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12 September 2017

JERVOIS COPPER PROJECT – DHEM AND GRAVITY SURVEYS CONTINUE TO VALIDATE EXPLORATION MODEL

- **Strong Conductor R6 modelled in the hanging wall of Conductor R1**
- **Gravity anomalies on Unca Creek tenement highlight further exploration potential**

KGL Resources Limited (KGL:ASX) (KGL or the Company) is pleased to announce the Down Hole Electromagnetic (DHEM) results for Hole KJD216, following the *ASX* Announcement *"Jervois Drilling Confirms Significant Discovery at Reward" released on 30 August 2017* which discovered a significant extension of mineralisation at Reward.

Reward Prospect – Discovery of deeper, Rockface-like mineralisation

As announced on 30 August 2017, hole KJD216 intersected a zone of visible, strong chalcopyrite plus pyrite mineralisation while targeting DHEM Conductors R1 and R3 at Reward. The intersection corresponded to the expected position of Conductor R1 and is 95m below the deepest previous intercept of Conductor R1.

DHEM surveying of KJD216 has confirmed that the hole intersected Conductor R1 approximately 25m inside the northern edge and 90m above the bottom edge.

Updated modelling, positions the bottom edge of Conductor R3 approximately 20m above hole KJD216

The DHEM survey also identified a strong conductor R6, down dip of Conductor R3, centred on and to the west of Conductor R1. Further drilling will be required to determine whether this represents a larger zone of conductivity rather than two discrete conductors.

The northern end of Reward includes several other conductors that were identified in DHEM surveys undertaken during November 2014[1] using the same DigiAtlantis DHEM sensor and GAP transmitter configuration that has continued to be used so successfully at Rockface.

No drilling had been undertaken to evaluate these conductors until the recent drilling of KJD216. Conductor R2 is along strike to the north of R1 and has been intercepted by KJCD075 coincident with a zone of lead/silver mineralisation. Conductors R4 and R5 were detected by

[1] Refer ASX Announcements *"Geophysics Identifies New Targets at Jervois"* released on 21 November 2014 and *"High Grade Zones Intersected in Deep Drilling at Jervois"* released on 15 January 2015.

a DHEM survey of KJD010W1. Both conductors are modelled to be north of the hole with Conductor R4 along strike from a silver/lead/zinc zone and Conductor R5 along strike from a copper intersection.

Unca Creek Exploration Project – Gravity Survey

The gravity survey conducted over the Unca Creek tenement, surrounding the Jervois tenement is now completed and gravity data is being processed and interpreted.

Large gravity highs that can be seen in Figure 3, centred over both the Reward - Pioneer and Rockface - Bellbird areas suggest a deep-seated zone of higher density that may be associated with the alteration and mineralisation observed in these areas at higher levels.

Many of the shallower gravity anomalies that can be seen In Figure 4 correlate well with zones of know mineralisation on both tenements and numerous other anomalies remain to be field checked to assess their prospectivity.

Completion of the gravity survey complemented with the existing magnetic and radiometric surveys will be key datasets for the mapping program to be completed on the Unca Creek tenement.

KGL Executive Chairman Mr Denis Wood said:

"*This is a great result with DHEM surveys continuing to validate our exploration model. To have the scale of Conductor R1 confirmed and identification of further strong conductors such as R6 ensures the company focuses the exploration program to drill the most prospective areas.*

Separately the gravity survey work has continued to offer us new insights into the geology and controls on mineralisation. It is very encouraging to see such a good correlation between known mineralisation and the gravity anomalies on our recently acquired Unca Creek tenement. This will certainly help focus our exploration efforts."

