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# JERVOIS PRE-FEASIBILITY STUDY

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*October 2015*



# Contents

Corporate Overview	P3	Mineral Resource	P17
Introduction	P5	Ore Reserve	P19
Location Plan	P6	Comparative Analysis	P20
PFS Key Metrics	P7	Site Layout	P24
Capital Costs	P8	Exploration	P27
Operating Costs	P9	3D Fly Through	P28
Processing Plant Layout	P10		
Production Schedule	P12		
Concentrate Production	P13		
Project Cash Flow	P14		
Project Schedule	P15		
Sensitivity Analysis	P16		



# Corporate Overview

ASX CODE	KGL
Issued shares	141.5 million
Options	2.8 million
Share Price	14 cents
Market Capitalisation (20 Oct 15)	\$20 million
Cash (30 June 2015)	\$4.8 million
Debt	Nil

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## BOARD OF DIRECTORS

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Simon Milroy – *Managing Director*

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Chris Bain – *Acting Chairman*

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Brad Ellis – *Non-executive Director*

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John Taylor – *Non-executive Director*

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Denis Wood – *Non-executive Director*

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# Corporate Overview



## TOP 4 SHAREHOLDERS

KMP Investments 27.03%

HSBC Custody Nominees  
(Australia) Limited 11.49%

J P Morgan Nominees  
Australia Limited 7.35%

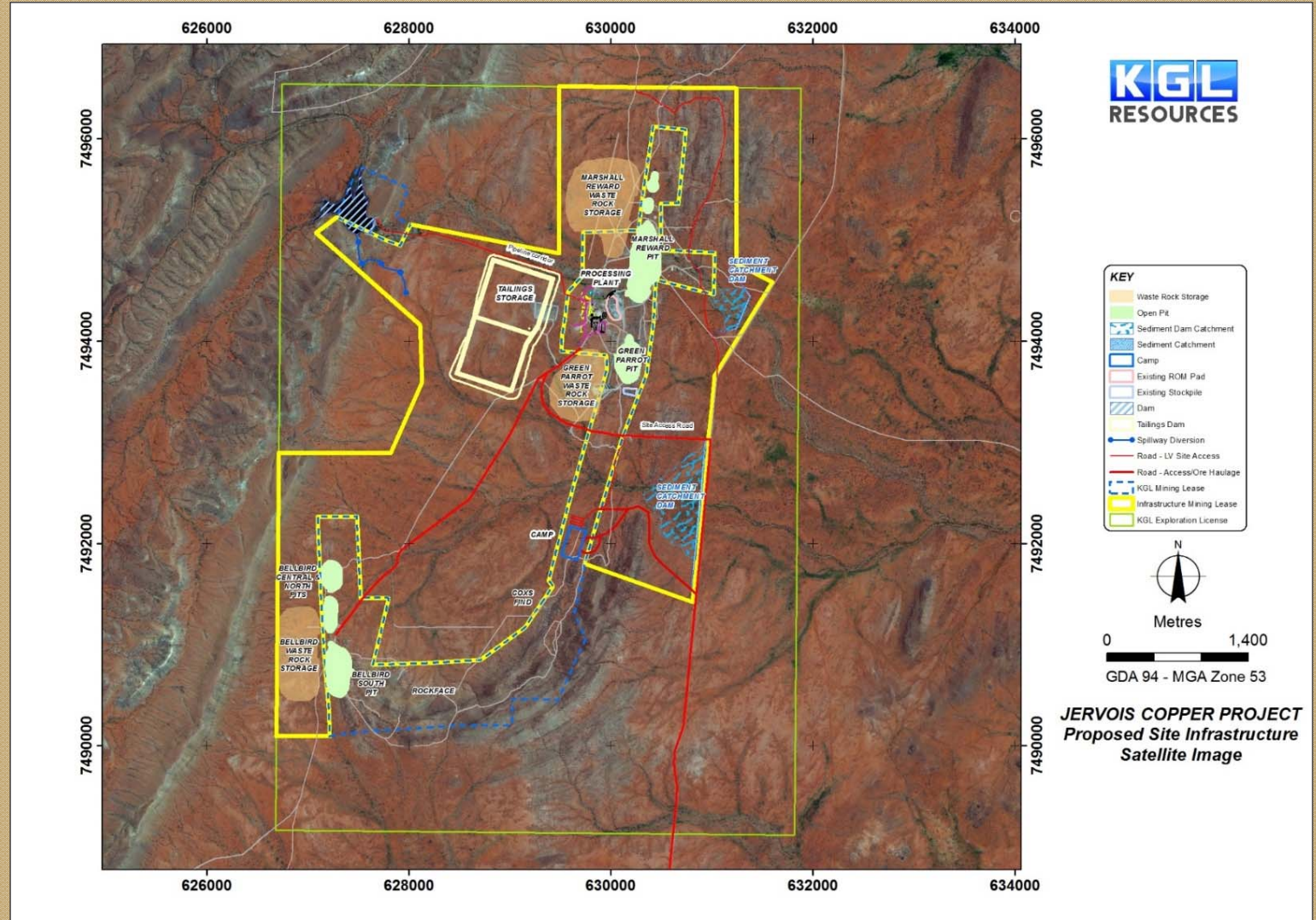
Coal Industry Services Pty Ltd 1.80%



# Introduction - Jervois Copper Project

KGL Resources has completed a Pre Feasibility Study on the Jervois Copper Project

A series of open pit and underground mines will feed a 2.2 Mtpa flotation concentrator to produce a copper concentrate.

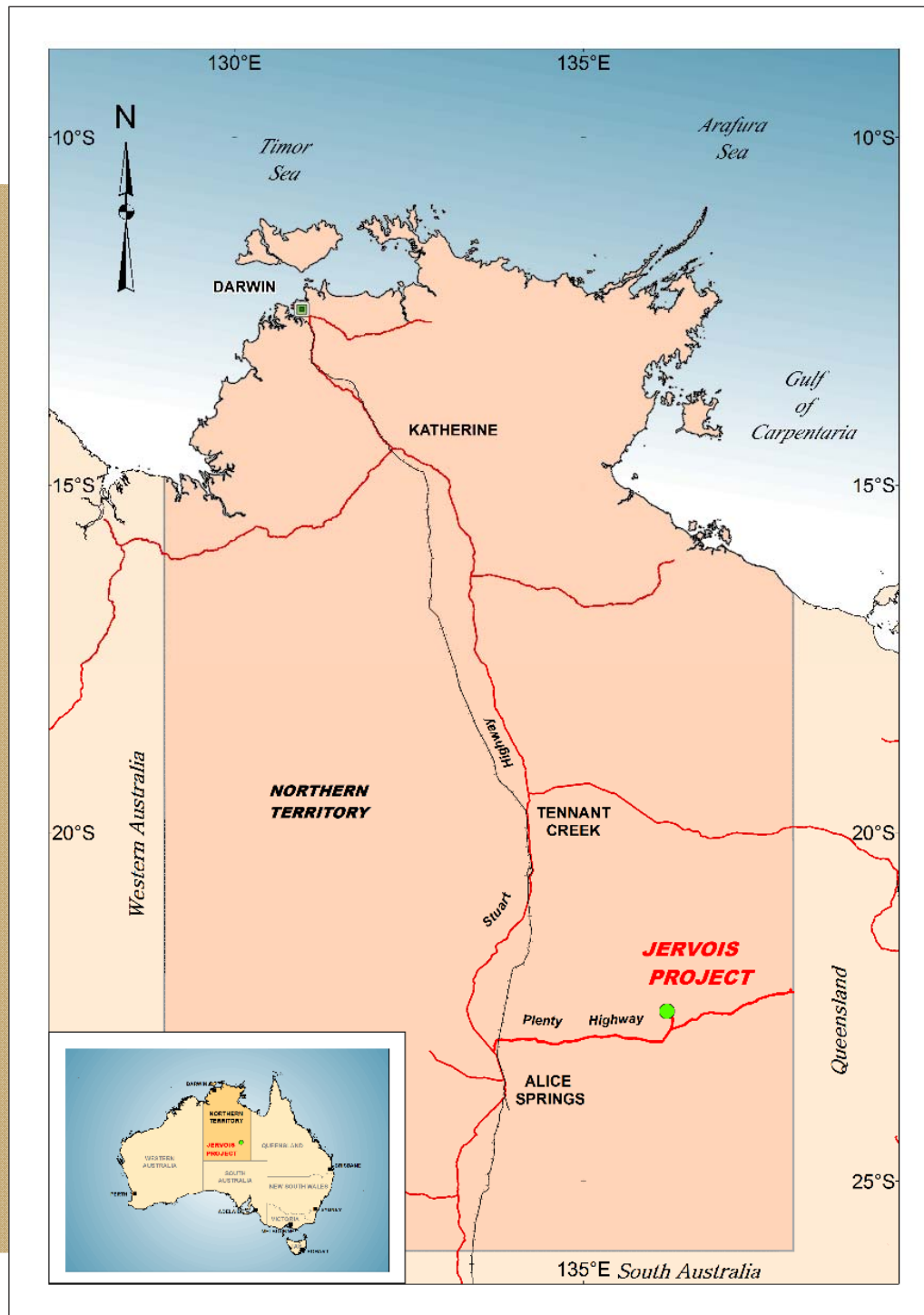




# Location

Located on existing mining licenses.

