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29 July 2015

KGL increases and upgrades copper, silver, lead and zinc Resources at Jervois, NT

Highlights of Resource Update

- **21% increase in Total Resource to 30.5Mt**
- **36% increase in Indicated Resources to 11.5Mt**
- **17% increase in contained copper to 327,000 tonnes**
- **26% increase in contained silver to 22.6Moz**
- **59% increase in contained lead-zinc to 190,000 tonnes**

KGL Resources Limited (KGL) announces that the global resource at Jervois in the Northern Territory has been increased by 21% to 30.5 Mt @ 1.07% copper and 23.0 g/t silver for a total of 327,000 tonnes of contained copper at a cut off of 0.5% copper and 22.6 million ounces of contained silver as detailed in Table 1. This includes 10.6 Mt @ 1.37% copper for 146,000 tonnes of contained copper at Marshall-Reward and 5.4Mt @ 1.62% copper for 88,000 tonnes of contained copper at Bellbird at a cut off of 0.75% copper.

The Resource Update follows a recent drilling program to increase and upgrade the resource. The drilling has been central to the current work of optimising the Pre-Feasibility Study as KGL moves towards the development of Jervois as a significant copper, silver and multi-metal mine.

A specific objective of the drilling was to upgrade the resources within the proposed open pit boundaries to increase confidence in the material to be delivered to the mill in the early years of operation. This has been successfully achieved with a 36% increase in total Indicated Resources. Included is a substantially higher level of increase in the indicated category of lead-zinc resource by 0.7Mt to 1Mt due mostly to infill drilling at the Green Parrot deposit.

With recent metallurgical test work confirming that good recoveries could be achieved for lead and zinc at Jervois, this type of mineralisation was also targeted by the recent drilling. The lead-zinc resources increased by 70% from 2.2Mt to 3.8Mt with the Green Parrot resource increasing from 1.1Mt to 1.9Mt and the high-grade Reward lead-zinc resource increasing by 0.5Mt.

A number of mineral occurrences parallel to and along strike from Marshall-Reward were tested including Sykes and Johannsen. This near surface mineralisation has the potential to provide additional low cost, open cut mining material though typically at a lower grade to the main copper resources.

KGL Resources Managing Director Simon Milroy commented: "We are very pleased with the progress made in the priorities we set for our drilling program -

- To upgrade the confidence in the resource for those critical first few years of mine life, and
- To increase the resource by step out drilling from earlier high grade intercepts,

so that we can begin to assess the true potential of the Jervois project."

"The drilling program assessed the potential of several zones of shallow mineralisation at other new prospects that had the potential to provide low cost open pit material to the mill. Some of these new zones, previously fell within the planned pit outlines and hence were previously classified as waste."

"The PFS announced last December found Jervois to be a viable project. We confidently expect the optimised PFS to be completed in October to result in further improved economic parameters and considerably increased free cash flow.

"There is clearly the prospect of more discoveries at Jervois. We expect the recently completed 3DIP survey will define the potential for near surface mineralisation in new areas that have not previously been explored. "

The new Exploration Potential of the larger deposits identified by H&S Consulting consists of areas peripheral to the current Inferred Resources within the interpreted mineral wireframes, unconstrained by depth. This is estimated to be a combined total for Marshall-Reward, Bellbird and Green Parrot of 4–8 Mt @ 0.8 to 1.2% copper and 7 to 15g/t silver at a 0.5% copper cut off (40,000 to 100,000 tonnes copper and 1.5 to 5 Mozs silver) (See Figures 1 and 2). The resources are open at depth and there is additional potential along strike.

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.