Reward Longitudinal Section – Looking West

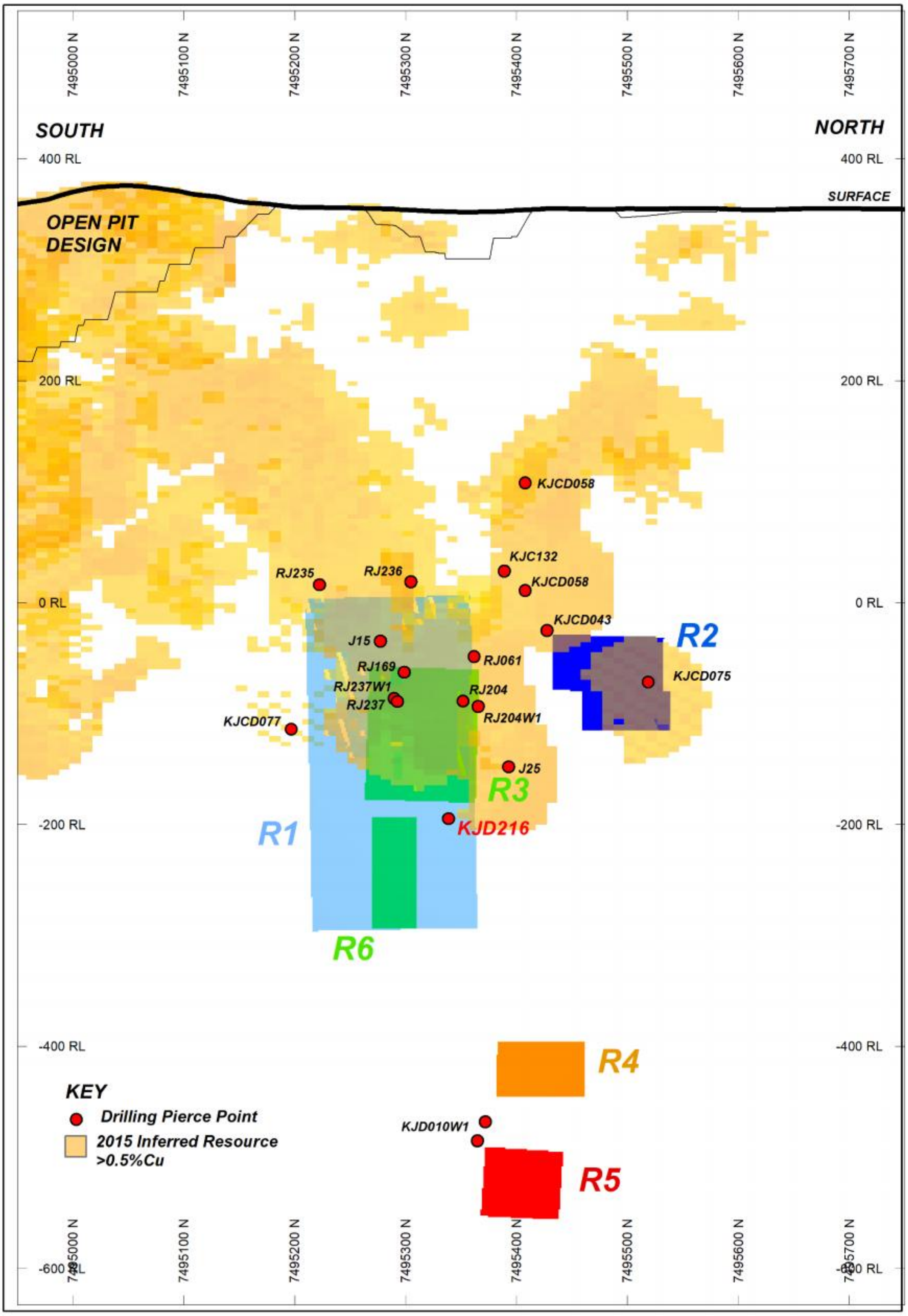

Figure 1 Reward Long section 630 380E highlighting the DHEM conductors

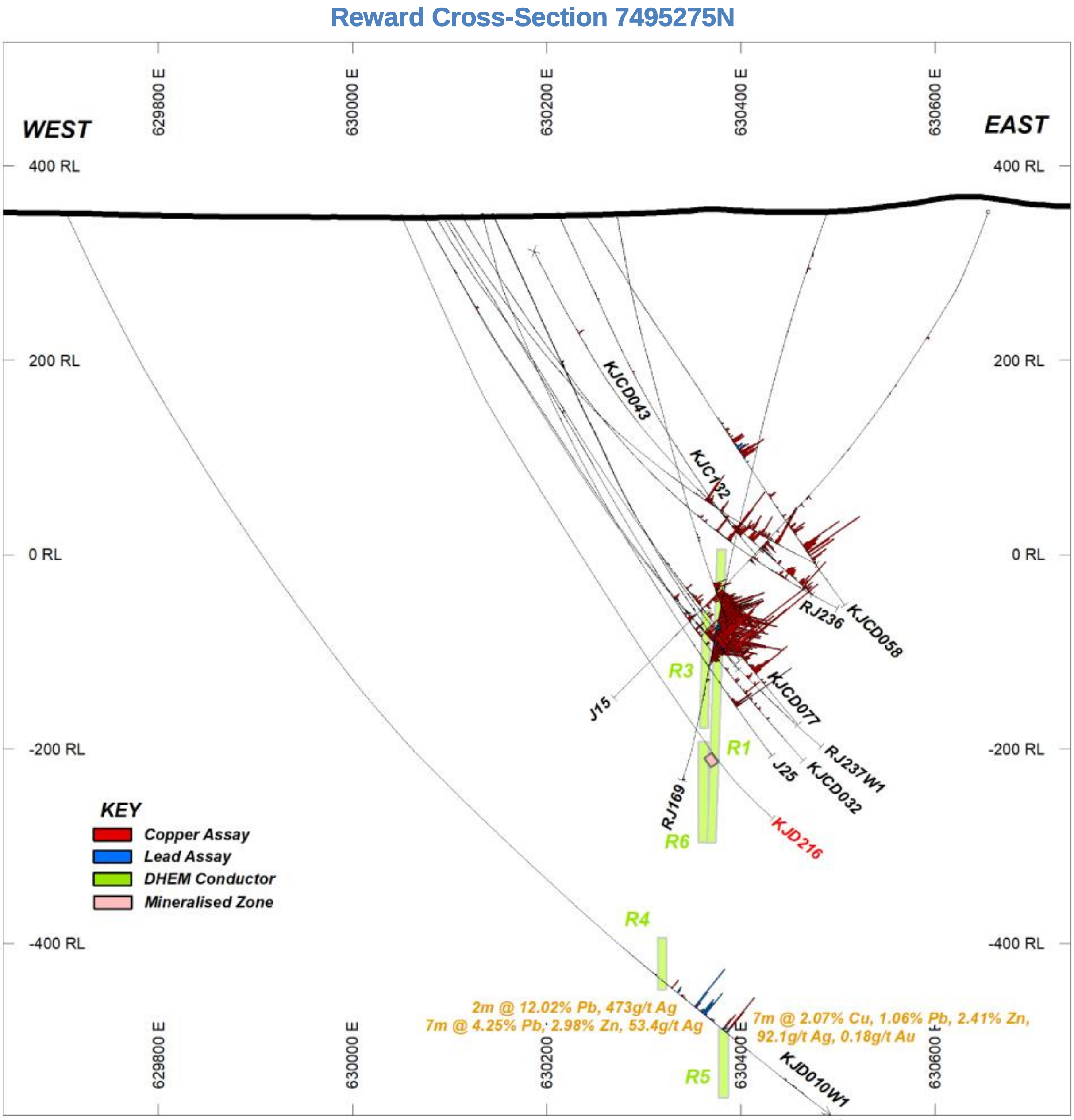

Figure 2. Reward Cross-Section 7495275N

Table 1 - Summary of significant results for Reward North

HoleID	Interval	C	ETW (m)	RL* (m)	SG (t/m^3)
J15	11m @ 4.73% Cu, 1.84g/t Au from 512	R1	8.7	-35.5	-
RJ236	3.7m @ 4.68% Cu, 54g/t Ag, 1.96g/t Au from 433 m		3.0	15.6	3.29
KJCD043	7m @ 1.36% Cu, 25g/t Ag, 0.5g/t Au from 413 7m @1.28%Cu, 20.1g/t Ag, 0.06g/t Au from 483m	- -	5.6 5.6	17.2 -29	2.96 3.04
RJ061	22.4m @ 2.84% Cu from 408 m	R1	7.7	-43.3	-
KJCD075	7m @ 5.07% Pb, 0.29% Zn, 106.6g/t Ag from 498m	R2	5.2	-73.6	3.54