Copper concentrate to be transported by road to Alice Springs then by rail to Darwin for export.



# PFS Key Metrics

LIFE OF MINE		
Copper Resource	26.7 Mt @ 1.12% Cu and 17 g/t Ag	
Lead/Zinc Resource	3.8 Mt @ 0.72% Cu, 3.7% Pb, 1.2% Zn, 68 g/t Ag	
Mine Life	8.25 years	
Average Annual Production	21,000t Cu + by-products	
LOM C1 – Cash Costs	US\$0.88/lb	A\$1.26/lb
LOM C3 – Total Costs	US\$2.13/lb	A\$3.04/lb
Gross Revenue (net of TC/RC)	A\$2.4 billion	
Operating Cash Flow	A\$807m	
Pre-Production Capital Costs	A\$189.5m	
Deferred Capital Costs	A\$26.7m	
<b>NPV</b>	<b>A\$248m</b>	
Payback Period	3.2 years	
<b>IRR</b>	<b>35%</b>	





# Capital Costs

CAPITAL COST	A\$
Treatment plant	\$89.6m
Infrastructure	\$23.0m
Mining	\$1.4m
Construction	\$22.2m
EPCM	\$19.8m
Owner's costs	\$10.2m
<b>Sub-total</b>	<b>\$166.2m</b>
Contingency (14.0%)	\$23.2m
<b>Project Total</b>	<b>\$189.5m</b>





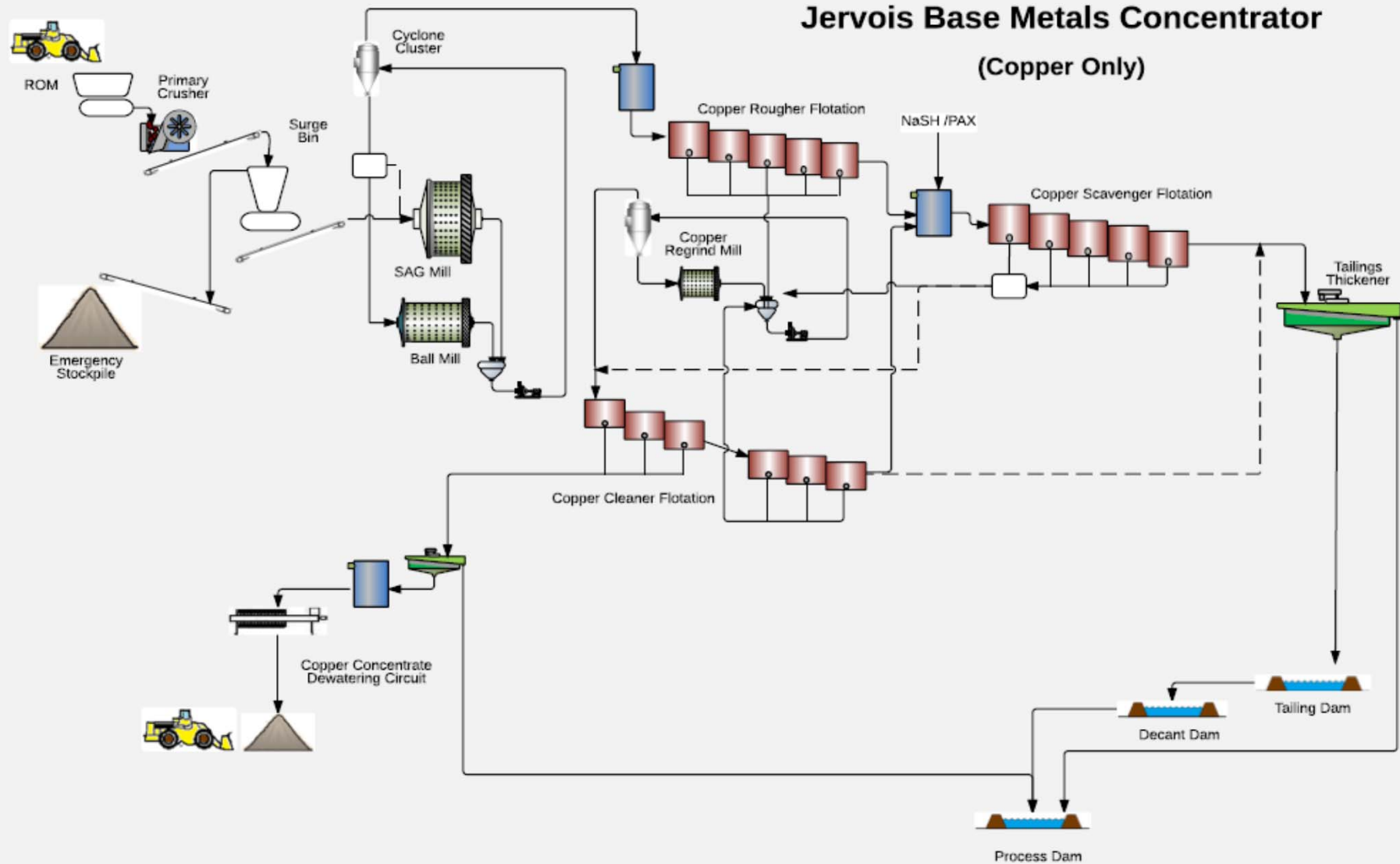
# Operating Costs

COSTS	US\$ *	A\$
Mining	\$0.60	\$0.85
Processing	\$0.58	\$0.82
General & Admin	\$0.11	\$0.16
Marketing & Transport	\$0.68	\$0.97
By-products credits	(\$1.09)	(\$1.55)
<b>C1 – Cash Costs</b>	<b>\$0.88</b>	<b>\$1.26</b>
Depreciation & Amortisation	\$1.00	\$1.43
NT State Royalties	0.25	0.34
<b>C3 – Total Costs</b>	<b>\$2.13</b>	<b>\$3.04</b>



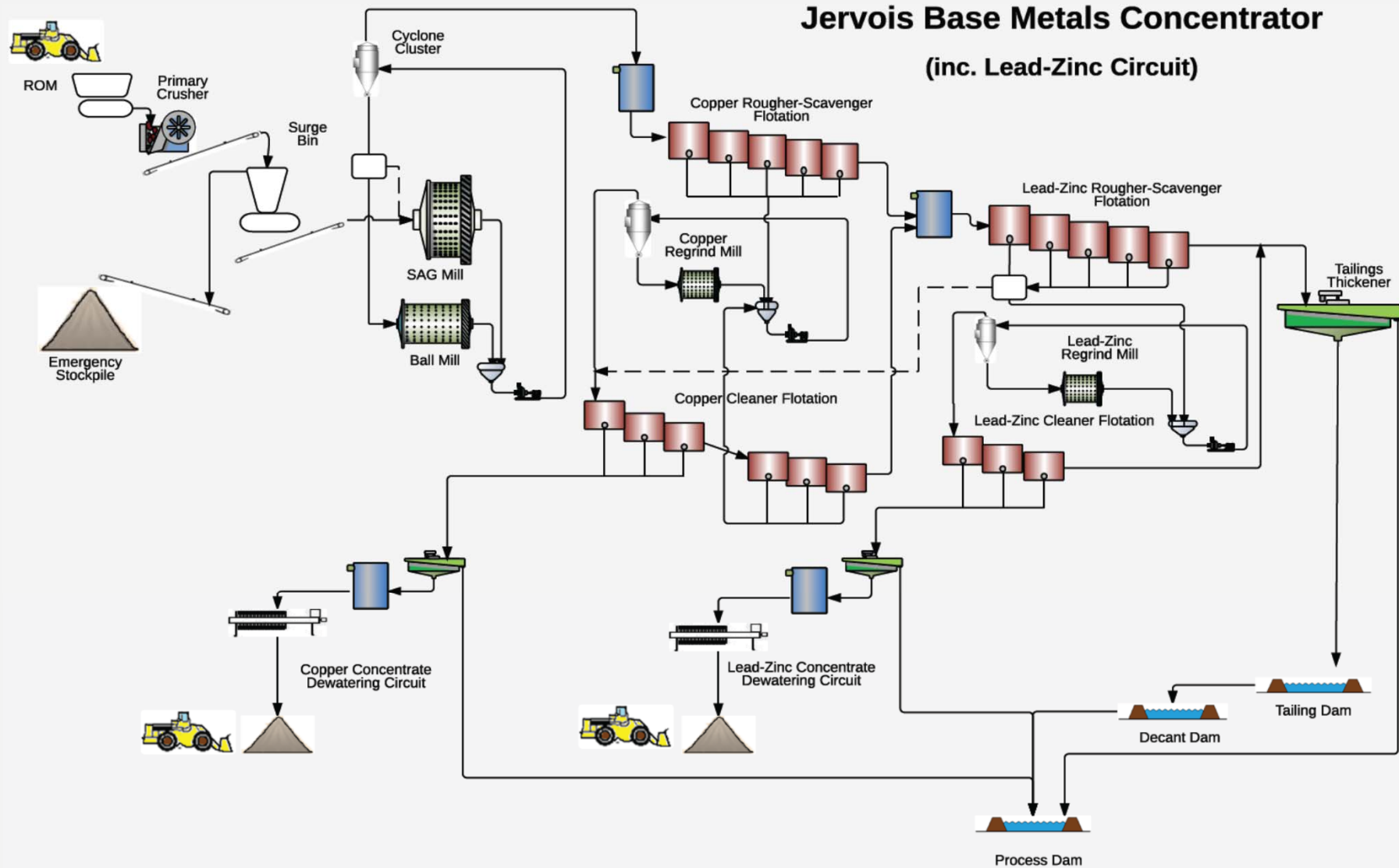
\* Assuming an A\$/US\$ exchange rate of 0.70