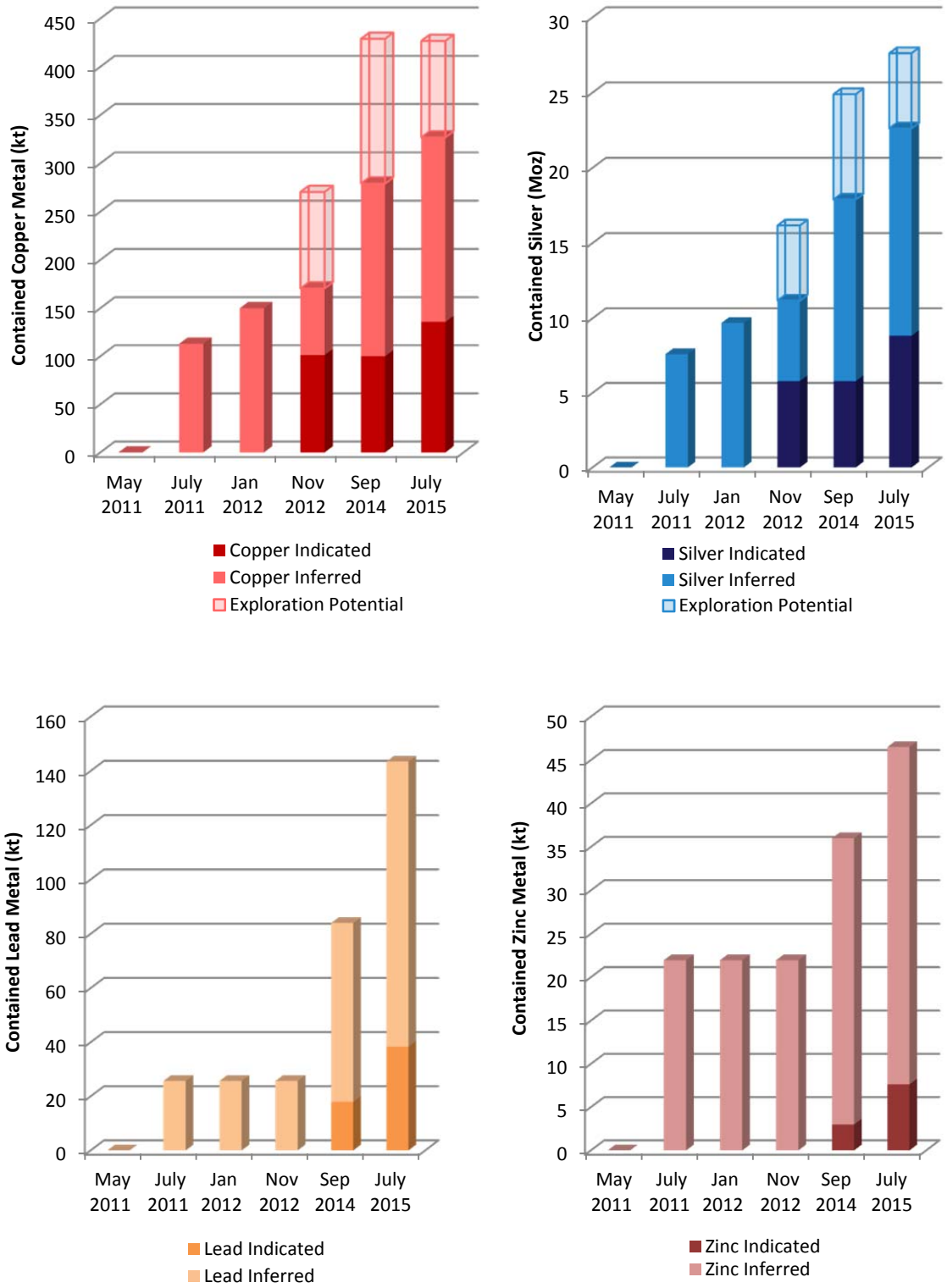

Figure 1 Charts of contained metal resource growth at Jervois by KGL Resources

Table 1 2015 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	1.4	1.45	35.6			20.1	1.6			0.5
Copper	Inferred	0.3	0.90	20.2			2.5	0.2			0.5
Reward	Indicated	5.0	1.14	25.3			57.1	4.1			0.5
Copper	Inferred	7.6	1.02	22.2			78.0	5.4			0.5
East Reward	Inferred	2.0	0.82	7.1			16.9	0.5			0.5
Bellbird	Indicated	4.1	1.22	7.7			49.9	1.0			0.5
	Inferred	4.3	1.29	8.5			55.9	1.2			0.5
Cox's Find	Inferred	0.7	0.87	2.8			6.0	0.1			0.5
Rock Face	Inferred	0.7	0.82	3.1			6.0	0.1			0.5
TOTAL	**Indicated**	**10.5**	**1.21**	**19.8**			**127.0**	**6.7**			
	Inferred	**16.2**	**1.06**	**14.6**			**172.1**	**7.6**			
	TOTAL	**26.7**	**1.12**	**16.6**			**299.1**	**14.3**			

Jervois Lead/Zinc Resources	Category	Tonnes Mt	Copper %	Silver g/t	Lead %	Zinc %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Reward	Indicated	0.5	0.74	70.7	6.8	0.9	3.6	1.1	33.6	4.4	None
Lead/Zinc	Inferred	0.8	0.51	90.9	8.6	1.2	4.1	2.3	69.4	9.4	None
Green Parrot	Indicated	0.5	0.99	64.0	0.9	0.6	5.1	1.1	4.7	3.2	0.3
Lead/Zinc	Inferred	1.4	0.81	78.0	1.8	0.9	11.1	3.4	24.4	12.8	0.3
Bellbird North	Inferred	0.7	0.57	17.9	1.7	2.5	3.8	0.4	11.3	16.7	0.2
TOTAL	**Indicated**	**1.0**	**0.87**	**67.3**	**3.8**	**0.8**	**8.7**	**2.2**	**38.3**	**7.6**	
	Inferred	**2.8**	**0.67**	**67.6**	**3.7**	**1.4**	**19.0**	**6.2**	**105.1**	**38.9**	
	TOTAL	**3.8**	**0.72**	**67.5**	**3.7**	**1.2**	**27.7**	**8.4**	**143.4**	**46.5**	

2015 Combined	**TOTAL**	**30.5**	**1.07**	**23.0**			**327**	**22.6**	**143**	**47**	
2014 Combined	**TOTAL**	**25.3**	**1.10**	**22.1**			**280**	**18.0**	**84**	**36**	
2015/2014	**% Variance**	**21**					**17**	**26**	**72**	**30**	

**These tables may contain minor rounding errors*

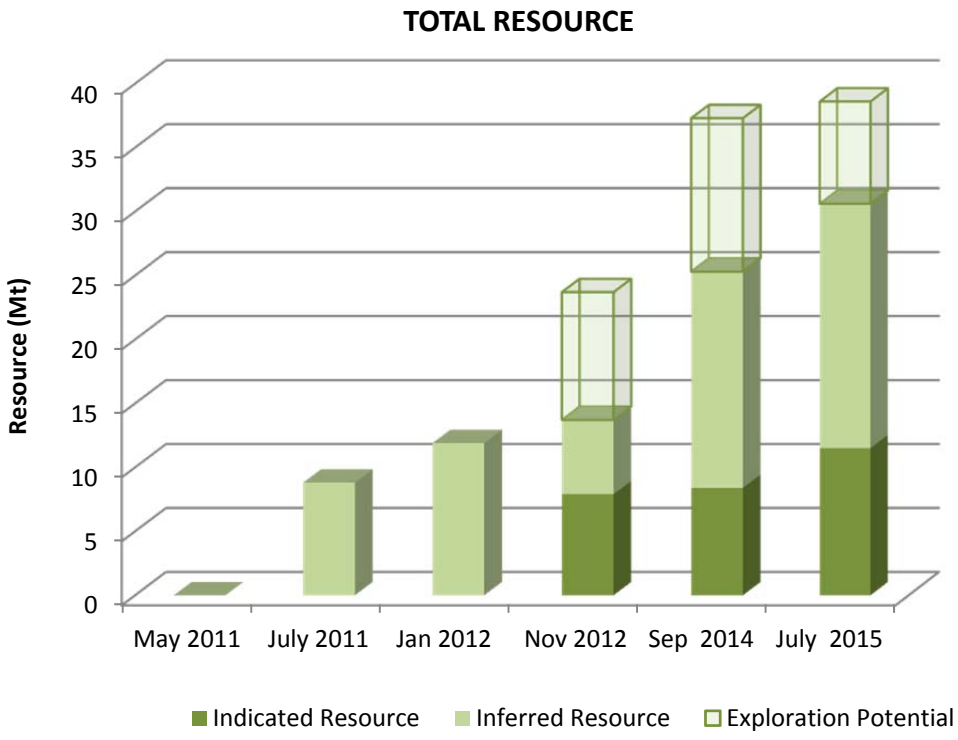

Figure 2 Chart of Resource tonnes growth at Jervois by KGL Resources

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
Green Parrot	Inferred				0.5
TOTAL	**Indicated**				
	Inferred	**21.4**	**0.16**	**113**	
	TOTAL	**21.4**	**0.16**	**113**	

**These tables may contain minor rounding errors*

A global gold resource is 21.4Mt @ 0.16g/t for 113,000ozs at a copper cut off of 0.5% (Table 2).
The gold resource has not been updated since the Sept 2014 estimate. Validation of gold assays from 2015 drilling are pending. Updating of the gold resource will be completed when this is finalised.
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.