RJ169	72m @ 3.27% Cu, 51.3g/t Ag, 1.16g/t Au from 414m	R1 R3	16	-40.6	3.33
RJ237	23.6m @1.82% Cu, 23.9g/t Ag. 0.27g/t Au from 521.7	R1 R3	16.1	-81.8	-
RJ237W1	25m @ 1.74%Cu, 35.9g/t Ag, 0.82g/t Au from 518m	R1 R3	17	-79.9	3.29
RJ204	8m @ 4.8% Cu, 62.1g/t Ag, 0.35g/t Au from 502m	R1 R3	5.0	-94	3.30
RJ204W1	9.05m @ 4.9%Cu, 66.2g/t Ag, 1.22g/t Au from 509m	R1 R3	5.8	-95.8	3.20
J25	3.64m @ 2.79% Cu from 570.4 m	-	2.2	-154	-
KJCD216	11.6m of mineralisation from 636.1m	R1	7.5	-200	
KJD010W1	2m @ 12.02% Pb, 473g/t Ag from 1062m 7m @ 4.25% Pb, 2.98% Zn, 53.4g/t Ag from 1070m 7m @ 2.07% Cu, 1.06% Pb, 2.41% Zn, 92g/t Ag, 0.18g/t Au from 1100m	R4 R4 R5	1.6 5.6 5.6	-465.3 -470.2 -488.7	3.87 3.11 3.17