# Processing Plant – Copper Only

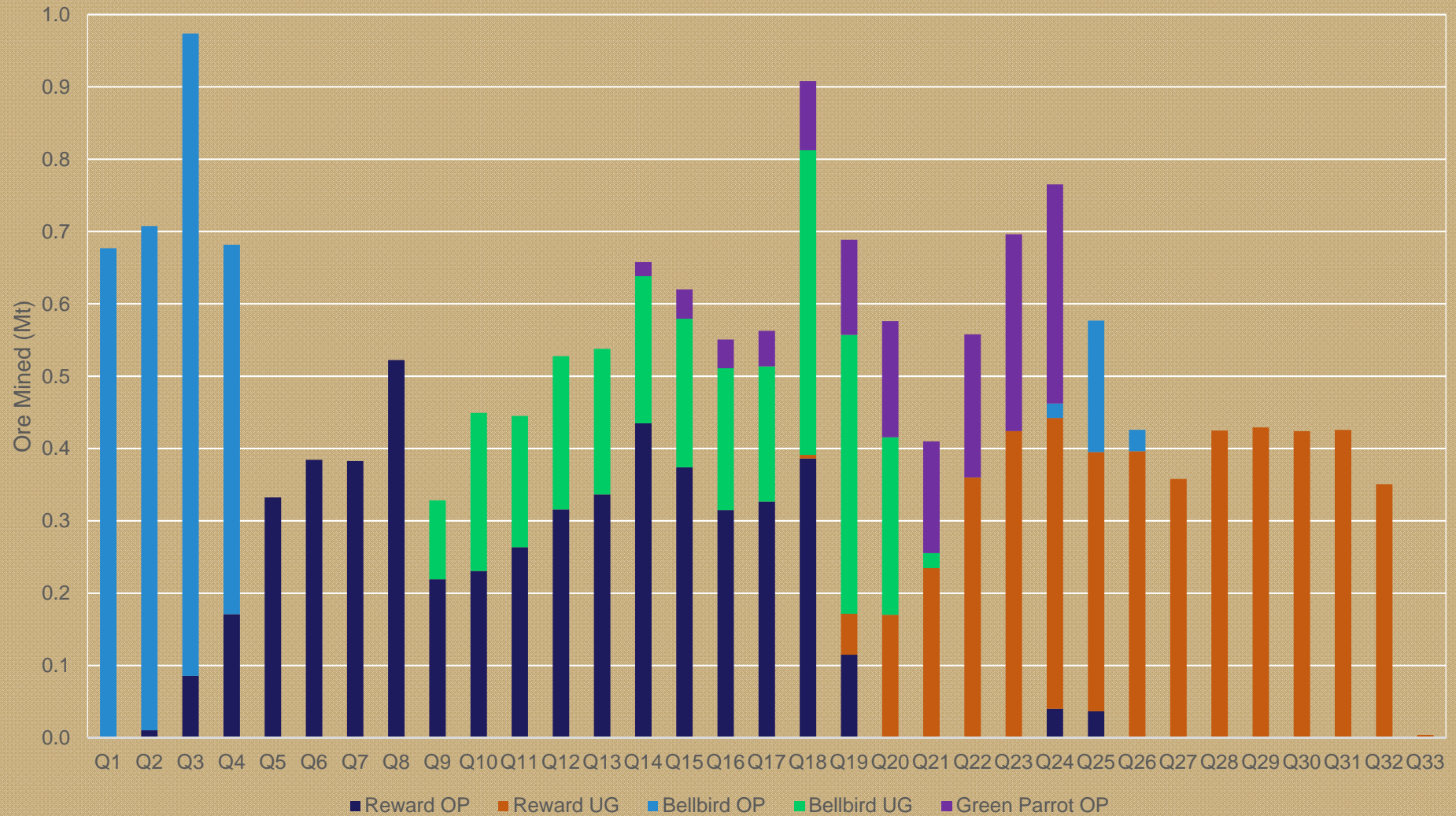




# Processing Plant – incl. Lead Zinc

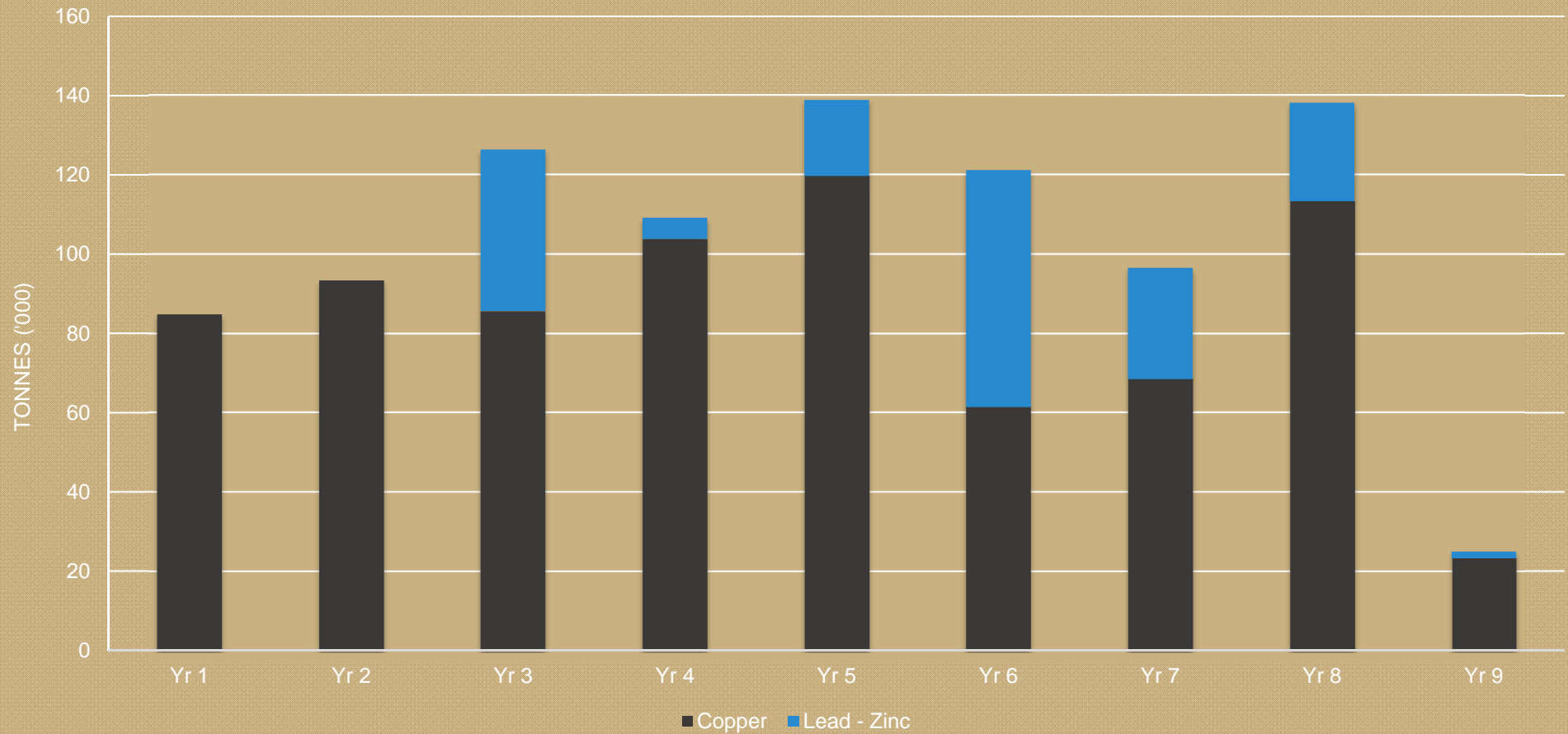


# Production Schedule

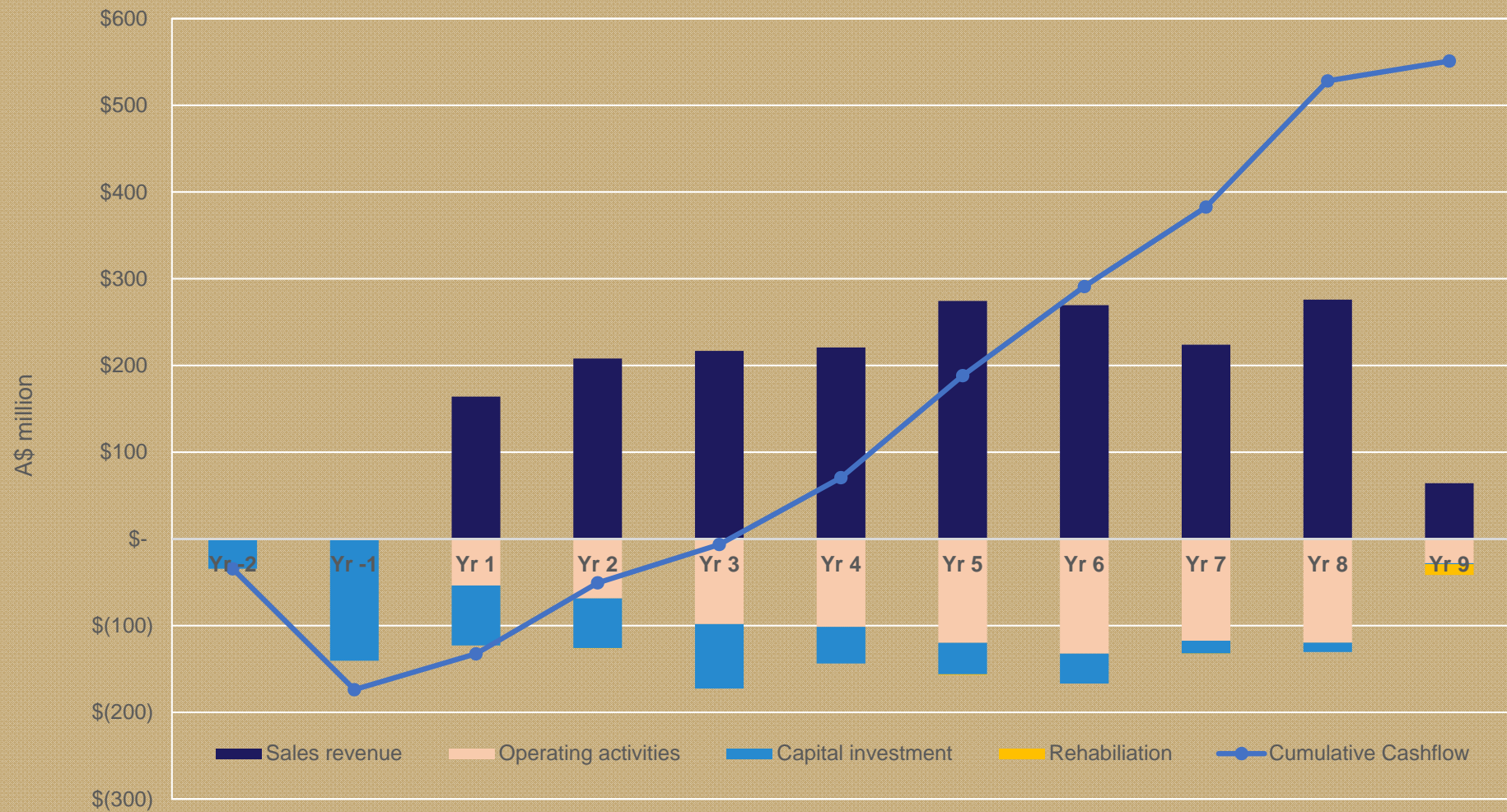




# Concentrate Production



# Project Cash Flow





# Project Schedule

ACTIVITY	2016	2017	2018
Commence DFS	1Q*		
Commence FEED		1Q	
Project Award – Start Detailed Design		2Q	
Award Long Lead Items		2Q	
Engineering & Procurement Completed			2Q
Commence Site Earthworks		3Q	
Mechanical Completion			3Q
First Production			4Q



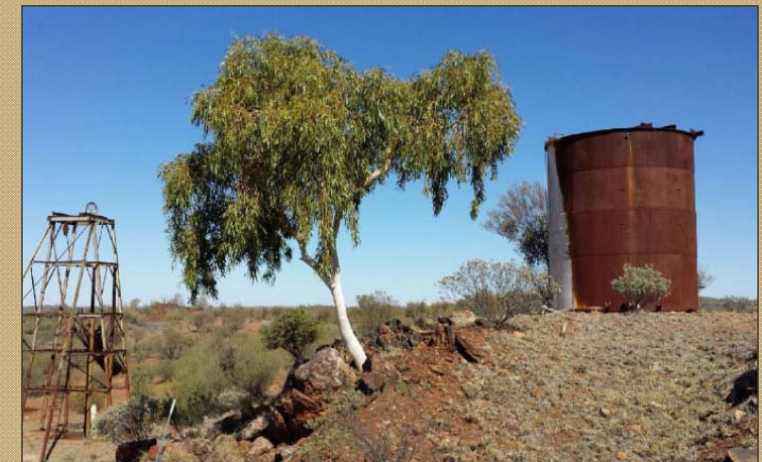
\* Subject to financing

# Sensitivity Analysis

A\$/US\$ EXCH. RATE	US\$ COPPER PRICE				
	\$2.50	\$3.00	\$3.25	\$3.50	\$4.00
<b>IRR (%)</b>					
0.75	11%	23%	29%	35%	45%
0.70	17%	29%	35%	41%	52%
0.65	23%	35%	42%	48%	59%
0.60	29%	42%	49%	55%	67%
<b>NPV (10%) * (A\$m)</b>					
0.75	10	126	184	242	357
0.70	62	186	248	310	434
0.65	122	255	322	388	522
0.60	191	335	408	480	624
<b>Free Cash Flow * (A\$m)</b>					
0.75	149	343	441	538	733
0.70	238	447	551	655	864
0.65	341	566	678	791	1,016
0.60	462	705	827	949	1,192

\* Before interest and tax

ASSUMPTIONS	UNIT	2018	2019	2020 & LOM
A\$/ US\$		0.70	0.70	0.70
Copper	US\$/lb	3.25	3.25	3.25
	US\$/t	7,165	7,165	7,165
Lead	US\$/t	2,225	2,257	2,299
Zinc	US\$/t	2,707	2,727	2,624
Silver	US\$/oz	19.97	20.39	19.94
Gold	US\$/oz	1,300	1,311	1,269