Geology & Mineralisation

The Jervois deposit has been characterised as a hybrid SEDEX-VHMS deposit by both CSIRO and an independent study conducted by the NTGS in 2014. Characteristics observed at Jervois that are consistent with this style of mineralisation include:

- Cu-Pb-Zn mineralisation is stratiform and extending over several kilometres along strike with repeating stratigraphy due to folding
- Mineralisation occurred syngenetically as a hydrothermal exhalative event, prior to metamorphism and deformation
- The sedimentary host rocks and mineral zonation suggest a SEDEX deposit, while high Cu grade is more common in VHMS deposits.

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 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. Bellbird (Cu), Rockface (Cu) and Cox's Find (Cu) are essentially copper (+silver) deposits, while the Marshall-Reward deposit is predominantly copper/silver with some lenses of high grade lead/zinc mineralisation adjacent to or interleaved with the copper mineralisation. Those deposits that exhibit a more polymetallic nature include Green Parrot, Bellbird North and the southern part of the Bellbird East deposit. A location map of the deposits with the regional geology is shown in Figure 3.

Next Steps

The updated resource block models are now being used as the basis for the pit optimisation and mine design. This will lead to an updated mine schedule to be used in the optimised pre-feasibility study to be completed in October.

The results of the 3DIP survey are expected to be finalised in the next few days. Drill testing of the anomalies generated in the 3DIP survey will commence shortly.

