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Jervois Exploration Update

Drilling to commence at Rockface targeting Conductor 3

A diamond drilling program is scheduled to commence later this week targeting the large Conductor 3 Down-Hole Electromagnetic (DHEM) anomaly at the Rockface prospect. The drilling will follow up encouraging results in recent drilling that has been guided by an integration of geology, geochemistry and several geophysical techniques to support the renewed emphasis on exploration designed to fully realise the potential of Jervois.

Background

Previous drilling undertaken by KGL Resources at the Rockface and Rockhole prospects, beneath outcropping copper mineralisation defined a low-grade Inferred Resource totalling 700,000t @ 0.82% Cu and 3.1 g/t Ag.

As part of a renewed focus on the exploration potential at Jervois an Orion 3D Induced Polarisation (3DIP) survey was conducted in the Bellbird – Rockface region in October 2015. Historical surveys had demonstrated the effectiveness of IP to identify copper mineralisation and the Orion 3DIP system offered the potential for significantly improved target resolution and depth of investigation.

Several anomalies were detected including a strong 3DIP chargeability anomaly beneath Rockface. This target was drilled in late 2015, intersecting a broad interval of massive magnetite-chalcopyrite mineralisation, unlike the style of mineralisation encountered closer to the surface that comprised sulphide mineralisation in veins within ferruginous schist.

The results of this hole (KJCD171) included 13m @ 2.14% Cu, 12.5g/t Ag, 0.10g/t Au from 255 m and 2m @ 2.83% Cu, 10.8g/t Ag, 0.05g/t Au from 278 m.

A follow-up DHEM survey of KJCD171 identified two strong off-hole conductors that were targeted by a drilling program conducted in March/April 2016.

Diamond hole KJCD182 was drilled 70m to the east and slightly deeper than KJCD171 targeting a DHEM conductor. This hole intersected a broad zone of massive magnetite-chalcopyrite similar to that observed in KJCD171. The results of KJCD182 included 9m @ 2.91% Cu, 17.6g/t Ag, 0.2g/t Au from 284 m and 6m @ 1.6% Cu, 9.3g/t Ag, 0.16g/t Au from 296 m.

Diamond hole KJCD183 was designed to target the Conductor 3 anomaly. The hole lifted more than planned intersecting the mineralised horizon approx. 10m above the remodelled position of Conductor 3. The mineralised intercept in KJCD183 appears to be a further extension of the massive magnetite-chalcopyrite mineralisation that was first intersected in KJCD171. The results of KJCD183 included 16m @ 3.34% Cu, 16.7g/t Ag, 0.17g/t Au from 362m.

The style of mineralisation in KJCD171 and KJCD182-3 appears very similar. Chalcopyrite occurs as fracture and breccia fill within the magnetite grading into zones of semi-massive chalcopyrite-pyrite. The magnetite-chalcopyrite mineralisation is located at the sheared contact between a metamorphosed siltstone/mudstone sequence and a footwall meta-sandstone unit. The sediments have been intensely altered to a chlorite-biotite-garnet-magnetite assemblage.

DHEM surveys were conducted in KJCD171, KJCD182-3 and KJCD194. The additional holes have helped refine the location and orientation of the large Conductor 3 target. The remodelling has increased Conductor 3 to a size of 145m x 145m and it now extends a further 40m down dip than previously modelled with the bottom edge approximately 150m below the high-grade intersection in the deepest hole KJCD183. Conductor 3 is also coincident with the zone of high chargeability identified in the 3DIP survey conducted in 2015 (Figure 1).