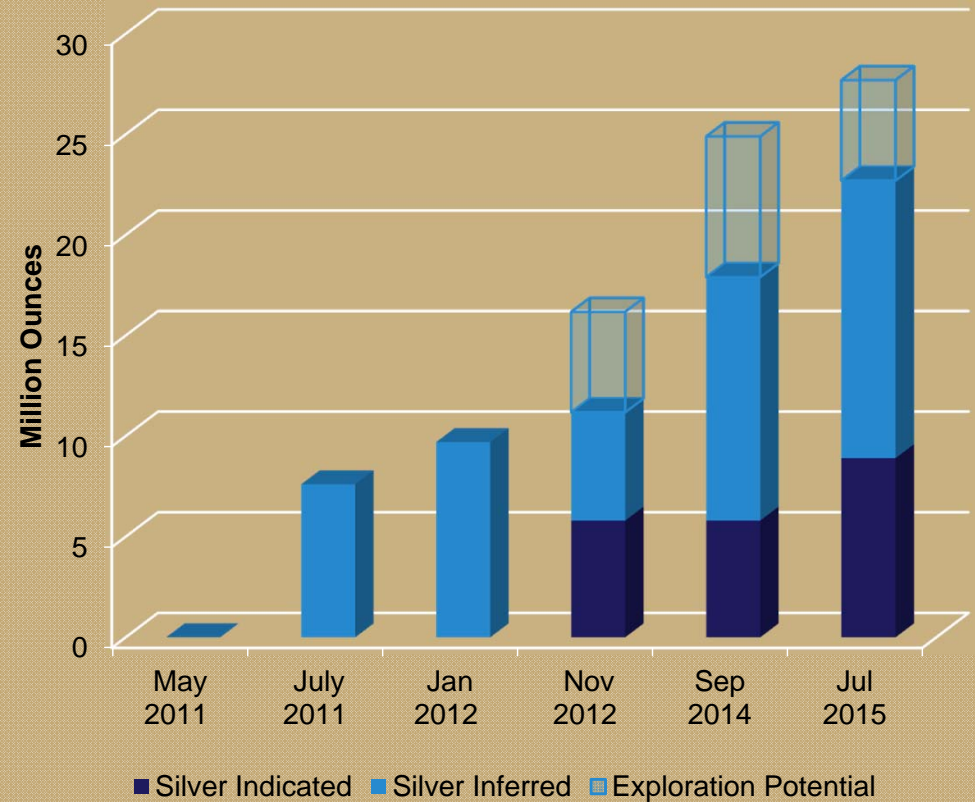
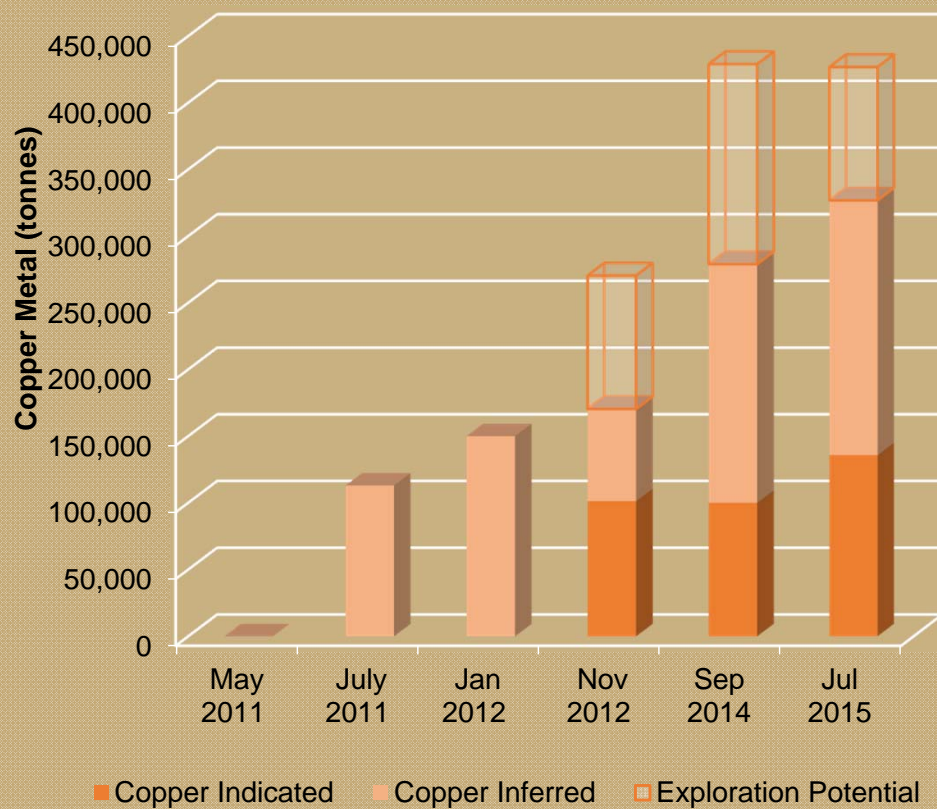




# Mineral Resource

30.5 Mt @ 1.1% Cu for 327,000 t Cu

30.5 Mt @ 23 g/t Ag for 23 Moz Ag



# Mineral Resource

Copper Resources	Category	Mt	Cu %	Ag g/t	Pb %	Zn %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
<b>Marshall Copper</b>	Indicated	1.4	1.45	35.6	-	-	20.1	1.6	-	-	0.5
	Inferred	0.3	0.90	20.2	-	-	2.5	0.2	-	-	0.5
<b>Reward Copper</b>	Indicated	5.0	1.14	25.3	-	-	57.1	4.1	-	-	0.5
	Inferred	7.6	1.02	22.2	-	-	78.0	5.4	-	-	0.5
<b>East Reward</b>	Inferred	2.0	0.82	7.1	-	-	16.9	0.5	-	-	0.5
<b>Bellbird</b>	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
<b>Cox's Find</b>	Inferred	0.7	0.87	2.8	-	-	6.0	0.1	-	-	0.5
<b>Rock Face</b>	Inferred	0.7	0.82	3.1	-	-	6.0	0.1	-	-	0.5
<b>TOTAL</b>	Indicated	10.5	1.21	19.8	-	-	127.0	6.7	-	-	-
	Inferred	16.2	1.06	14.6	-	-	172.1	7.6	-	-	-
	<b>TOTAL</b>	<b>26.7</b>	<b>1.12</b>	<b>16.6</b>	<b>-</b>	<b>-</b>	<b>299.1</b>	<b>14.3</b>	<b>-</b>	<b>-</b>	<b>-</b>

Lead/Zinc Resources	Category	Mt	Cu %	Ag g/t	Pb %	Zn %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
<b>Reward Lead/Zinc</b>	Indicated	0.5	0.74	70.7	6.8	0.9	3.6	1.1	33.6	4.4	None
	Inferred	0.8	0.51	90.9	8.6	1.2	4.1	2.3	69.4	9.4	None
<b>Green Parrot Lead/Zinc</b>	Indicated	0.5	0.99	64.0	0.9	0.6	5.1	1.1	4.7	3.2	0.3
	Inferred	1.4	0.81	78.0	1.8	0.9	11.1	3.4	24.4	12.8	0.3
<b>Bellbird North</b>	Inferred	0.7	0.57	17.9	1.7	2.5	3.8	0.4	11.3	16.7	0.2
<b>TOTAL</b>	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	-
	<b>TOTAL</b>	<b>3.8</b>	<b>0.72</b>	<b>67.5</b>	<b>3.7</b>	<b>1.2</b>	<b>27.7</b>	<b>8.4</b>	<b>143.4</b>	<b>46.5</b>	<b>-</b>

<b>2015 Combined</b>	<b>TOTAL</b>	<b>30.5</b>					<b>327.0</b>	<b>22.6</b>	<b>143</b>	<b>47</b>
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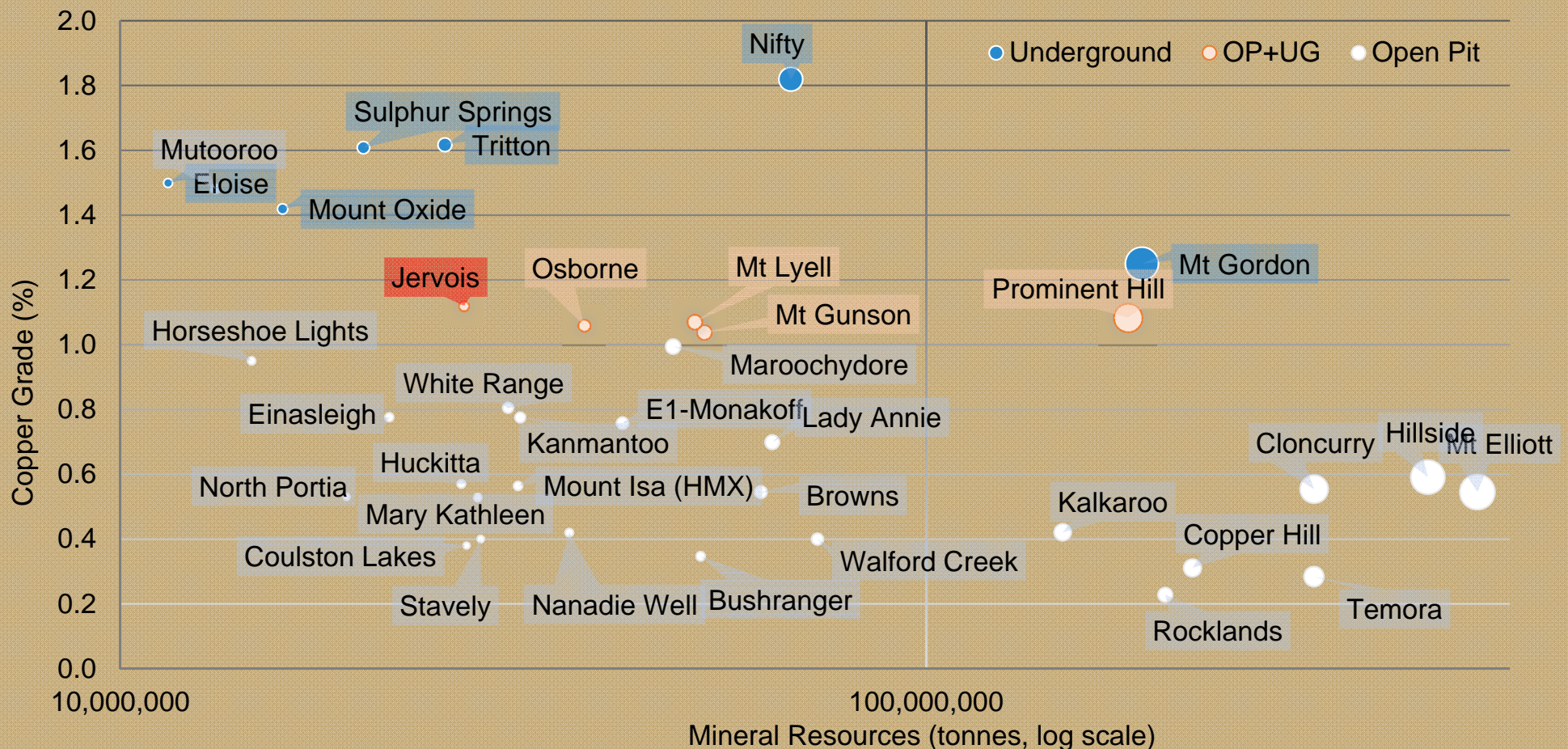


