

ASX Announcement

AGM Address



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31 May 2022

Attached are the presentations to be given at today's Annual General Meeting.

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

Slide 1: **Opening**



Jervois Project Overview

Jervois Copper Project

- ✓ KGL Resources is creating the next Australian copper hub in the Northern Territory
- ✓ Consolidating the proximate & prospective Rew ard, Rockface and Bellbird deposits
- ✓ Robust PFS led to Feasibility Study.
- ✓ Direct access to key infrastructure- c.530km road access from mine to Glencore's Mt Isa complex. Plenty Highway to be sealed as part of Outback Way[†]
- ✓ Supported by long-term/extensive mining and exploration leases



Jervois Resource

| Resources | (Mt) | Copper (%) | Silver (g/t) | Gold (g/t) | Copper (kt) | Silver (Moz) | Gold (koz) |
|--------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|
| Indicated | 13.83 | 2.31 | 32.4 | 0.32 | 319.4 | 14.41 | 140.7 |
| Inferred | 9.06 | 1.61 | 15.6 | 0.16 | 146.2 | 4.53 | 46.4 |
| Total | 22.87 | 2.04 | 25.7 | 0.25 | 465.6 | 18.93 | 187.1 |

Jervois Tenements

- Jervois Exploration Licence- 37.9 km²
- Jervois Mining Leases – 19.5 km²
- Unca Creek Exploration Licence- 72.7 km²

[†] Funding announced but timeline not finalised
<https://www.pm.gov.au/media/628110e4-further-seal-and-upgrade-outback-way>
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As I acknowledged at last year’s meeting, COVID-19 placed enormous pressure on our people and impacted our ability to progress scheduled activities due to lockdowns and restrictions on site visits.

As an example, the extensive WA border closure forced us to bring labour to site from the Eastern states given labour in the NT is in very short supply. The staffing of site activities was further impacted when the NT government put in place its own border restrictions, which changed multiple times.

As the world continues to recover from the effects of the global pandemic, strong growth, labour shortages and ongoing supply chain uncertainties are driving domestic and international cost pressures. These uncertainties of future costings have created some issues and delays in finalising the feasibility study. This can be seen in a number of projects currently under construction facing escalating capital costs and significant delays.

Offsetting this is growing confidence in the resource base at Jervois, and a bull market in copper, with all-time highs in the market being seen during 2021 and continuing into 2022 and the value of the Glencore contract.

FS / Development Timeline

Development timeline

| | 2020 | 2021 | | | | 2022 | | | |
|---------------------------------|------|------|----|----|----|------|----|----|----|
| | | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Drilling and exploration | | | | | | | | | |
| Resource Definition | | ✓ | ✓ | ✓ | | | | | |
| Resource Enhancement | | | | ✓ | ✓ | ✓ | | | |
| Exploration | | | ✓ | ✓ | ✓ | ✓ | | | |
| Development activities | | | | | | | | | |
| PFS | ✓ | | | | | | | | |
| ILUA | ✓ | | | | | | | | |
| Permitting | ✓ | ✓ | ✓ | | | ✓ | | | |
| Updated Resource | | | | | ✓ | ✓ | | | |
| Capital Raise | | | | | | | ✓ | | |
| Reserve | | | | | | | | ✓ | |
| Feasibility Study | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| FID | | | | | | | | | ✓ |

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We aim to commence development in 1H 2023, following completion of the current Feasibility Study (FS) and subject to a final investment decision by the board by the end of 2022. And we are **targeting copper metal production in 2024. But clearly this will depend upon effect of the post COVID issues such as inflation and labour availability.**

In regard to the status of the feasibility study, we received the updated mine plan for the feasibility recently which will result in necessary further in-fill drilling to comply with the JORC Reserve estimate reporting requirement. We are developing necessary drill plans to estimate the time it will take which will clearly delay the completion of the feasibility.

We are using a raft of pricing assumptions on the key study inputs including fuel, equipment and labour rates, which, due to global and local inflationary pressures over the last few months, have become increasingly volatile. This is contributing to increased uncertainty for the study output that may reduce the risk appetite of potential financiers. In the current environment we believe a more appropriate strategy is to seek to have the key project inputs backed by negotiated contract terms to provide visibility of these key inputs over a 5-year term. We will use the time taken to do the JORC drilling to negotiate and sign off the major contracts to improve the confidence for financiers. Our aforementioned timetable is based on this.

