

19 February 2016

Exploration Update

KGL Resources Limited (ASX:KGL), in line with current market and financial conditions has restricted this year's field activities to strategic exploration. The current exploration programme targets areas highlighted in the Jervois Project PFS as being important to future development of the Project. The primary objective is to identify and assess targets that may increase ore resources accessible via open pit mining.

Highlights

- **Shallow drilling at Rockface completed**
- **Detailed gravity survey commenced**
- **RC and diamond drilling to commence next week**

Shallow Diamond Drilling

Historically, steep terrain over the Rockface mineralisation has restricted access for conventional drill rigs preventing near surface drilling of the area. The absence of drilling data from surface to a depth of approximately 70m has prevented extension of the resource into this area. KGL has now completed a small program of shallow drilling at Rockface with a man-portable diamond core drill (Figure 1) and assay results will be reported when received from the laboratory. Copper mineralisation, predominantly malachite, azurite and chalcocite has been intersected in all holes drilled (Figure 2). Results generated from this program will be incorporated into the future resource update. .

Gravity Survey

Work to complete a detailed gravity survey over the entire Jervois lease has commenced (Figure 3). Magnetite and garnet-altered rocks within and near to mineralisation are significantly denser than the unaltered country rocks and constitute a good gravity target. The presence of high density sulphide minerals can make the gravity response even larger. The objective of the gravity survey is to improve understanding of the geology and, in combination with existing drilling results, previous geophysical surveys and structural mapping, define new and refine existing drilling targets.

RC and Diamond Drilling

A program of RC and diamond drilling is due to commence next week at Jervois. Given the cost, drilling will be restricted to several high priority targets. The program will include twinned holes at Green Parrot to verify historical drilling (prior to KGL's involvement). Verification of historical drill holes is expected to facilitate an upgrade of the shallow open pit resources at Green Parrot. Two holes will be drilled at Rockface targeting the electromagnetic (EM) conductors that were detected in KGL's previous drilling campaign. Shallow RC drilling targeting several soil and RAB anomalies identified in recent field work will also be completed.



Figure 1 Hand held diamond drilling of the top part of the Rockface resource



Figure 2 Mineralised core from hand held drilling at Rockface with pervasive malachite (copper)



Figure 3 Gravity crew acquiring data at Jervois

For further information contact:

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About KGL Resources

KGL Resources Limited is an Australian mineral exploration company focussed on increasing the high grade Resource at the Jervois Copper-Silver-Gold Project in the Northern Territory and developing it into a multi-metal mine.

Competent Person Statement

The Jervois Exploration data in this report is based on information 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.