**RL start of mineralised interval*

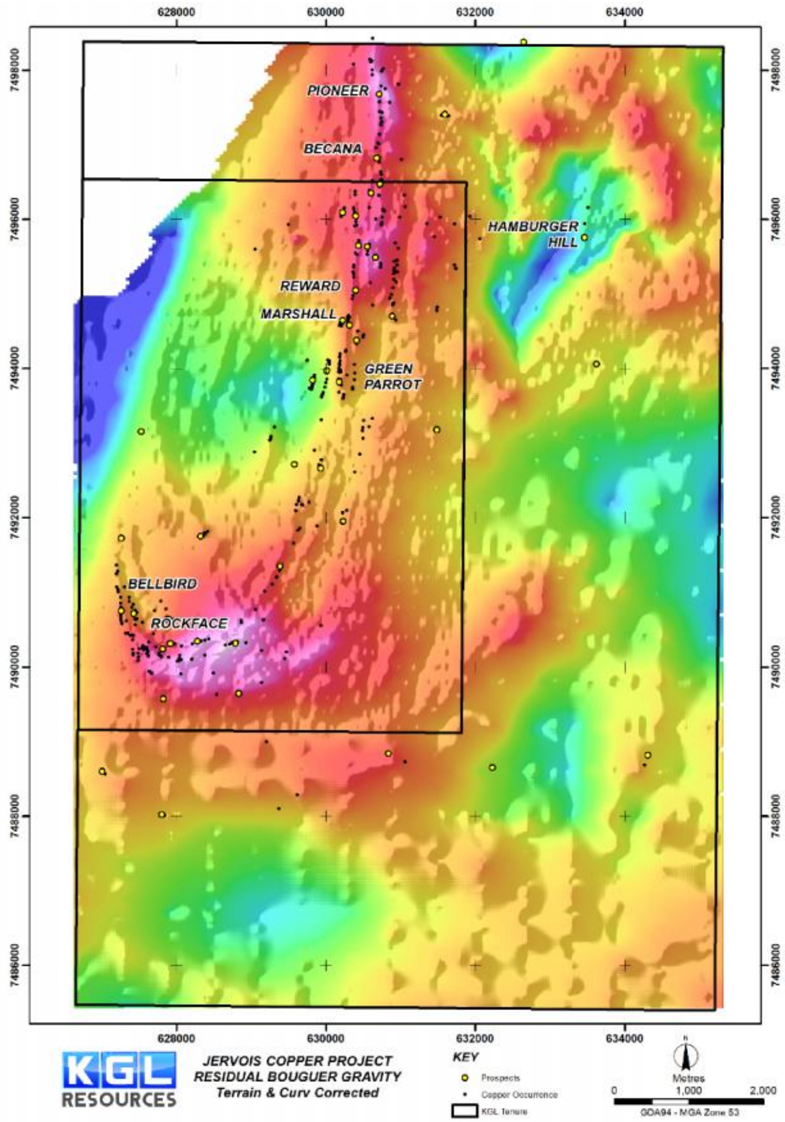

Figure 3 Residual Bouguer Gravity highlighting deeper gravity anomalies (Gravity high- White/Red, Gravity low – Blue/green)