Developing projects in the current environment requires an experienced team of professionals with a strong track record in mine development which is our current objective hence the inclusion of Jeff and Steven Rooney.

Mine infrastructure design and layout have been prepared, and inbound logistics for the planned work force and outbound logistics for copper concentrate were reviewed and optimised. A camp to sleep 300 and hybrid solar-diesel power station design were also

developed as the project manning and power needs were clarified. Water infrastructure was designed to provide adequate supply for project needs in accordance with the licenced water draw for the project.

Capital structure

Corporate Structure and Shareholders

Capital Structure

| | |
|--------------------------------------|----------------|
| Australian Stock Exchange (ASX) code | KGL |
| ASX Share price (close 30 May 2022) | \$0.34 |
| Shares outstanding | 448 M |
| Options on Issue | 0.5 M |
| Market capitalisation | A\$152M |

No debt

- Cash raised- \$23.2million
- No debt

Supportive shareholder base

- 19% institutional funds, including substantial holder Paradise (5.93%)
- 10% owned by directors
- KMP Investments, part of the Salim Group

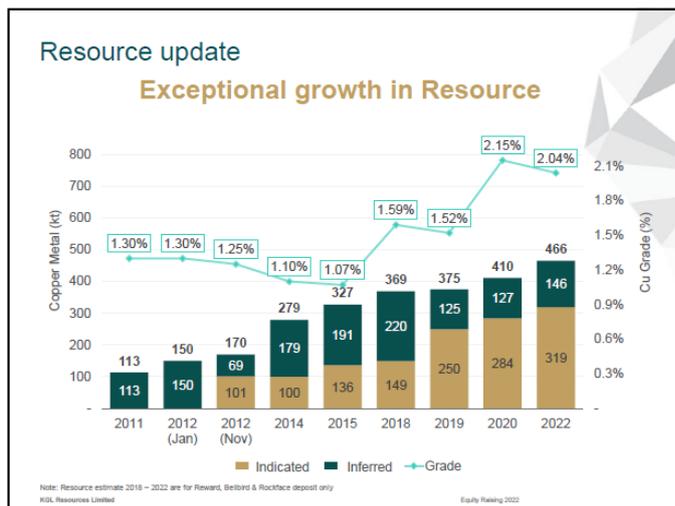
Major Shareholders

| | |
|---------------------------------|--------|
| KMP Investments Pte Ltd | 25.06% |
| Denis Wood | 9.27% |
| Marshall Plenty Investments LLC | 7.38% |
| Paradise Investment Management | 5.93% |
| Pegasus CP One | 5.6% |

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I'd like to thank shareholders for their strong support for the recent capital raising which raised net proceeds of \$23 million. The Entitlement Offer was strongly supported by the main shareholders.

Resource Development

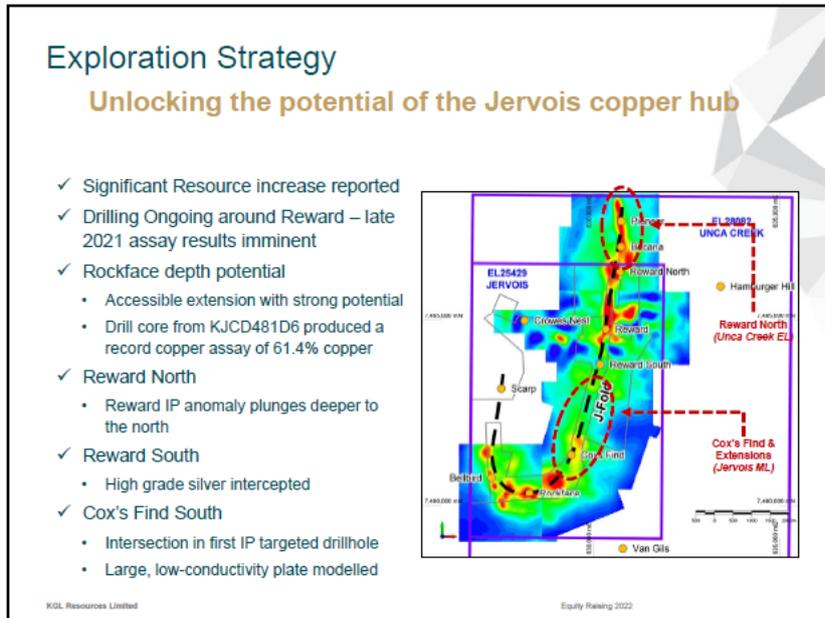


During the year, KGL announced an updated Mineral Resource estimate of 22.87MT at 2.04% Cu, containing 465.6kt of Cu metal, representing a 14% increase in contained copper metal from that contained in the PFS and a reduction in grade from 2.15%.

