead-zinc-copper sulphide within the larger copper resource, including the high-grade massive sulphide lens intersected by hole KJCD048 that was reported in December 2013 (18m @ 0.88% Cu, 15.66% Pb, 3.77% Zn, 726g/t Ag, 0.61g/t Au from 287m). The massive sulphide is associated with carbonate rocks and has been separated into discrete lenses during later deformation.

KJC123 was designed to extend the polymetallic zone at the northern end of the Reward open pit. The hole intersected a broad zone of moderate grade copper-lead-zinc that included a one metre interval of 22.4% lead. Consistently high silver grades were also recorded along the 19m interval that averaged 104.2g/t Ag.

At Marshall, KJC121 and KJC122 also intersected broad zones of polymetallic mineralisation with a high-grade zone within KJC122 of 5m @ 6.12% Cu, 0.2% Pb, 2.42% Zn, 31.4g/t Ag, 0.48g/t Au from 263 m that include a best copper grade of 14.15% Cu. The intersection is ~50m below the base of the current pit shell. Following completion of the mid-year resource update and re-optimisation the depth of the pit may be extended.

Simon Milroy, the Managing Director of KGL Resources comments, “The polymetallic nature of parts of the Jervois mineralisation is adding value to the economics of the project as a whole. In addition to the copper, lead and zinc we are typically seeing much higher silver and gold grades than the predominantly copper parts of the resource”.

“The recent metallurgical test work on the lead-zinc-silver ore has shown that it can be batch processed through the copper plant to produce a high grade mixed lead-zinc concentrate. This means that the additional capital that was planned to be spent in the third year of operations to construct separate lead and zinc circuits will no longer be required”

Drilling is now completed with additional geological mapping, soil sampling and research work planned. Further assay results from the drilling are anticipated over the next three weeks with results from over 3,000 samples still outstanding. These will feed into the updated resource estimation that is forecast to be completed in July 2015.