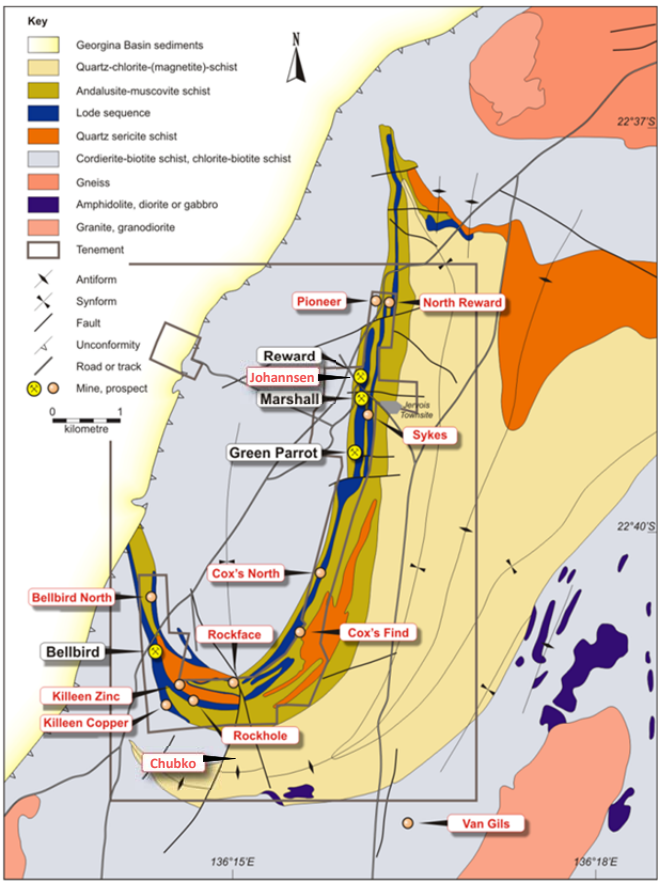

Figure 3 Location and Regional Geology Map

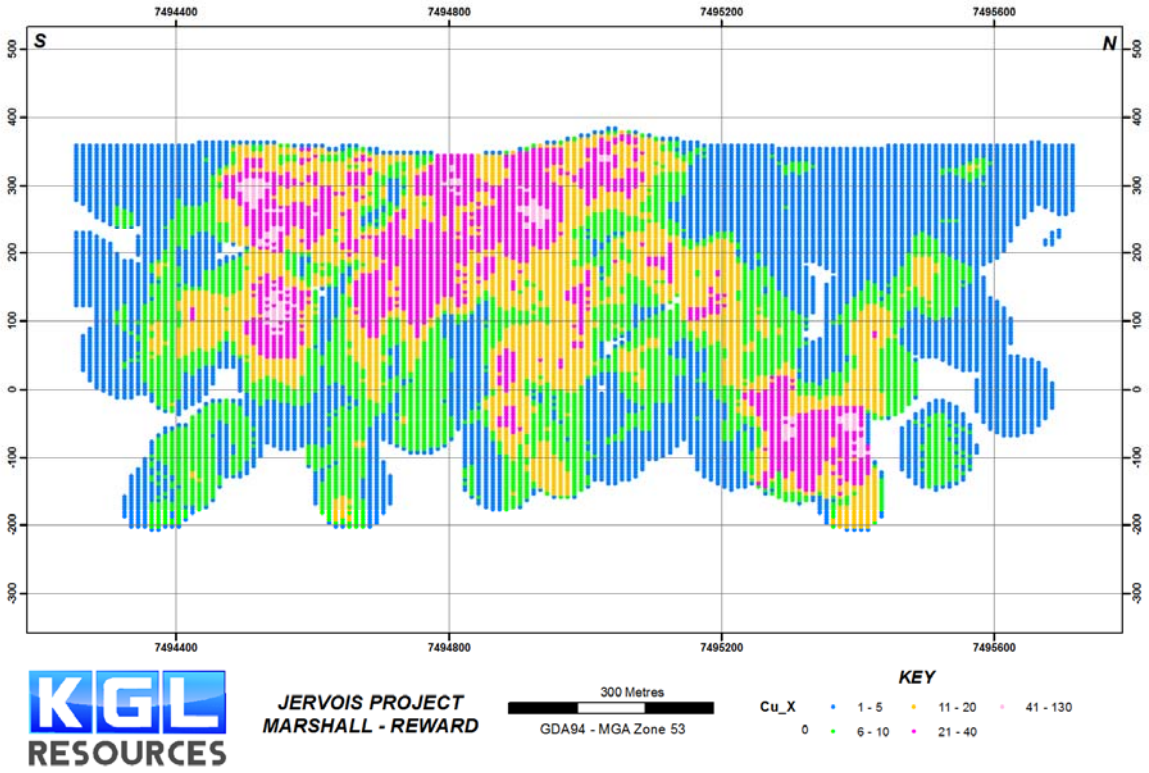

Figure 4 Copper Grade Thickness of Marshall-Reward

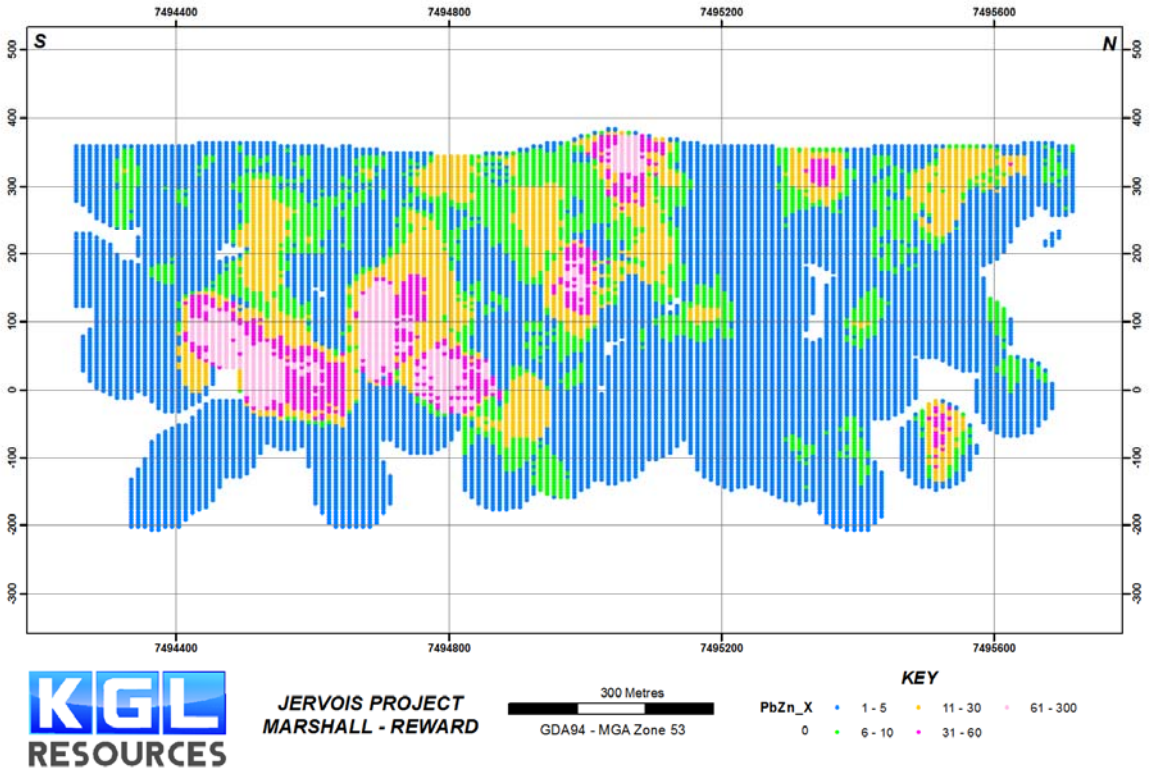

Figure 5 Lead + Zinc Grade Thickness of Marshall-Reward

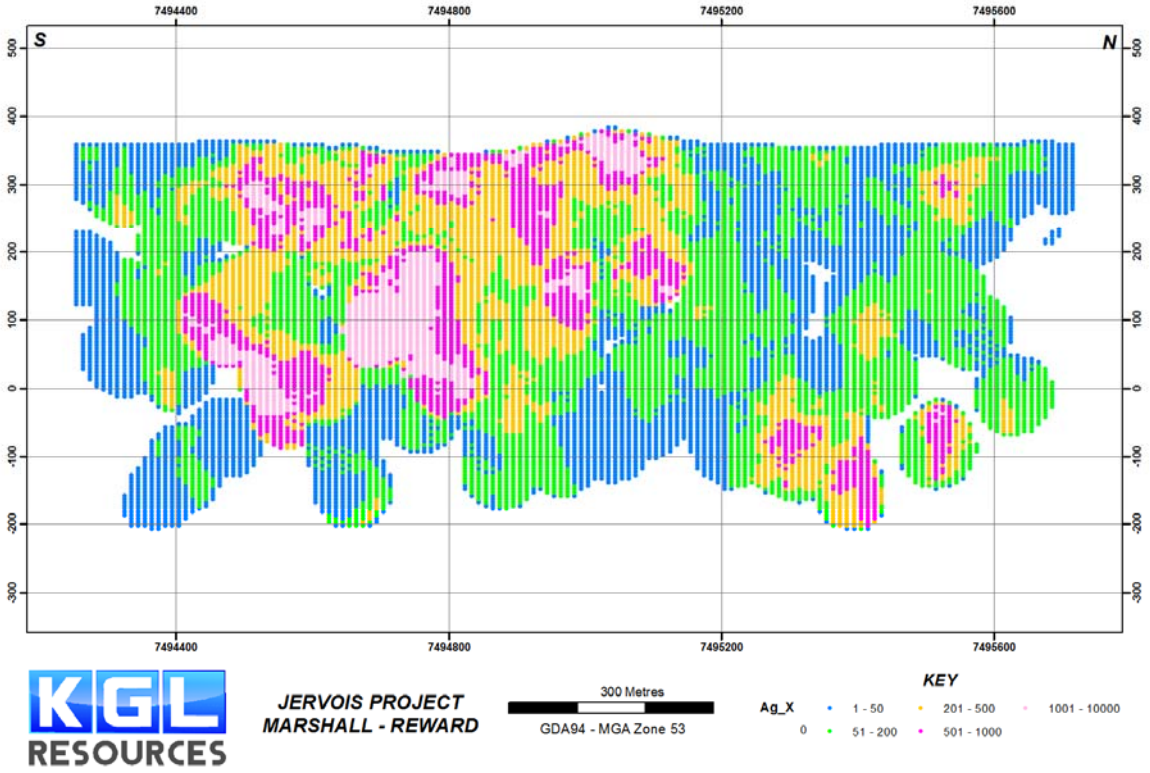

Figure 6 Silver Grade Thickness of Marshall-Reward