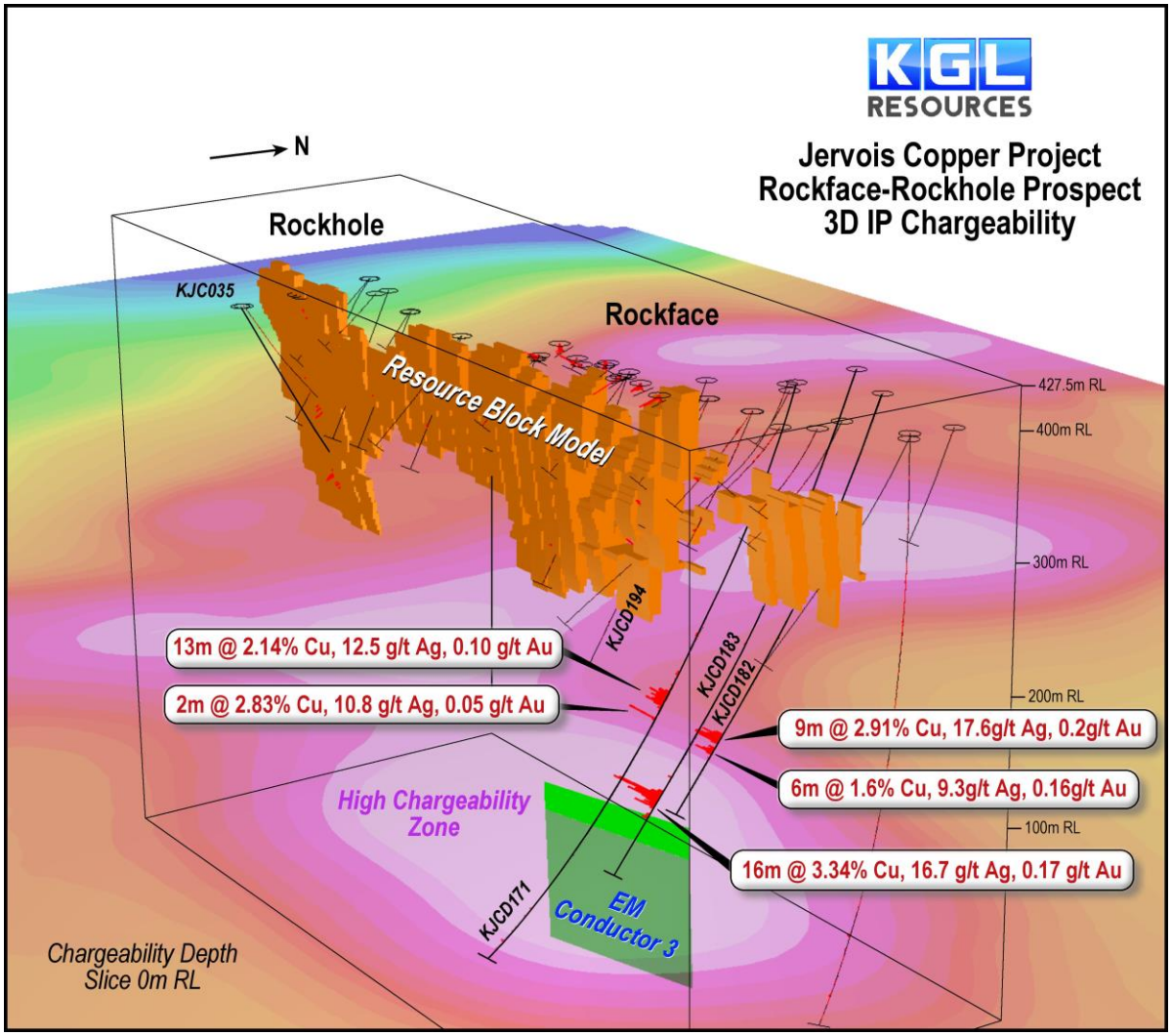

Figure 1 Recent drilling results at Rockface prospect (looking NW)

A detailed gravity survey over the Bonya Metamorphics in the Jervois project area was completed in March 2016. Magnetite and garnet-altered rocks within and adjacent to mineralisation are significantly denser than the unaltered country rocks and constitute a good gravity target. This is especially evident in areas such as Marshall, Reward and in the

fold hinge zone at Rockface, where the gravity response is significantly higher. The presence of high density sulphide minerals can make the gravity response even larger.