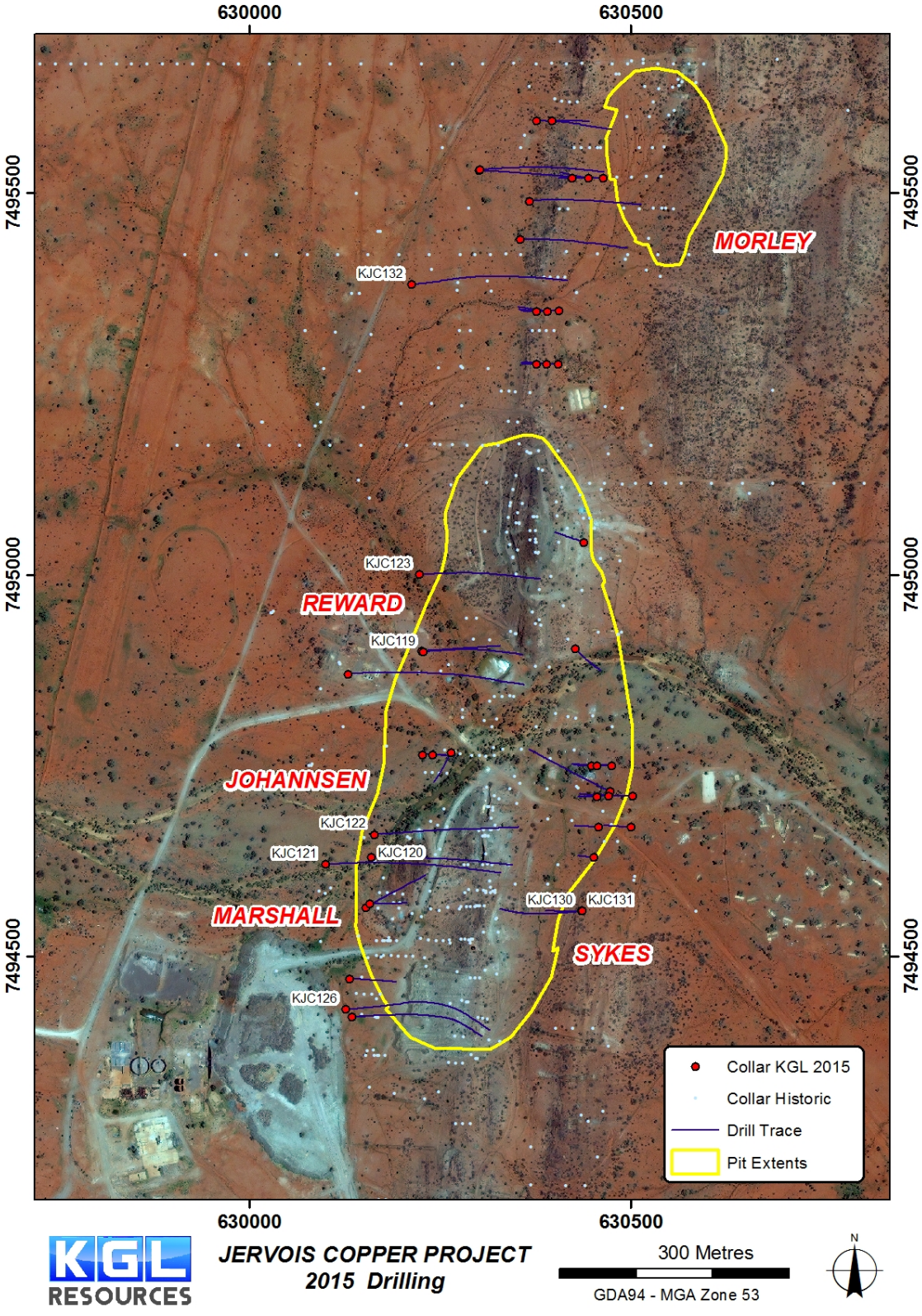

Figure 1 Plan of Marshall-Reward drilling

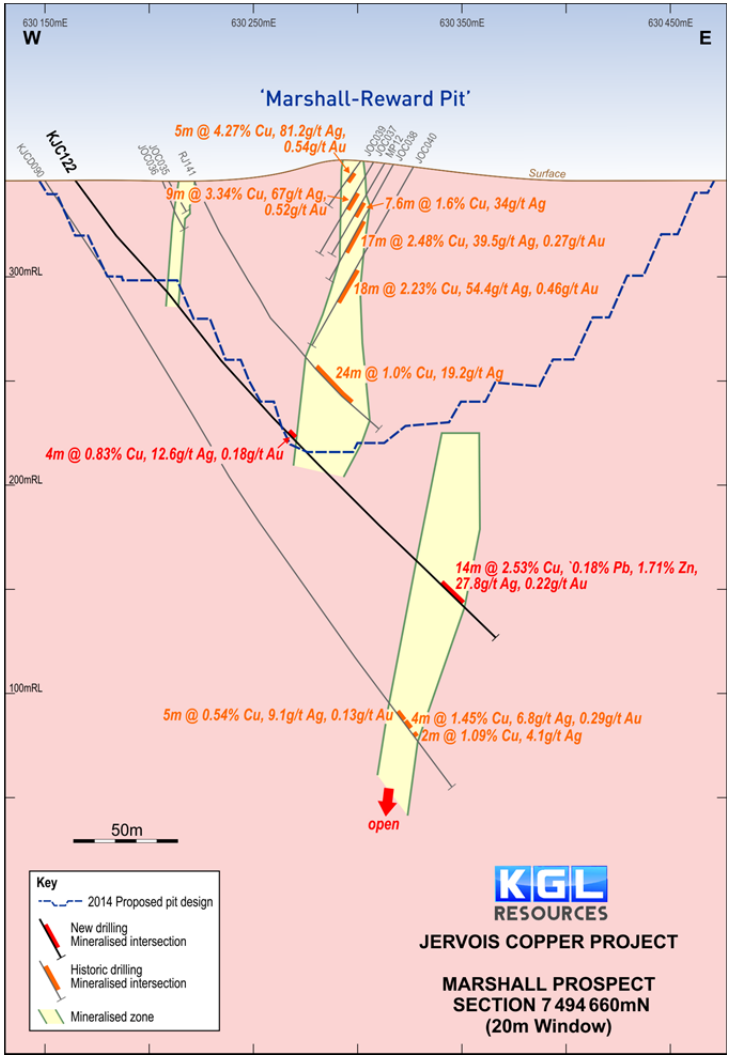

Figure 2 Marshall Prospect cross Section 7494660N

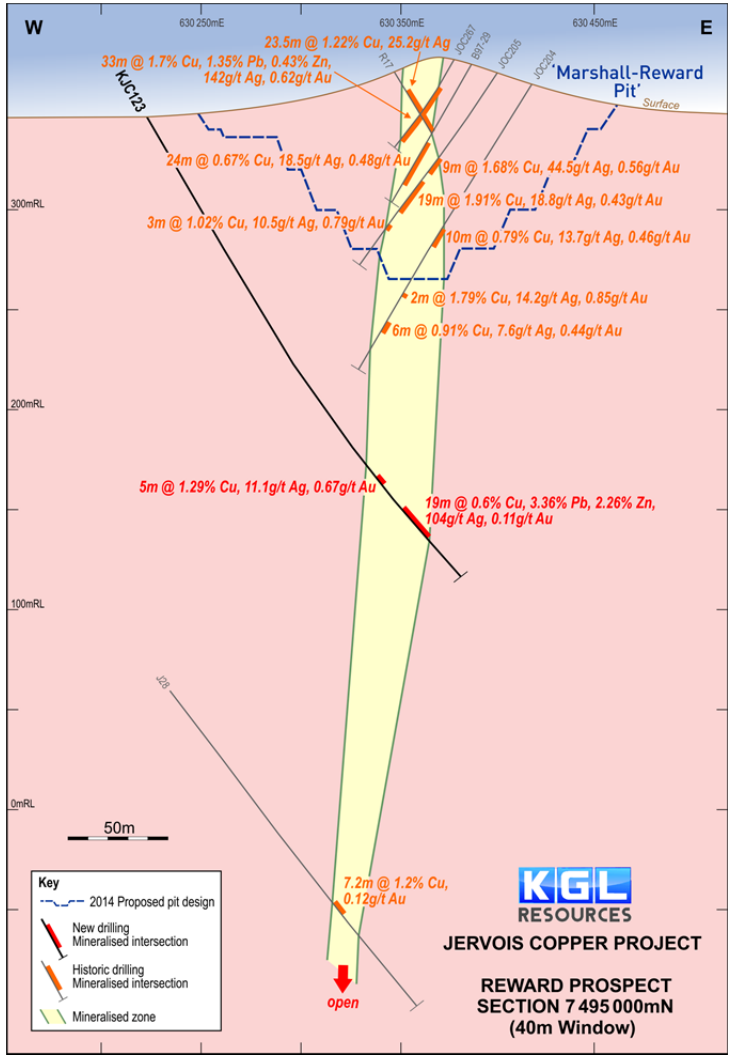

Figure 3 Reward Prospect cross Section 7495000N

Table 1 Table of significant results

Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azimuth	BOX[1] (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW[2] (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJC119	630228	7494899	346	-64	85	4	298	232	237	5	2.2	0.76	0.1	0.06	6.9	0.24
								242	243	1	0.4	0.52	0.04	0.02	3.2	0.11
								246	250	4	1.7	0.49	0.02	0.05	3.5	0.21
								265	266	1	0.4	0.49	0.01	0.06	3.6	0.31
								280	281	1	0.4	0.2	0.04	0.1	3.9	0.77
KJC120	630160	7494630	346	-59	91	9	346	317	319	2	1.3	1.47	0.01	0.05	27.3	0.13
KJC121	630099	7494620	347	-61	85	33	436	368	369	1	0.6	0.7	0.03	0.04	4.3	0.04
								386	388	2	1.2	1.34	0.1	0.02	2.2	0.16
								393	397	4	2.4	0.51	7.91	4.4	163.3	0.13
								397	401	4	2.4	0.13	0.37	0.63	21.1	0.17