The primary focus of the resource development strategy was on infill drilling to complete the resource update. This infill drilling successfully increased the resource and as a

consequence the mine plan was further optimised to meet our 10 year target. A recent review however has identified the need for further infill drilling to meet the JORC requirements to finally convert the resource to reserve as part of the feasibility study. The aim is to increase the proportion of indicated resources and extend the PFS mine life beyond 7.5 years to a minimum of 10 years.

Exploration Activity



A geophysical IP survey was carried out in August 2021, and together with Down Hole Electro Magnetic (DHEM) surveys, provided geological data for design of new holes, aimed at near mine extensions of existing resources.

Several new high-grade intersections were discovered at Rockface North, including a **new record assay of 61.4% copper**, from a massive bornite intersection at Rockface containing 19.8% Cu, 299 g/t Ag and 1.1 g/t Au over 4.0m true thickness from 698.88m downhole (KJCD481D6) and the DHEM indicates that the ore body may remain open at depth.

The Jervois and Unca Creek deposits remain under-explored and highly prospective for high grade copper, gold and silver. Our understanding of the geological structures continues to grow and our focus going forward will be on identifying additional high grade near mine extensions to the current resource.

Jervois, a new copper hub with significant benefits for Northern Australia

Jervois Copper Project – Glencore Agreement



Key benefits

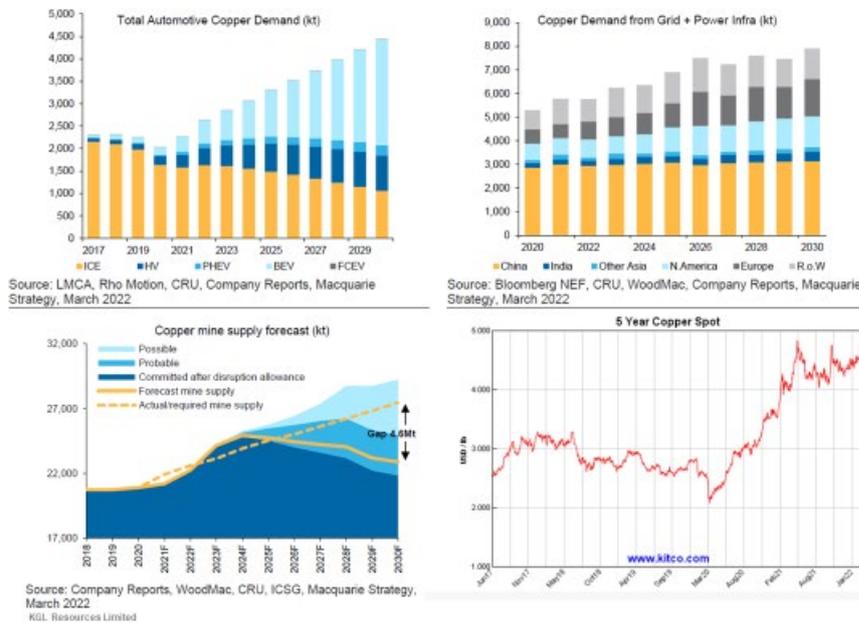
- ✓ Certainty of concentrate sales for the project supporting the funding strategy
- ✓ Strong project support from a leading mining, processing & commodities trading firm
- ✓ Benchmarked pricing in a strong commodity environment
- ✓ Simplified transport solution minimises emissions
- ✓ Significantly reduces haulage / transport costs
- ✓ Sales within Australia supporting local and broader economies
- ✓ Significant working capital benefits
- ✓ De-risks investment decision for Jervois

During the year, KGL finalized an offtake agreement with Glencore. This will provide significant benefits to the project in terms of reduced haulage and transport costs, allow for mining and processing efficiencies, working capital efficiencies and a lower carbon footprint.

Establishing a new copper hub in this region of the Northern Territory will promote regional development in the Northern Australia and have significant positive flow on effects in the local communities of Jervois, Alice Springs, Darwin and Mt Isa and provide further support for Glencore's Mt Isa copper smelter. Processing the copper domestically will also enhance Australia's security of supply which is becoming increasingly important for nations hoping to develop green energy industries and supply chains.