# Ore Reserve

COPPER RESERVES	CATEGORY	MT	Cu %	Au g/t	Ag g/t	Pb %	Zn %
Bellbird	Probable	3.4	1.20	0.12	7.4	0.02	0.05
Marshall-Reward	Probable	5.0	1.07	0.26	25.0	0.22	0.21
<b>TOTAL</b>	<b>Probable</b>	<b>8.4</b>	<b>1.12</b>	<b>0.20</b>	<b>17.9</b>	<b>0.14</b>	<b>0.14</b>

LEAD/ZINC RESERVES	CATEGORY	kT	Cu %	Au g/t	Ag g/t	Pb %	Zn %
Bellbird	Probable	239	0.57	0.03	20.0	2.27	3.04
Marshall-Reward	Probable	205	0.91	0.20	62.7	5.38	0.83
<b>TOTAL</b>	<b>Probable</b>	<b>444</b>	<b>0.77</b>	<b>0.13</b>	<b>45.49</b>	<b>4.13</b>	<b>1.72</b>

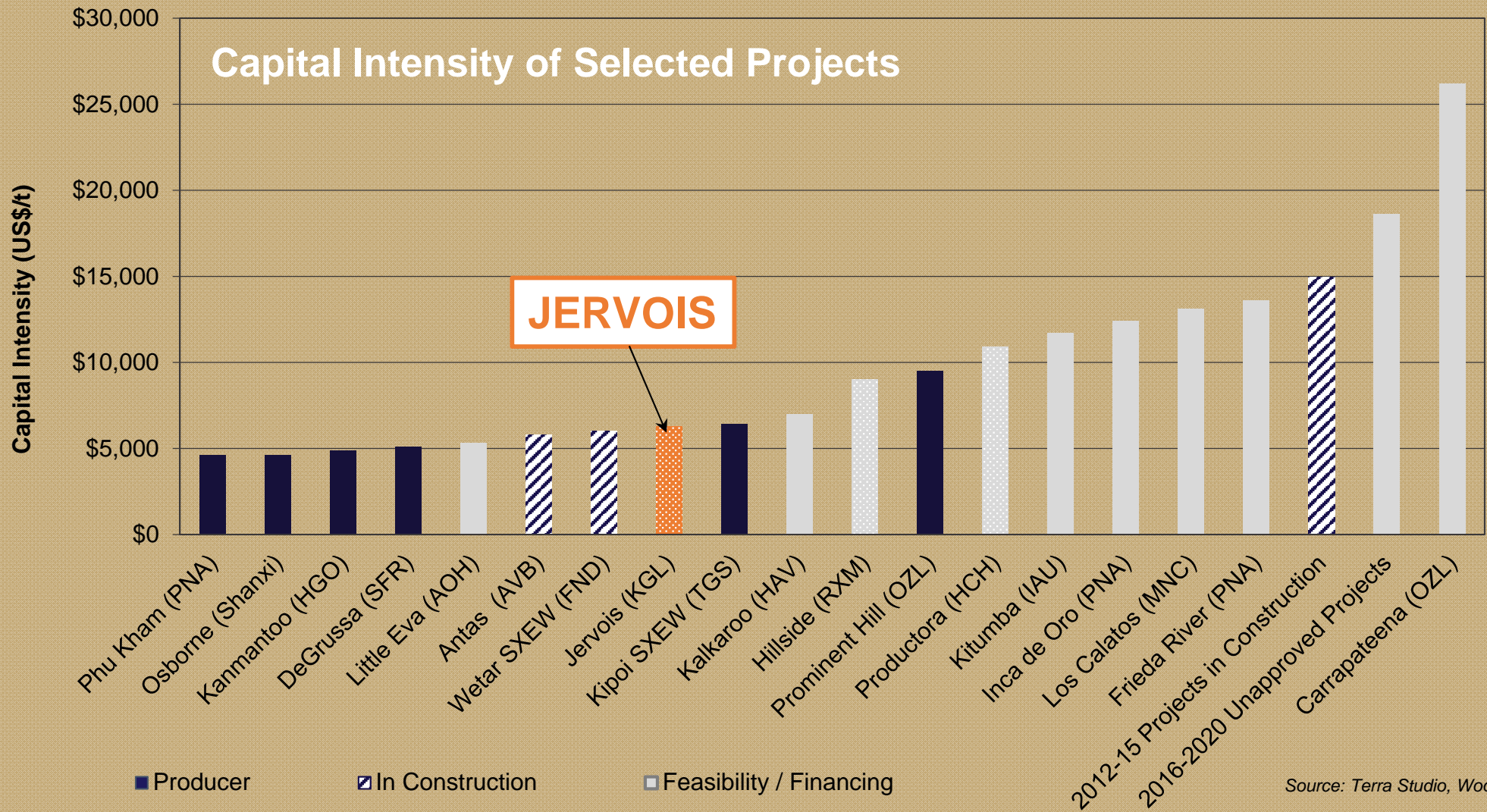
# Australian Copper Mines and Projects



Source: SNL Mining & Metals, Terra Studio. Most recent mineral resources available, copper only. Bubble size according to copper metal contained. Excluded mines and projects: Carrapateena, Cobar, DeGrussa, Golden Grove, Northparkes, Olympic Dam, Stockman

