

ASX Announcement

Offtake Agreement with Glencore



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kglresources.com.au

22 March 2022

- **Binding offtake agreement** with Glencore for 100% of copper concentrate from Jervois Mine.
- Major terms include:
 - Evergreen Agreement with **minimum 5 year term** from commercial production.
 - Material will be delivered by KGL to Glencore's **Mount Isa copper smelter**.
 - Benchmarked pricing for payables – Copper, silver and gold.
- Benefits to the Project include:
 - Materially **simpler** logistics chain for the project – reducing emissions.
 - **Significant working capital benefits**, particularly in the ramp up phase.
 - Provides **certainty** of concentrate sales for the Project.
 - Sales within Australia supporting local and broader economies.
- Commercial terms of agreement now being incorporated into Feasibility Study.

KGL Resources Limited (ASX: KGL) (KGL or the Company) is pleased to announce that it has entered into a binding sales agreement with Glencore International AG (Glencore) for the sale of 100% of the copper concentrate produced from KGL's high-grade Jervois Copper Project (Jervois or the Project). It has a minimum term expiring at the end of 5 full calendar years after commercial production is reached. The sale agreement is evergreen, and will continue beyond the minimum term until either party terminates it by giving 2 years' prior notice.

The sale price for the copper concentrate is volume based and calculated by reference to the LME cash settlement price for copper, with silver and gold credits (subject to minimum 'payable' limits) and adjustments for penalties, treatment and refining charges and a freight credit. The agreement is subject to other customary terms and conditions, including processes for assaying, weighing, sampling and moisture determination in relation to the concentrate, and contains relevant force majeure clauses.

The current schedule, to be confirmed as part of the Feasibility, and Final Investment Decision has the Project in the development phase this year, however this sale contract is conditional upon finance being secured by no later than 30 September 2025, or commercial production by no later than 31 December 2025.

Managing Director, Simon Finnis said:

"The execution of the binding offtake agreement with Glencore is a major milestone for KGL and the Jervois Project. It brings certainty to the sales program and Glencore is a well-credentialed and bankable counterparty. Having benchmarked pricing in this strong commodity environment is comforting. This agreement is a key component of KGL's plans to procure funding for the development of Jervois.

Work is continuing on the Feasibility Study which will incorporate the terms of this agreement, as well as the new resource data from the Bellbird, Reward and Rockface deposits. We expect this will result in favourable annual production and mine life outcomes.

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It is also very satisfying to us to be selling our material within Australia, which obviously assists with the Australian economy, supports the local area, and de-risks our project by eliminating the need for rail and ocean freight transportation of our finished product. We should also not discount the benefits this brings to our environment by minimising transportation and therefore emissions.

“We believe this Agreement is a validation of our project and thank Glencore for agreeing to purchase our copper concentrate. We very much look forward to delivering into the contract in due course.”

This announcement has been approved by the directors of KGL Resources Limited.

About Glencore

Glencore are one of the world's largest globally diversified natural resource companies. Their global operations comprise around 150 mining, metallurgical and oil production assets in over 35 countries. Glencore's companies employ around 135,000 people, including contractors.

Glencore has a significant footprint in Australia and in addition to the Mount Isa copper smelter owns the Townsville copper refinery. At those operations, Glencore process and export some of the highest-grade copper products in the world, using copper and copper concentrates produced through their own operations and by third parties.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. Glencore is an active participant in the Extractive Industry Transparency Initiative. Its ambition is to be a net zero total emissions company by 2050.

About KGL Resources Limited

KGL Resources Limited is an Australian mineral explorer and developer focused on the development of the high-grade Jervois Copper Project in the Northern Territory.

The Jervois Project is fully approved and poised for development, with the Feasibility Study nearing completion and to be delivered within Q2 2022.

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Forward Looking statements

This release includes certain forward-looking statements. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target” and other similar expressions are intended to identify 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 are forward-looking statements that involve various risks and uncertainties. Although every effort has been made to verify such forward-looking statements, 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. You should therefore not place undue reliance on such forward-looking statements.

Statements regarding plans with respect to the Company’s mineral properties may contain forward looking statements. Statements in relation to future matters can only be made where the Company has a reasonable basis for making those statements.