Decarbonisation driving unprecedented multi decade growth in demand and massive supply deficits

Decarbonisation and Supply Deficits



The world is due to face a massive copper supply deficit from 2025 for at least the second half of the decade due to rapidly growing demand and a shortage of discoveries globally¹ with industry analysts forecasting that the global copper industry needs to spend **more than \$100 billion** to build mines able to close what could be an annual supply deficit of 6.0 million tonnes over the next decade.

The board is convinced that the growing demand for copper and the absolute essential requirement for copper to meet the growing global requirement for CO₂ emission reduction will continue to support the financial position of the project.

We have added more detail in the appendix on the copper market.

¹ Bold Baatar, Head of Rio Tinto’s Copper Division

Summary

I want to thank the Jervois stakeholders, in particular the Central Lands Council, Bonya community Lucy Creek and Jervois Station pastoralists and the Northern Territory government for their ongoing support and I know they are looking forward to helping us deliver the Jervois copper project. I also acknowledge the native title holders with whom we negotiated an indigenous land use agreement in 2016.

I'd like to thank our employees for their contributions over the past 12 months in challenging times and look forward to making significant progress over the next 12 months in accelerating development of the Jervois Copper Project.

And my sincere thanks to you, our loyal shareholders, for your patience and confidence in the company.

Six years ago, we restructured the company with the goal of putting the foundations in place to build a high grade copper mine capable of producing 30ktpa contained copper with a minimum 10 year mine life.

I believe once the Feasibility Study and Financial Model are complete, we will have achieved our first goal.

No one could have predicted during that time that we would be hit with a global pandemic that resulted in 2 years of border closures, lockdowns and associated challenges which have had a severe impact on our ability to progress our development timeline.

With the borders reopening this year, we are well positioned to progress development with all the necessary approvals once financing is in place.

Furthermore, we have an improved understanding of the site's prospectivity and we have acquired the strategically important Unca Creek lease which provides us with a very positive opportunity to expand the copper deposit surrounding Jervois. The IP survey completed this year highlights this. In addition, the existing site is highly prospective for other minerals such as gold, silver, lead and zinc.

We are looking forward to making the necessary progress to start construction in 2023, subject to achieving some normalization in market conditions - more specifically, the availability of labour and pricing of key inputs.

I'm looking forward to our future and I hope you are too. I am very confident our patience will be rewarded.

Appendix 1 Copper Market

The world is due to face a massive deficit from 2025 for at least the second half of the decade due to rapidly growing demand and a shortage of discoveries globally² with industry analysts forecasting that the global copper industry needs to spend **more than \$100 billion** to build mines able to close what could be an annual supply deficit of 6.0 million tonnes over the next decade.

This means the world would need to build eight projects the size of BHP's Escondida in Chile, the world's largest copper mine, over the next eight years³.

A forecast shortfall in supply from 2025 is being driven by an acceleration of investment in EVs and renewable generation, driving significant demand growth for copper. On the supply side, there is a decline in grades and depletion of reserves from existing mines, a shortage of discoveries, lengthy development approval timelines of 7-10 years or more and fiscal or political uncertainty in the host country.

This has some analysts tipping a "commodity super-cycle on the horizon"⁴.

Globally-respected BlackRock resources analyst, Evy Hambro, is of the view that "commodities prices may stay high for decades as mining companies struggle to keep up with demand from the energy transition." He adds: "We've got decades worth of high rates of investment into infrastructure as the world seeks to decarbonise." In a shift towards a greener world that is creating fresh demand for copper, Evy Hambro reminds us: "that trend's unlikely to change anytime soon."

In a recent report, Citi declares that it is bullish on long-term copper prices, adding that "we see (the copper price) as entering a multi-year decarbonisation-driven bull market." It reminds us that "copper is a critical contributor to decarbonisation efforts".

Robert Friedland, chairman of Ivanhoe Mines, billionaire and mining founder, highlighted at the CRU World Copper conference earlier this year:

"In the short term, we've had a big rise in the price of copper. But for the medium term, copper has really become a national security issue. It's central for what we want to do with our economy."

² Bold Baatar, Head of Rio Tinto's Copper Division

³ Miners need to invest over \$100 billion to meet copper demand (March 2022)

⁴ AFR article May 2022

Disclosures

Competent Person Statement

The Jervis resources information were first released to the ASX on 23/03/2022 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.

| Hole | | Date originally Reported | JORC Reported Under |
|------|-------|--------------------------|---------------------|
| KJCD | 481D6 | 10/11/2021 | 2012 |

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 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.