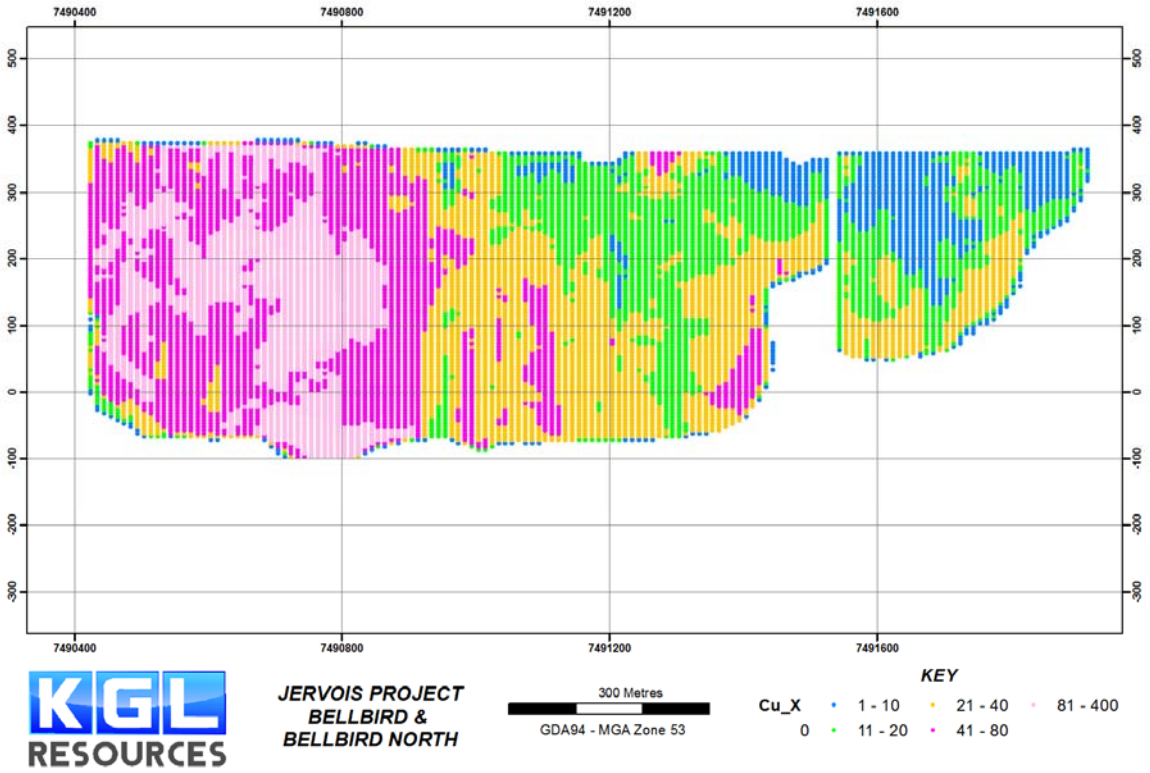

Figure 7 Copper Grade thickness of Bellbird West and North lodes

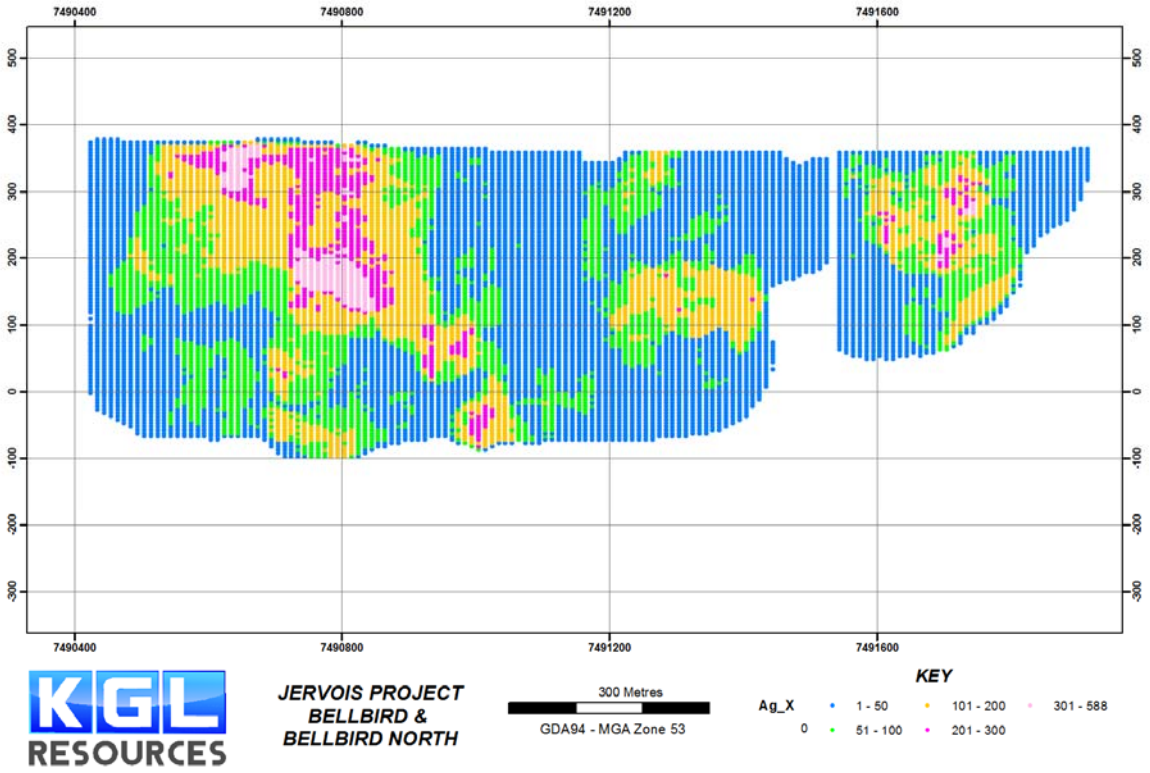

Figure 8 Silver Grade thickness of Bellbird West and North lodes

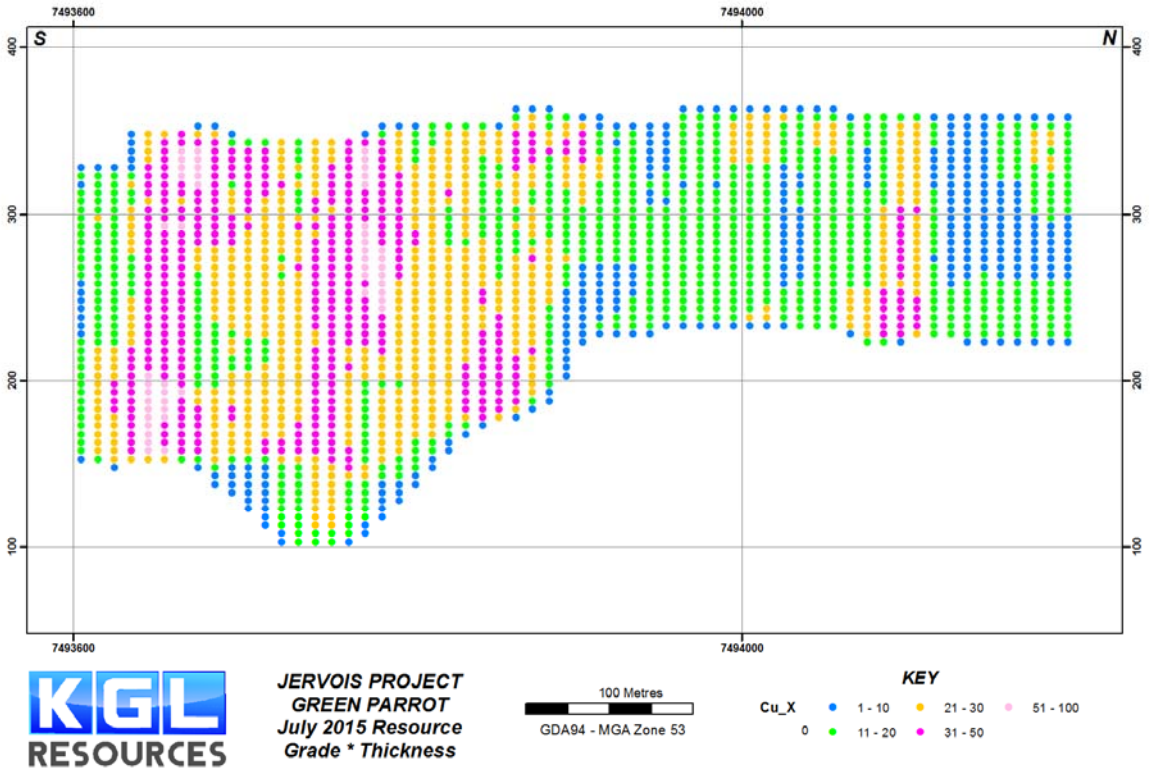

Figure 9 Copper grade thickness of Green Parrot East & West lodes

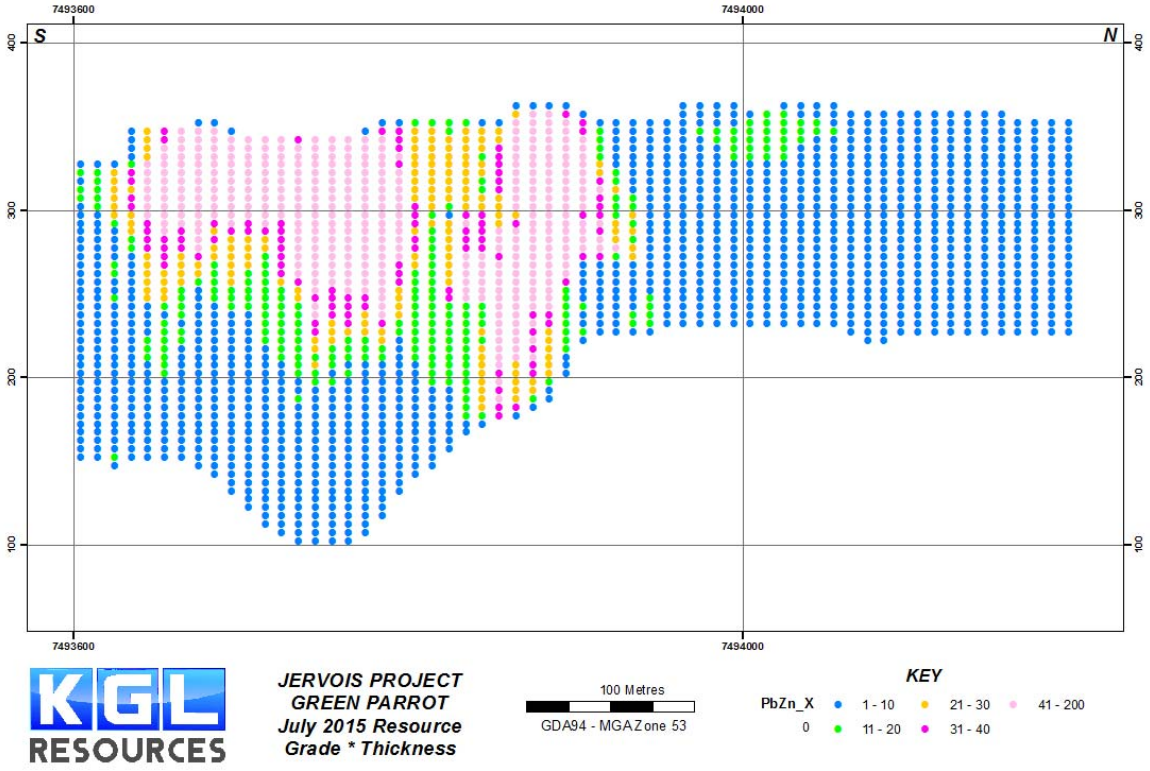

Figure 10 Lead + Zinc grade thickness of Green Parrot East & West lodes

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 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 and Exploration Potential 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.

The 2014 Jervois Resources information was first released to the market on 15 September 2014 and complies with JORC 2012.