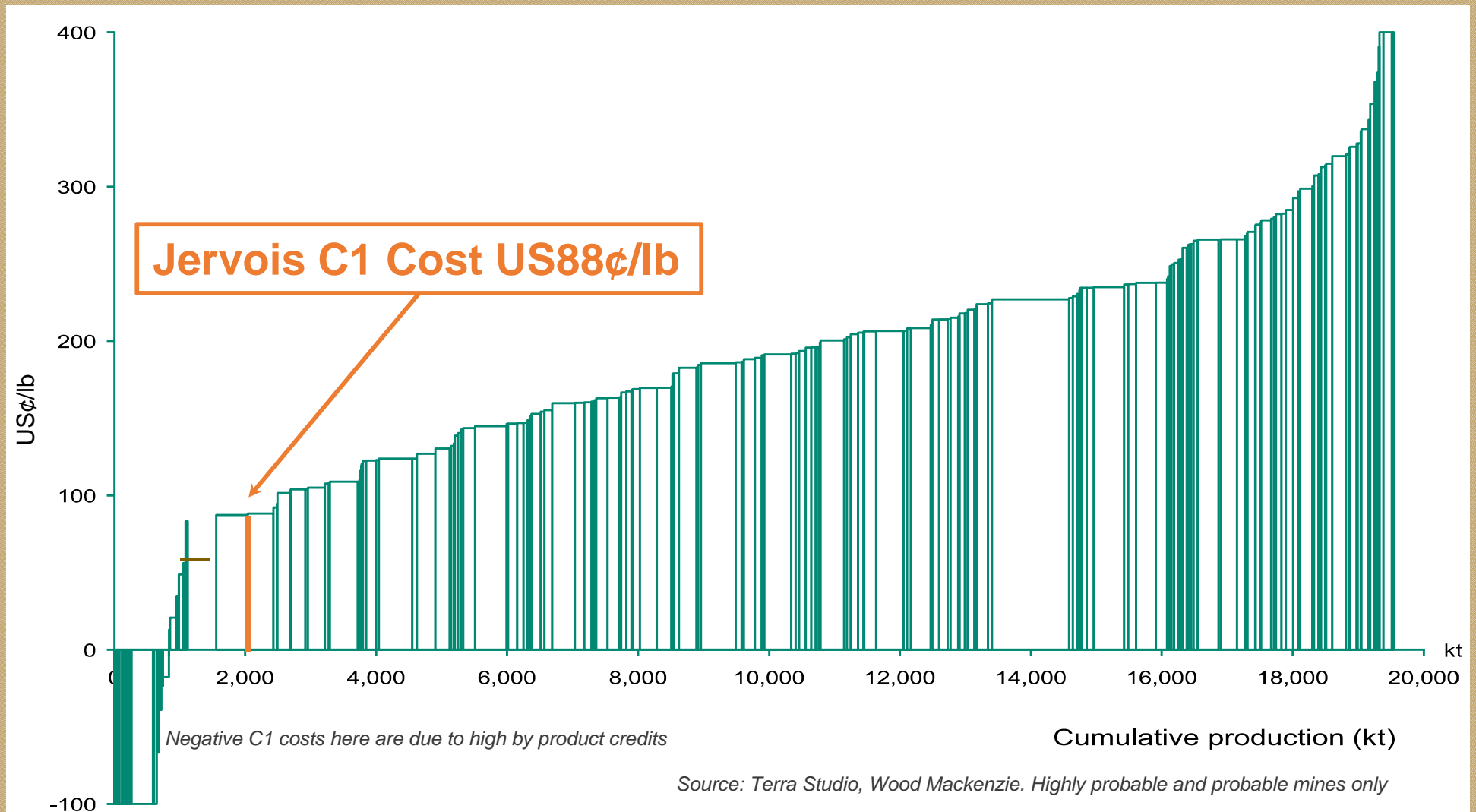


# Low Capital Intensity



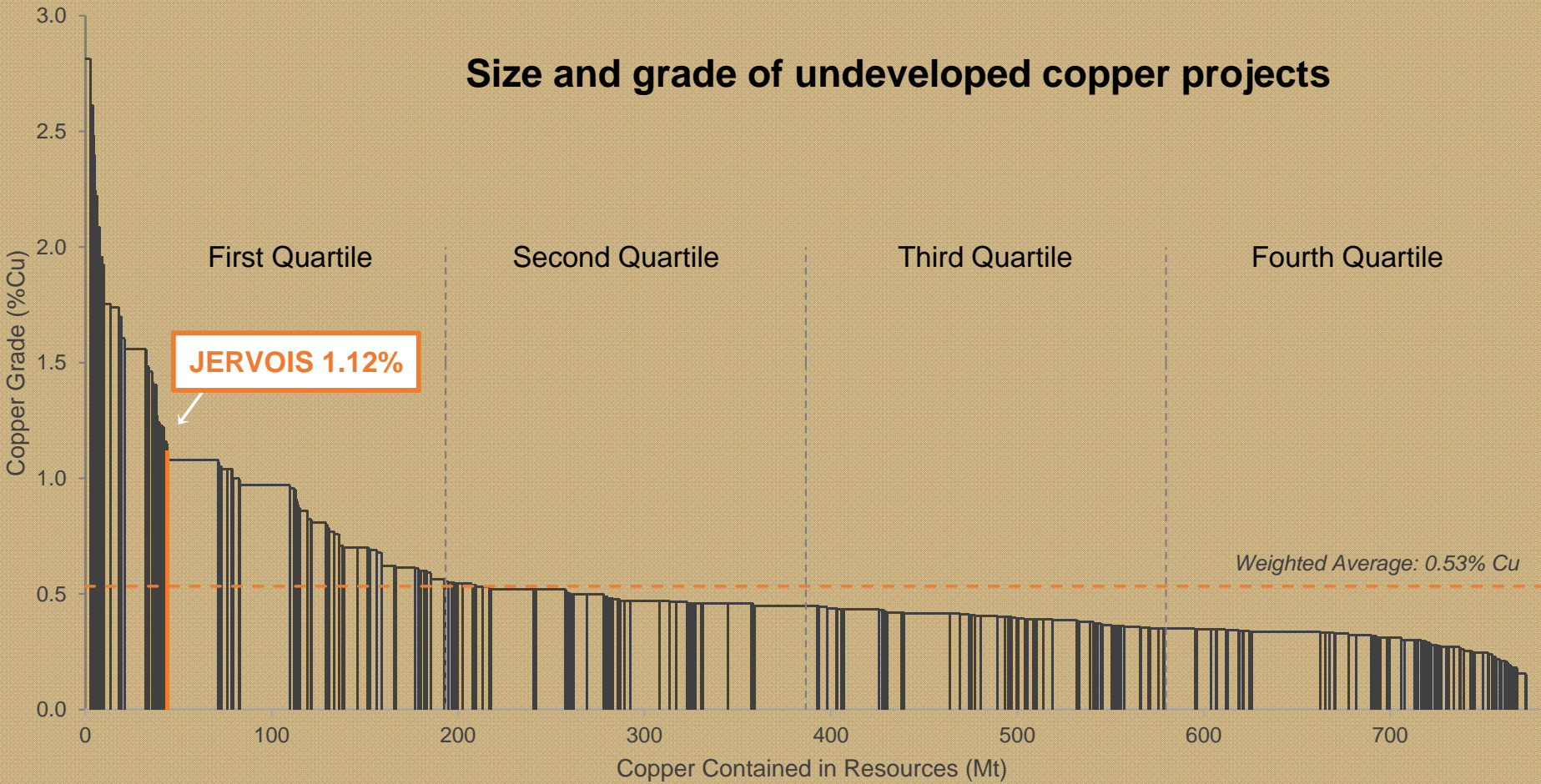
Source: Terra Studio, Wood Mackenzie

# Long Term C1 Cost Curve





# Global Grade Ranking



Source: SNL Mining & Metals, Terra Studio. Undeveloped copper projects with more than 250,000t of contained copper metal (open pit only)