Subsequent inversion of the gravity data has produced a 3D model that can be used to develop an understanding of the variations in density below the surface. These inversion results have identified a zone of high density centred on the hinge of the 'J-shaped' fold that extends to depth (the base of Conductor 3 plate in Figure 2 is approximately 500m below the surface). These zones of higher density shown in Figure 2 do not appear to extend to the surface, however, they show some correlation to higher grade primary mineralisation at Bellbird and Rockface.

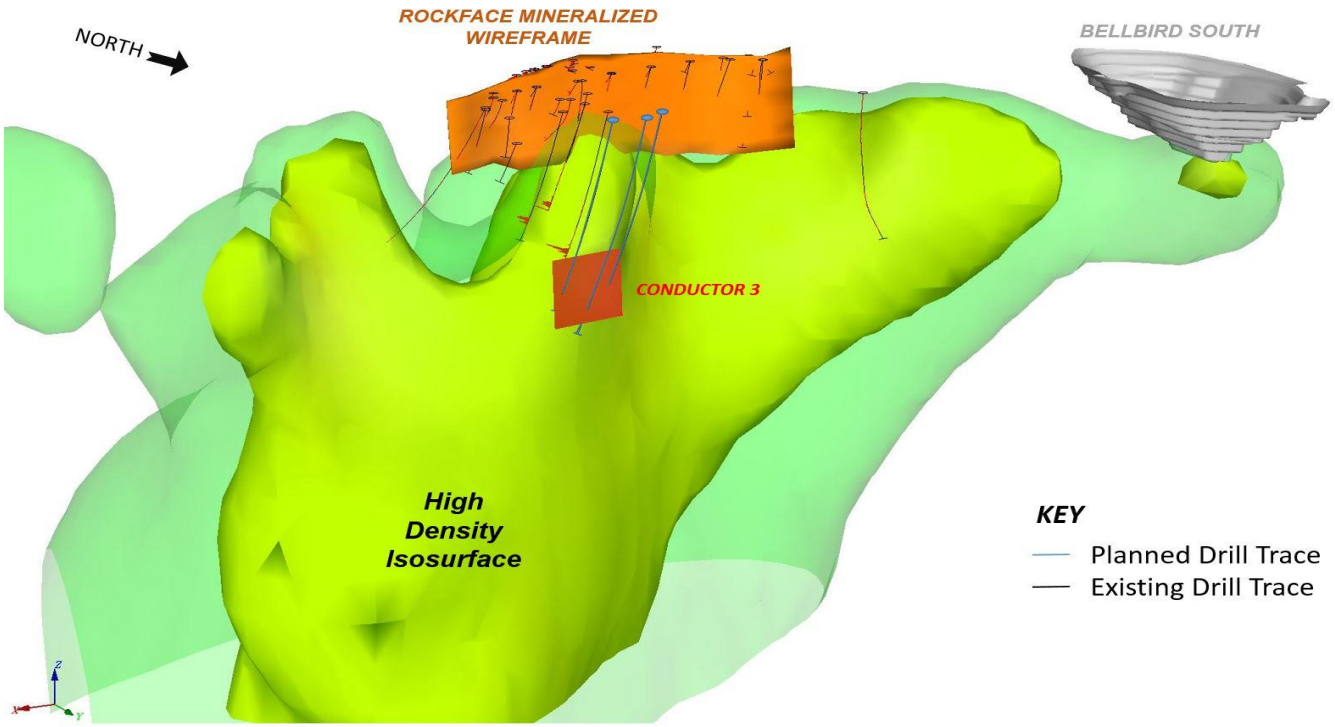

Figure 2 Gravity Inversion high-density iso-surfaces

For further information contact:

Kylie Anderson
Company Secretary
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 Vectorex Pty Ltd and consults to KGL Resources.

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 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 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
KJCD171	22/10/2015	2012
KJCD182	9/05/2016	2012
KJCD183	26/04/2016	2012