								401	405	4	2.4	0.11	0.23	2.48	21.5	0.03
KJC122	630164	7494660	346	-51	88	9	280	160	164	4	2.5	0.83	0	0.03	12.6	0.18
								247	248	1	0.6	0.74	0.01	0.03	3.7	0.12
								252	253	1	0.6	1.21	0.04	0.02	14.4	0.12
								255	257	2	1.3	0.74	0.01	0.02	5.3	0.05
								259	261	2	1.3	0.09	0.32	0.26	44.9	0.04
								263	277	14	8.9	2.53	0.18	1.71	27.8	0.22
							Including	263	268	5	3.2	6.12	0.2	2.42	31.4	0.48
KJC123	630223	7495000	346	-59	88	13	280	214	219	5	3.0	1.29	0.01	0.04	11.1	0.67
								231	232	1	0.6	0.21	2.9	0.73	5.4	0.03
								235	254	19	12.6	0.6	3.36	2.26	104.2	0.11
							Including	235	241	6	3.9	0.96	8.37	4.64	162.9	0.16
KJC126	630126	7494431	349	-67	86	3	532	432	433	1	0.4	0.63	0.01	0.04	4	0.06
								454	458	4	1.6	0.77	0.01	0.04	4.1	0.12
								494	499	5	2.0	0.99	0.03	0.09	7.8	0.07
								502	516	14	5.6	0.93	0.04	0.12	7.5	0.06
							Including	504	508	4	1.6	1.62	0.06	0.18	12.4	0.08

Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azimuth	BOX[1] (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW[2] (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJC130	630435	7494560	349	-61	266	25	96	12	17	5	2.4	1.18	0.07	0.01	3	0.09
								33	35	2	0.9	0.69	0	0.05	1	0.03
								49	50	1	0.5	0.59	0	0.02	1.4	0.06
KJC131	630436	7494559	350	-56	263	44	178	10	11	1	0.6	0.7	0.02	0.01	0.9	0.05
								13	16	3	1.7	0.77	0.08	0.02	1	0.06
								57	59	2	1.2	1.22	0.03	0.01	7.6	0.06
KJC132	630212	7495380	350	-65	84	21	408	376	382	6	3.9	1.47	0.11	0.09	22.9	0.53

[1]*Base of Oxidisation down hole depth* [2]*Estimated true width*

For further information contact:

Mr Simon Milroy
Managing Director
Phone: (07) 3071 9003

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 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.

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 048	09/12/2013	2012
JOC 267	24/11/2014	2012
JOC 205	24/11/2014	2012
JOC 204	24/11/2014	2012
KJC 090	29/07/2014	2012
RJ 141	07/09/2011	2004
JOC 35	18/07/2014	2012
JOC 36	18/07/2014	2012
JOC 37	18/07/2014	2012
JOC 38	18/07/2014	2012
JOC 39	18/07/2014	2012
JOC 40	18/07/2014	2012