# *Reward Prospect Looking South*

REWARD

MARSHALL

COX'S FIND

GREEN PARROT

ROCKFACE

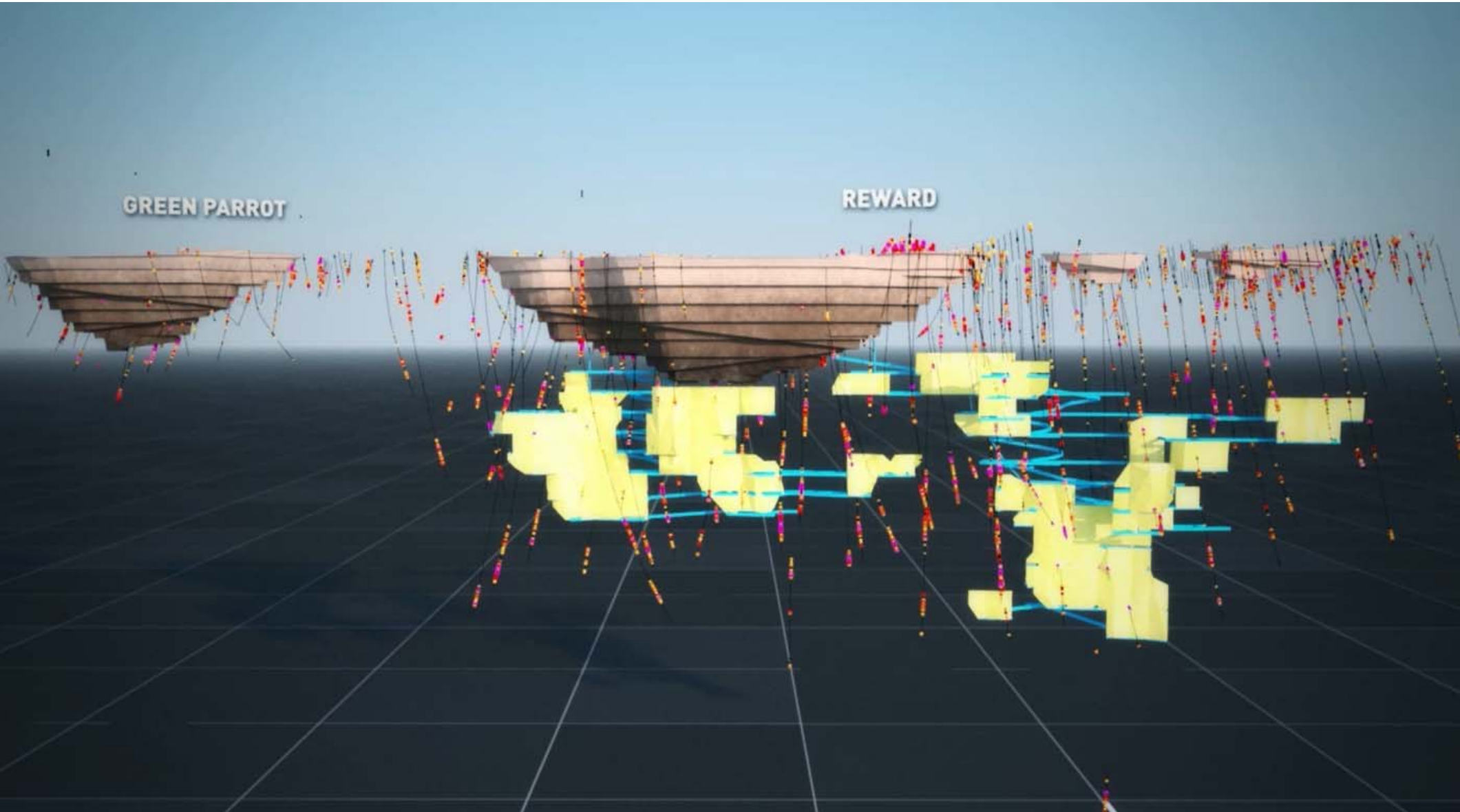
BELLBIRD



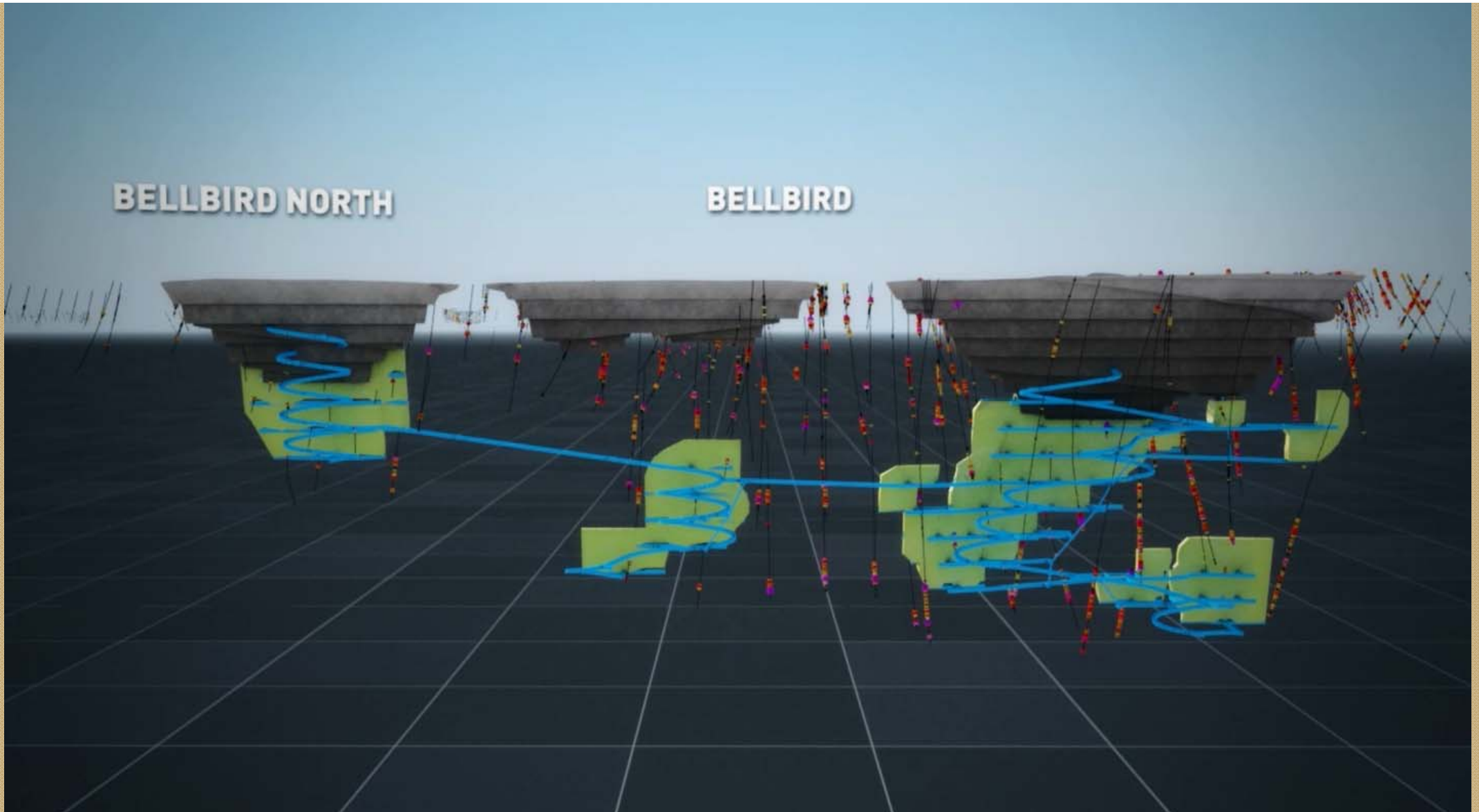
**Outcropping Copper Mineralisation**



# *Green Parrot & Marshall Reward*



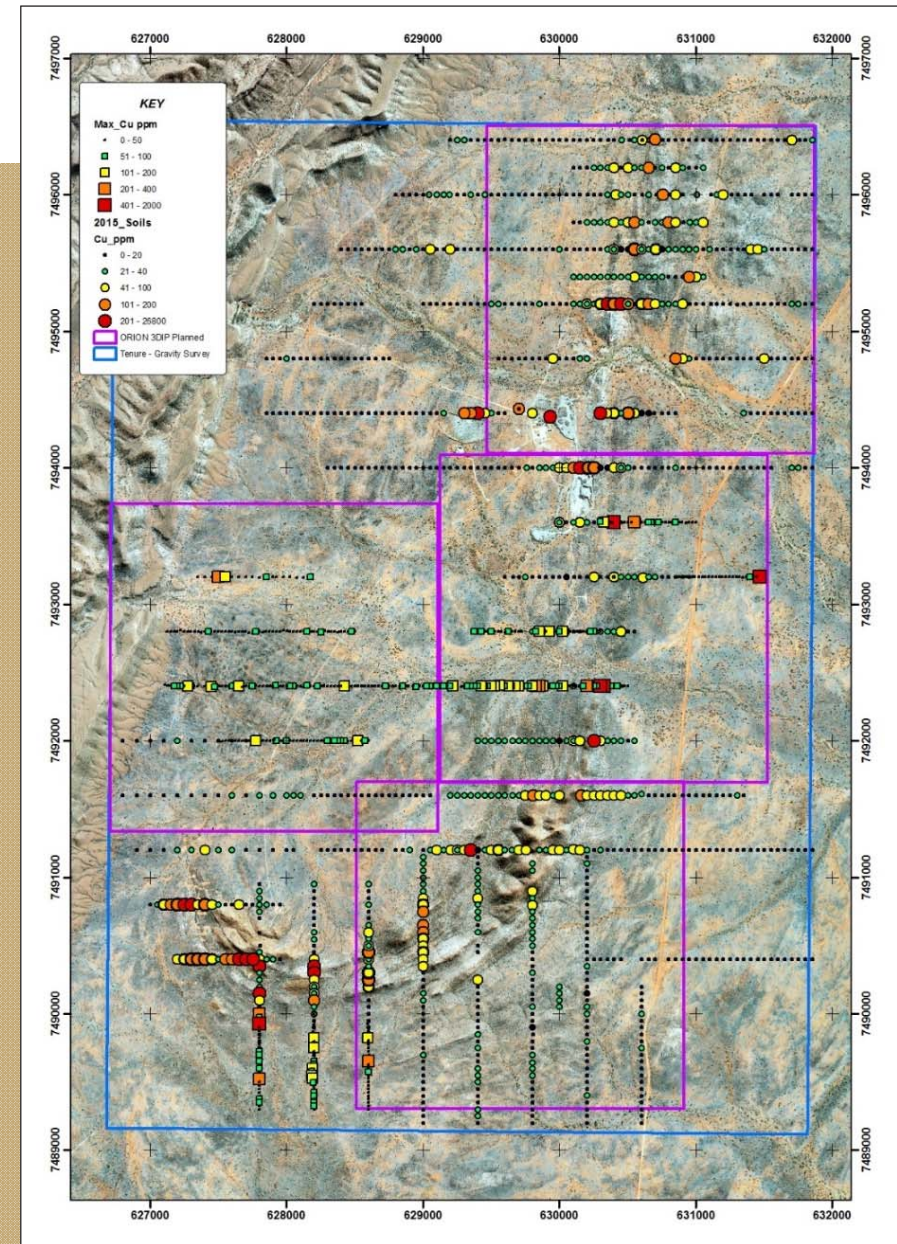
# *Bellbird & Bellbird North*





# Exploration

- Soils and RAB results highlight new prospects
- DHEM commenced at Rockface and Green Parrot
- Extension of 3D IP
  - All holes targeting chargeability anomalies intersected copper mineralisation
- Gravity Survey – high density targets due to:
  - Mineralisation (copper/lead/zinc sulphides)
  - Alteration (magnetite/garnet)





# *3D Project Fly Through*



[Play Movie](#)

Movie is available at [www.kglresources.com.au](http://www.kglresources.com.au)



# *For more information contact*

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### **Forward-Looking Statements:**

This presentation includes certain “Forward-Looking Statements”. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results and future expansion plans and development objectives of KGL Resources are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

## **ASX CODE: KGL**



# *Competent Person Statement*

The Jervois Resources information and Exploration Potential were first released to the market on 29 July 2015 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'

The Jervois Reserves information was first released to the market on 16 October 2015 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'

The Jervois Pre-feasibility information was first released to the market on 16 October 2015 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'