

Lodgement of 'Company Interview'



'COMPANY INTERVIEW'-MARKET PROFESSIONALS

KGL Resources Limited

Date of lodgement: 9/09/2013

TITLE: "Company Interview. KGL's Strong Cash To Fund Jervois"

Highlights:

- **Strong cash position – now focussed on developing Jervois project in NT.**
- **Explains status of Jervois Copper-Silver-Gold Project (KGL 100%).**
- **Possible scope of Jervois at 18-28,000 tpa contained copper plus by-products.**
- **Explains specific exploration plans.**
- **Outlines existing infrastructure & view on overall quality of Jervois.**
- **Reasons for Company name change & explains long term growth strategy.**

Introduction

KGL Resources (KGL or the Company) 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.

Record of interview:

Company Interview question:

KGL Resources Limited (ASX code: KGL; market cap of ~\$13m) has just completed the sale of the Andash project in Kyrgyzstan and now has over \$11 million in cash. Can you update the status of your main project, the Jervois Copper-Silver-Gold Project (KGL 100%) in the Northern Territory, including current Resources?

Managing Director, Simon Milroy

Jervois has the potential to be a significant multi-metal mine that is already well served by road and rail infrastructure. In just over two years we have already identified a sizeable high grade Resource at Jervois. The current total resource is 13.5 million tonnes of ore at 1.3% copper and 26 g/t silver representing 170,000 tonnes of contained copper and 11 million ounces of silver. Approximately 60% of the Resource is in the Indicated category.

We have just commenced a 20,000m drilling programme designed to increase the size of the Resource. The majority of the planned drill holes are step out holes along strike and down dip at two of the known prospects. However, we are also doing some exploration drilling to test out some of the other prospective locations along the 12km strike length. We expect regular market updates with the progress of this campaign.

Company Interview question:

I realise you are still exploring and doing a pre-feasibility study, but what scope of project is possible at Jervois?

Managing Director, Simon Milroy

We have previously completed a scoping study that examined plant throughputs of 1.5 to 3 mtpa of ore. The study showed that the project would produce a high grade copper concentrate with contained copper varying from 18,000 to 28,000 tonnes per year. In addition to the copper, the project could produce significant by-product credits from silver, gold, lead, zinc and possibly magnetite.

Company Interview question:

What are your specific exploration plans, including the most prospective targets?

Managing Director, Simon Milroy

Following the reprocessing of the original Induced Polarisation data from the MIM Exploration days we have identified a number of new chargeability anomalies that will be tested in the drilling programme that is currently underway. The results corresponded well with the known prospects where we have identified Resources. We are especially enthusiastic as some of the new anomalies are parallel to the known prospects, providing the potential to enhance the economics of the planned open pits.

Company Interview question:

What are the main priorities to advance the project, particularly regarding the pre-feasibility study?

Managing Director, Simon Milroy

The highest priority items are to increase the size of the Resource and to firm up the metallurgical studies to the point where a concentrate off take agreement can be put in place. Some of the ore at Jervois contains bismuth. We have completed metallurgical test work that shows that it is possible to leach the bismuth from the copper concentrate. The next step is to see if we can recover the bismuth into a saleable form. We are also planning to conduct test work to see if it is possible to recover the tungsten and cobalt which are also present in the ore as additional by-products.

Company Interview question:

You mentioned good transport infrastructure, but how much of an issue is the remote location in moving mine product?

Managing Director, Simon Milroy

Although on first look Jervois may seem remote it is well served by both rail and road. We plan to haul copper concentrate by truck approximately 250km along the Plenty Highway and then load on to rail to export through Darwin. LNG is also easily available in Alice Springs and can be trucked to the Jervois site for power generation.

Company Interview question:

Taking everything into account, how would you describe the overall quality of Jervois?

Managing Director, Simon Milroy

What we know of Jervois today in itself is exciting, being a high grade copper project which is located on existing mining tenements with good access. We continue to explore what is a potentially large system.

Company Interview question:

The Murchison Gold Project is now on care and maintenance. What have you learnt from that project that may have you in better shape to possibly produce from Jervois?

Managing Director, Simon Milroy

The Murchison Gold Project remains a valuable asset, with a solid gold resource and an operational plant. In a market with a high Australian dollar and falling gold price, the project needed to run smoothly and unfortunately the ramp up to full production took too long.

In hindsight, we would have commissioned the plant later, waiting until people, contractors and equipment were readily available and more reasonably priced.

Company Interview question:

What plans do you have for the Murchison Gold Project in the future?

Managing Director, Simon Milroy

We intend to divest the asset and any cash proceeds will be applied to fund Jervois. We have had strong interest from a number of parties regarding the sale of the Murchison gold project.

Company Interview question:

Was the sale of Andash a fire sale given your position at the time?

Managing Director, Simon Milroy

Our independent experts report supported the price of Andash as fair and reasonable. The sale of this asset, that despite its positive attributes, is located in a difficult country, provided us with a substantial amount of cash. We are now in the unusual position, for ASX listed emerging resources companies, of having a significant cash balance with which to fund our activities at Jervois.

Company Interview question:

What was the reason for your farm out of the Bashkol gold project in Kyrgyzstan?

Managing Director, Simon Milroy

Farming out the Bashkol project is consistent with our strategy of focussing on Jervois. We have another company spending seven million dollars to earn a 70% interest in the project. This removes any funding obligations from us and allows us to concentrate on Jervois.

Company Interview question:

What was the reason for the change in name of the Company from Kentor Gold to KGL Resources?

Managing Director, Simon Milroy

The primary driver of the change was dropping of 'gold' as our prime focus is now on the Jervois copper project. In addition, Kentor was a Kyrgyz word and given the sale of Andash it didn't seem to have any continuing relevance.

Company Interview question:

Given KGL's experiences of the last 12 months or so, will you alter your long term growth strategy in any significant way?

Managing Director, Simon Milroy

We have had a difficult 12 months but are coming out of this experience in good shape. Our strategy is now clear, we are 100% focussed on the Jervois copper project and intend to keep it that way. We have a great project at Jervois and plenty of cash in the bank to harness its true value.

Company Interview:

Thanks Simon.

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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. Jervois currently has Indicated and Inferred Resources of 13.5 million tonnes @ 1.3% copper and 25.8 g/t silver for a total of 170,415 tonnes copper and 11.6 million oz silver at a 0.5% copper cutoff, together with 69,000 oz gold, 26,000 tonnes lead and 22,000 tonnes zinc.

Competent Person Statement

The data in this report that relates to Jervois Mineral Resource Estimates 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 2004 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 Jervois cut off grades and mining assumptions is based on information evaluated by Mr Simon Milroy who is a 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 2004 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.