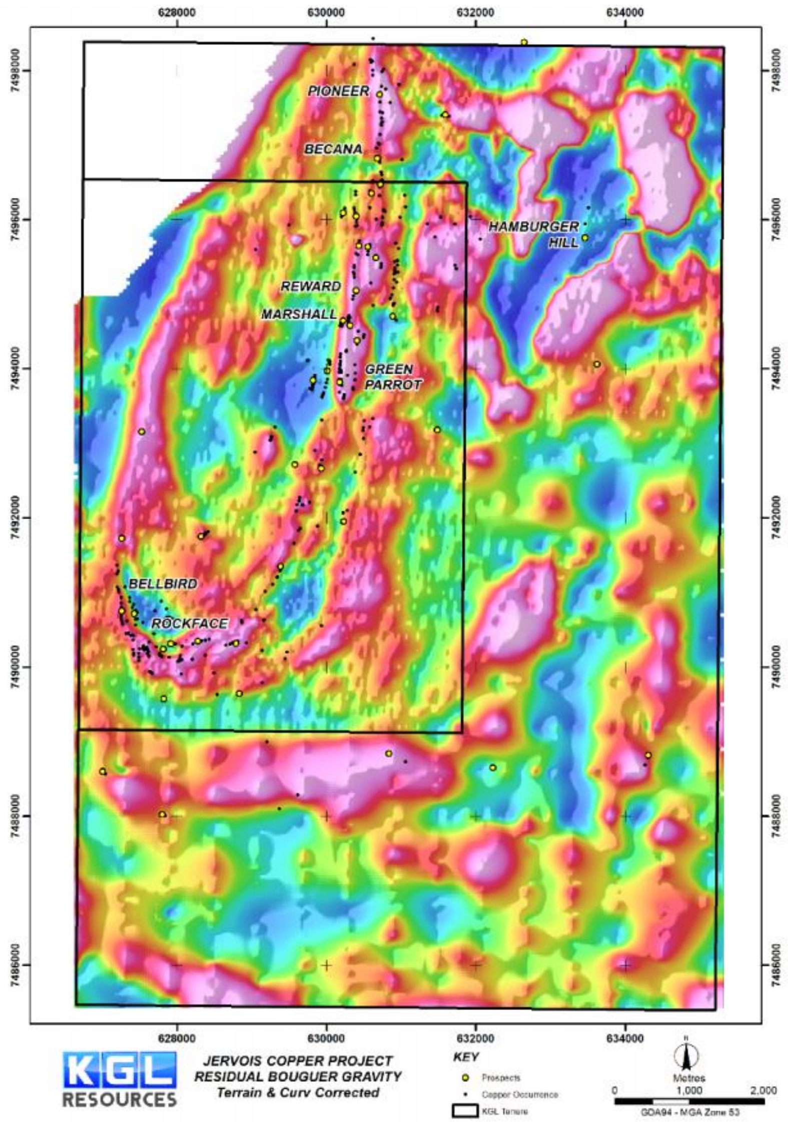

Figure 4 Residual Bouguer Gravity highlighting shallower gravity anomalies (Gravity high- White/Red, Gravity low – Blue/green)

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 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 Adriaan van Herk, a member of the Australian Institute of Geoscientists, Chief Geologist and a full-time employee of KGL Resources Limited.

Mr. van Herk 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. van Herk has consented to the inclusion of this information in the form and context in which it appears in this report.

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
J15	17/05/2011	2004
RJ236	02/10/2012	2004
KJCD043	20/03/2014	2004
RJ061	17/05/2011	2004
KJCD075	21/07/2014	2012
RJ169	22/10/2015	2012
RJ237	02/10/2012	2004
RJ237W1	29/05/2014	2012
RJ204	24/10/2014	2012
RJ204W1	24/10/2014	2012
J25	17/05/2011	2004
KJCD216	17/11/2014	2012
KJD010W1	15/01/2015	2012

1 JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Diamond drilling and reverse circulation (RC) drilling were used to obtain samples for geological logging and assaying. RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg. Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with shorter samples at geological contacts. Field duplicate samples were taken to determine representivity of the primary sample. RC samples are routinely scanned with a Niton XRF. Samples assaying greater than 0.1% Cu, Pb or Zn are submitted for analysis at a commercial laboratory.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	RC drilling was conducted using a reverse circulation rig with a 5.25" face-sampling bit. Diamond drilling was either in NQ2 or HQ3 drill diameters. Metallurgical diamond drilling (JMET holes) were PQ
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Diamond core recoveries are determined by orientating core and measuring the recovered core between drill intervals provided by the drilling company. Any core loss is recorded as a percentage of the interval. At the start of each RC drill program the bulk sample residue (drill cuttings) for 2-3 holes were weighed and compared to the theoretical weight of sample based on the interval length (1m) and the bit diameter. The ratio between the split and the bulk residue is calculated to ensure the split is representative applying Gy's sample theory (~1:15). Drill rigs with high air pressure and CFM are utilised to ensure samples are dry and sample recovery is maximised. Drill intervals with suspected sample loss are recorded on the drill log. RC holes are twinned with diamond holes to determine if there is a sampling bias from loss of fines.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	All RC and diamond core samples are geologically logged with fields including lithology, alteration, mineralisation and structural fabric. Representative samples of core were submitted for petrology and a logging atlas created to standardize geological logging. Diamond core is orientated and logged for geotechnical information including recovery, RQD and structural fabric.