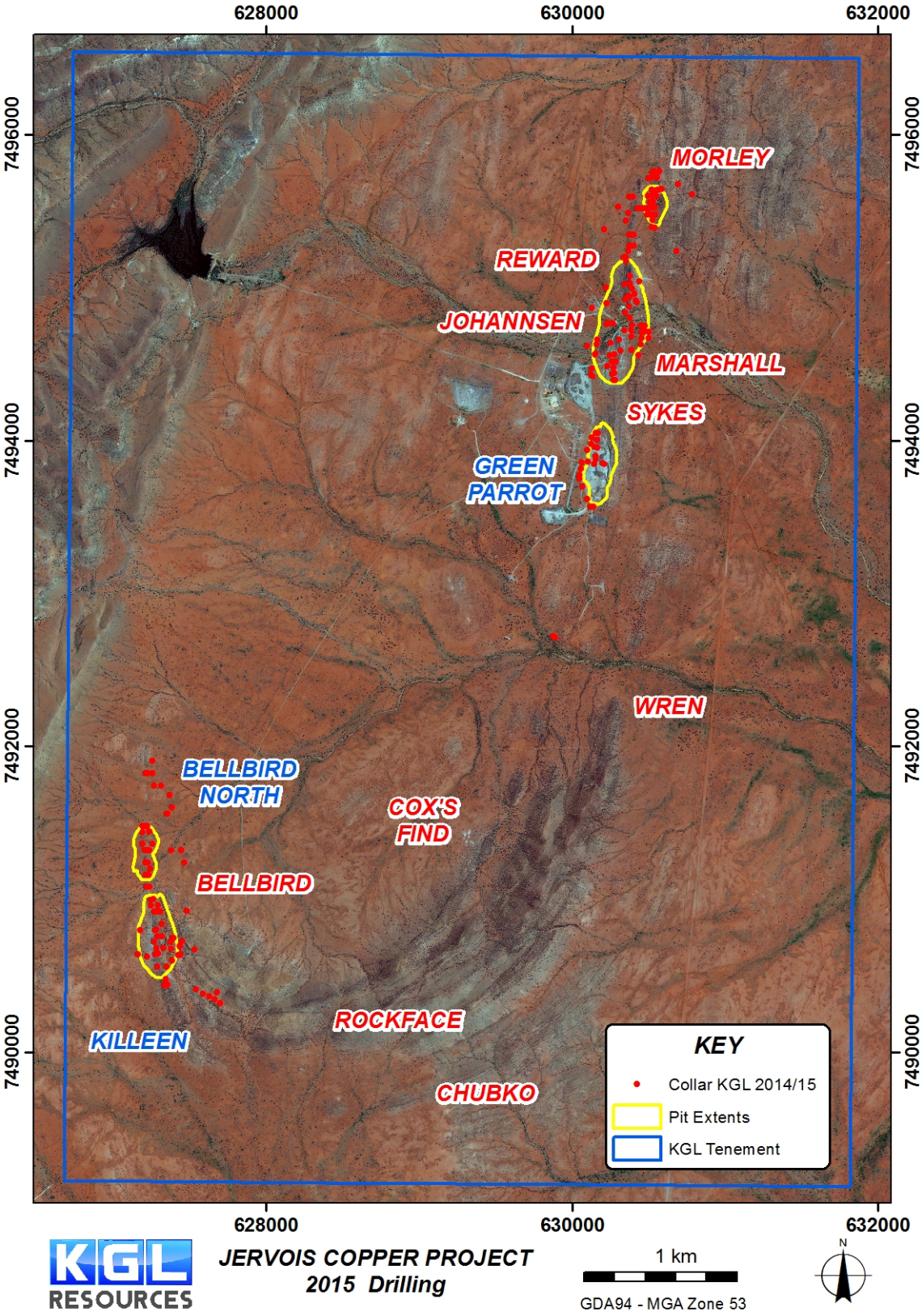

Figure 11 Plan of drilling at Jervois

Table 3 Marshall-Reward Global Grade Tonnage Data

Lode	Cu Cut off %	Tonnes	Cu %	Ag g/t	Cu tonnes	Ag ozs
Marshall	0.5	1,674,056	1.35	33.0	22,660	1,774,876
Reward	0.5	13,217,931	1.07	26.9	141,273	11,445,623
Rew_East_HW	0.5	2,048,966	0.82	7.1	16,861	470,274
Rew_East_FW	0.5	521,309	1.34	12.6	6,980	210,904
Sykes	0.5	42,839	0.65	6.5	278	8,893
Total	0.5	17,505,101	1.07	24.7	188,057	13,910,645
Marshall	0.75	1,246,720	1.60	38.6	19,992	1,546,775
Reward	0.75	7,966,632	1.37	30.5	109,199	7,815,753
Rew_East_HW	0.75	989,188	1.05	8.8	10,382	281,012
Rew_East_FW	0.75	420,881	1.51	13.9	6,364	188,666
Sykes	0.75	6,711	0.99	5.8	66	1,244
Total	0.75	10,630,132	1.37	28.8	146,005	9,833,385
Marshall	1.0	944,860	1.84	44.2	17,370	1,343,767
Reward	1.0	4,988,458	1.67	32.5	83,178	5,211,254
Rew_East_HW	1.0	451,179	1.27	10.7	5,738	155,113
Rew_East_FW	1.0	334,201	1.68	15.2	5,605	162,942
Sykes	1.0	1,802	1.37	5.3	25	309
Total	1.0	6,720,500	1.67	31.8	111,910	6,873,494
Marshall	1.5	533,391	2.31	55.42	12,312	950,551
Reward	1.5	2,118,530	2.29	39.58	48,614	2,696,460
Rew_East_HW	1.5	56,749	1.80	13.34	1,022	24,338
Rew_East_FW	1.5	153,166	2.23	19.92	3,420	98,115
Sykes	1.5	652	1.82	6.08	12	128
Total	1.5	2,862,487	2.28	40.96	65,379	3,769,647

(use of significant figures does not imply accuracy)

Table 4 Bellbird Global Grade Tonnage Data

Lode	Cu Cut off %	Tonnes	Cu %	Ag g/t	Cu tonnes	Ag ozs
West	0.5	7,583,817	1.30	8.4	98,665	2,044,217
West 2	0.5	361,021	0.85	4.1	3,083	48,128
East 2	0.5	188,508	1.22	11.4	2,305	68,948
East 1	0.5	290,972	0.58	4.0	1,688	37,555
Total		8,424,317	1.26	8.1	105,725	2,198,991
West	0.75	5,092,493	1.64	10.3	83,415	1,687,400
West 2	0.75	142,790	1.25	4.0	1,788	18,329
East 2	0.75	161,804	1.31	11.1	2,126	57,885
East 1	0.75	18,727	0.92	5.0	172	2,981
Total		5,415,814	1.62	10.1	87,520	1,766,496
West	1.0	3,614,037	1.95	12.2	70,582	1,417,609

West 2	1.0	100,336	1.42	4.1	1,424	13,150
East 2	1.0	133,222	1.41	11.7	1,876	50,012
East 1	1.0	2,871	1.33	6.4	38	595
Total		3,850,466	1.92	12.0	73,890	1,481,377
West	1.5	2,124,238	2.47	15.6	52,384	1,063,827
West 2	1.5	30,881	1.86	3.8	575	3,797
East 2	1.5	53,056	1.74	13.2	925	22,493
East 1	1.5	1,138	1.80	8.4	20	309
Total		2,209,313	2.44	15.4	53,907	1,090,449

(use of significant figures does not imply accuracy)

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
0.2	661,453	0.57	17.9	1.71	2.52	3,777	380,644	11,298	16,662
0.5	336,455	0.83	21.1	2.24	3.12	2,786	228,443	7,550	10,497
0.75	175,318	1.01	21.5	2.53	3.44	1,772	121,426	4,432	6,033
1	69,913	1.24	23.5	3.12	4.14	865	52,853	2,182	2,897
1.5	8,312	1.75	21.5	4.02	4.92	145	5,753	334	409