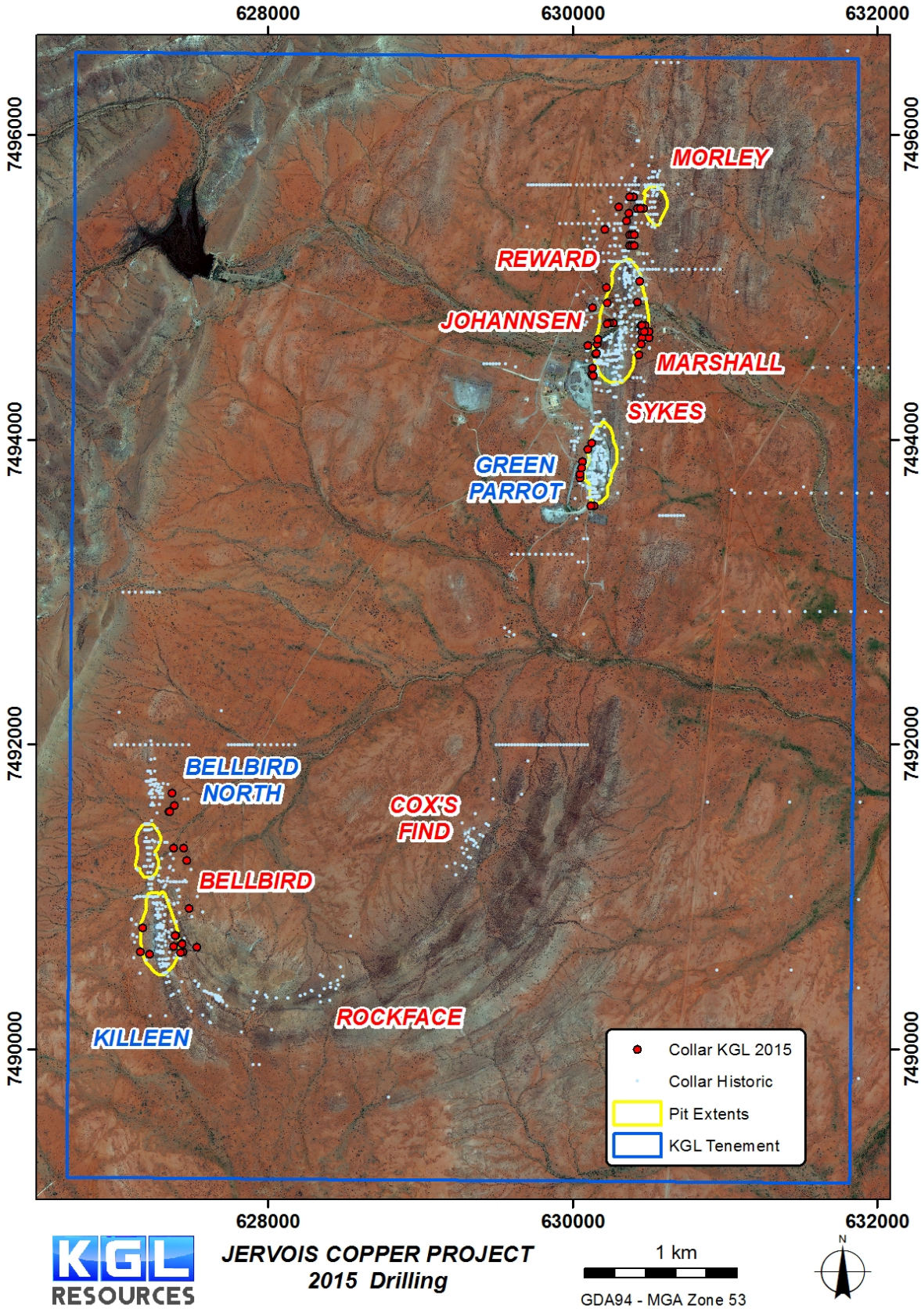

Figure 4 Plan of RC drilling for resource extension

1 JORC CODE, 2012 EDITION – TABLE 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. Metallurgical diamond drilling (JMET holes) were PQ
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.

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.*	Gold samples are assayed by Aqua Regia 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 or a transport contractor.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques are regularly reviewed.

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 E30242 100% owned by Jinka Minerals and operated by Kentor Minerals (NT), both wholly owned subsidiaries of KGL Resources. • The Jervois project is covered by Mineral Claims 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.*	• EL30242 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

Criteria	JORC Code explanation	Commentary
		Orogenic Domain. The Arunta Orogenic 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
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 Figures 1 & 4