Criteria	JORC Code explanation	Commentary
		• RC drilling is logged in 1m intervals. • Diamond core is logged in intervals based on the lithology, alteration and mineralisation.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg. • Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with shorter samples at geological contacts. • RC sample splits (~3kg) are pulverized to 85% passing 75 microns. • Diamond core samples are crushed to 70% passing 2mm and then pulverized to 85% passing 75 microns. • Sample preparation has been designed to ensure compliance with Gy's sample theory. • RC duplicates are collected as an additional split from the cone splitter on the drill rig. • Diamond core duplicates are a second interval of quarter core.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The QA/QC procedure includes standards, blanks, duplicates and laboratory checks. In ore zones Standards are added at a ratio of 1:10 and duplicates and blanks 1:20. • Basemetal samples are assayed using a four acid (total) digest with an ICP AES finish. Gold samples are assayed by Aqua Regia with an ICP MS finish. Samples over 1ppm Au are re-assayed by Fire Assay with an AAS finish. • An umpire laboratory is used to check ~1% of samples analysed. • QA/QC data is assessed on a monthly basis to assess precision and accuracy of sample assays. Variances in the assay value of standards of greater than 10% (~3 standard deviations) triggers reanalysis of the sample batch. • XRF analyses are only used to prescan samples. Samples with greater than 0.1% Cu, Pb or Zn are then submitted for analysis at a commercial laboratory.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Data is validated on entry into the Datashed database using the Logchief data acquisition software. • Further validation is conducted by a geologist when data is imported into Vulcan. • Validation of drill results at each resource was aided by twinning selected holes with variances investigated to determine the source of sampling or assaying error.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Surface collar surveys were picked up using a Trimble DGPS. • A selection of drill collars were periodically checked by a surveyor. • Downhole surveys were taken during drilling with a Reflex MEMS gyro or a Reflex EZ gyro.

Criteria	JORC Code explanation	Commentary
		• All drilling is conducted on the GDA94 MGA Zone 53 grid. All downhole surveys were converted to GDA94 MGA Z53 grid. • A DTM has been generated from a close spaced grid of sample points using a DGPS. Additional sample points have been added is areas with steep or rugged topography.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling for Inferred resources has been conducted at a spacing of 50m along strike and 80m within the plane of the mineralized zone. Closer spaced 50m by 40m drilling was used for Indicated resources. • Shallow oxide RC drilling was conducted on 80m spaced traverses with holes 10m apart
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Holes were drilled perpendicular to the strike of the mineralization at a default angle of -60 degrees but holes vary from -45 to -80. • The orientation of drill holes relative to the mineralised structures is not thought to have generated any significant sample bias.
Sample security	• *The measures taken to ensure sample security.*	• Samples were stored in sealed polyweave bags on site and transported to the laboratory at regular intervals by KGL staff or a transport contractor.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques are regularly reviewed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Jervois project is within EL25429 and EL28082 100% owned by Jinka Minerals and operated by Kentor Minerals (NT), both wholly owned subsidiaries of KGL Resources. • The Jervois project is covered by Mining Leases and two Exploration licences owned by KGL Resources subsidiary Jinka Minerals.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration has primarily been conducted by Reward Minerals, MIM and Plenty River.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• EL25429 and EL28082 lie on the Huckitta 1: 250 000 map sheet (SF 53-11). The tenement is located mainly within the Palaeo-Proterozoic Bonya Schist on the north-eastern boundary of the Arunta Orogenic Domain. The Arunta Orogenic Domain in the north western part of the tenement is overlain unconformably by Neo-Proterozoic sediments of the Georgina Basin. • The copper-lead-zinc mineralisation is interpreted to be stratabound in nature, probably relating to the discharge of base metal-rich fluids in association with volcanism or metamorphism or dewatering of the underlying rocks at a particular time in the geological history of

Criteria	JORC Code explanation	Commentary
		the area. - The copper mineralisation is interpreted to be a later structurally controlled, mineralising event(s)
Drill hole Information	- *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* - *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	-
Data aggregation methods	- *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* - *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* - *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	- Refer Table 1
Relationship between mineralisation widths and intercept lengths	- *These relationships are particularly important in the reporting of Exploration Results.* - *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* - *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	- Refer Table 1
Diagrams	- *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	- Refer Figures 1-2
Balanced reporting	- *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	-
Other substantive exploration data	- *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	- Refer Figures 1-4
Further work	- *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* - *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	- Refer Figures 1 - 4