(use of significant figures does not imply accuracy)

Table 6 Green Parrot Global Grade Tonnage Data

Lode	Cu Cut off %	Tonnes	Cu %	Ag g/t	Pb %	Zn %	Cu tonnes	Ag ozs	Pb tonnes	Zn tonnes
West	0.3	986,586	0.77	60.9	1.23	0.71	7,567	1,933,233	12,174	7,044
East	0.3	894,737	0.96	88.9	1.90	1.00	8,581	2,558,056	16,955	8,947
Total	0.3	1,881,322	0.86	74.2	1.55	0.85	16,142	4,491,278	29,142	15,991
West	0.5	584,196	1.02	75.6	1.37	0.75	5,970	1,420,442	7,980	4,376
East	0.5	612,711	1.22	109.9	2.10	1.15	7,487	2,165,608	12,885	7,065
Total	0.5	1,196,907	1.12	93.2	1.74	0.96	13,453	3,586,064	20,862	11,442
West	0.75	314,616	1.37	91.6	1.42	0.75	4,310	927,055	4,461	2,356
East	0.75	447,960	1.45	125.7	2.33	1.32	6,486	1,810,695	10,446	5,913
Total	0.75	762,576	1.42	111.7	1.96	1.08	10,798	2,737,746	14,908	8,266
West	1.0	177,888	1.76	102.8	1.41	0.72	3,127	587,854	2,508	1,283
East	1.0	299,141	1.73	147.2	2.90	1.67	5,178	1,415,581	8,666	5,002
Total	1.0	477,028	1.74	130.6	2.34	1.32	8,305	2,003,441	11,177	6,282
West	1.5	69,261	2.66	104.8	1.67	0.82	1,844	233,439	1,159	571
East	1.5	153,558	2.20	182.9	4.06	2.47	3,377	903,178	6,228	3,799
Total	1.5	222,819	2.34	158.6	3.32	1.96	5,221	1,136,613	7,389	4,369

(use of significant figures does not imply accuracy)

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. • Other sampling techniques may have been used prior to KGL Resources involvement in 2011.
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 NQ or HQ 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.
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 6mm and then pulverized to 85% passing 75 microns. • Sampling techniques used by KGL are appropriate and generate sub-samples for analysis that are representative of the whole sample.

Criteria	JORC Code explanation	Commentary
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, 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.*	• 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 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. • Assay methods are appropriate for the style of mineralisation and provide results of acceptable accuracy.
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. • Below detection limit results are replaced in the database with values of half the detection limit. • Selected holes are twinned. • Intersections in selected historic holes were visually validated.
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. • A digital terrain model was generated using grid based DGPS data and surveyed drillhole collar data.
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. • 4m RC composite samples were used in unmineralised portions of the hangingwall and footwall.
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. • There is no sampling bias based on drill hole orientation.
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 and contains two Mining Leases, ML30180 and ML30182 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 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.*	• E25429, ML30180 and ML30182 lie on the Huckitta 1: 250 000 map sheet (SF 53-11). The tenement is located mainly within the Palaeo-Proterozoic Bonya Metamorphics on the northeastern boundary of the Arunta 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.*	• N/A
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.*	• N/A
Relationship between mineralisation widths and	• *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.*	• Refer Figures 4-10. The width of the resource block is multiplied by the grade for that block and summed for all blocks within the wireframe that have a common northing and RL

Criteria	JORC Code explanation	Commentary
intercept lengths	• *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').*	
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 3-10
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.*	• N/A
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 4-10

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 the 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 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. • KGL have recommended the removal of 61 holes from the database due to suspect locations, lack of sampling or geological inconsistencies.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been*	• 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

Criteria	Explanation	Commentary
	undertaken indicate why this is the case.	resource estimates, 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 geological interpretation of the Jervois mineral deposits was supplied by KGL and are reasonably well constrained by 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. 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 cut off. H&SC 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 15 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 nine additional wireframes were created representing discrete bodies of higher grade lead mineralisation at a nominal 1% Pb cut off and were used 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 base of oxidation for the Bellbird, Reward & Green Parrot deposits, which required limited modifications by H&SC, using a combination of geological logs and sulphur assays. The base of oxidation surface was used as a hard boundary for the estimation of sulphur and Acid Soluble Cu concentrations. • 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.
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 1.5 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 45 m 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 1.5 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 0.3% copper span a length of around 600m and consist of two parallel north-south striking bodies that dip steeply to the west. 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 240 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 consist 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

Criteria	Explanation	Commentary
		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 consist 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 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.*	• 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. The block models used for reporting the resource estimates were created in the Surpac mining software Previous estimation of the resources of Cox's_Find and Rockface in 2014 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. • A total of 17,138 copper composites were used in the resource estimation. Composite totals for silver, lead, zinc and gold were 16,363, 16,833, 15,373 and 14,055 respectively. • 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 Green Parrot West and Green Parrot East silver values were top-cut to 364 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 October 2014 by H&SC. The current resource estimate s are based on additional geological and assay data from 231 new drill holes for just over 28,000m 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. • 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, 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 Cox's_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 of 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

Criteria	Explanation	Commentary
		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 of 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 block model was reviewed visually by H&SC 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 at the request of KGL who take responsibility for the cut off grades and depths below surface for reporting the resources. • A cut off grade of 0.3% Cu was used for Green Parrot to accommodate the higher lead and zinc grades; For Bellbird North a copper cut off of 0.2% Cu was used; Bellbird North is generally higher lead and zinc grades than Green Parrot • The Reward lead /zinc lenses were reported within the mineral wireframes at a zero Pb% cut off grade.
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 not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The Jervois resources were estimated on advice supplied by KGL, that the shallow resources will be targeted using conventional open pit mining methods and the deeper resources will be 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
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, some minor trial underground exploration at Marshall-Reward and trial surface mining at Bellbird.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the*	• Density data has been determined on single pieces of core using the Archimedes Method with 8,199 results supplied. Density data

Criteria	Explanation	Commentary
	assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and 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.*	from the oxidation zone 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 measured density values using Ordinary Kriging 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 default 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 tend 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 drillhole location, geological 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 including the geological interpretation, used to estimate the Mineral Resources. KGL also take responsibility for the cut off grades for reporting the resources and the depth to which the resources are reported. • 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*	• 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 2014 estimates indicates that the new changes are in line with expectations. • A confidence issue surrounds the veracity of the historical data and hence the lack of Measured Resources. • 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.

Criteria	Explanation	Commentary
	procedures used. • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	