



26 April 2019

## **Quarterly Activities Report - Period Ended 31 March 2019**

**KGL's Jervois Project progresses towards development - on course to further upgrade confidence levels of copper resources**

### **Highlights**

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#### **1. Infill drilling results expected to boost Indicated Copper Resources at Rockface North and Reward Deeps deposits with a view to establishing a JORC Ore Reserve**

The benefits of state-of-the-art down hole electromagnetic (DHEM) surveying in providing high potential conductor targets were again evident in infill drilling results received during the quarter. Infill drilling at conductors delivered excellent results at Reward Deeps. At Rockface North, infill drilling was also successful, with some holes directed at conductor extremities producing encouraging results.

#### **2. New exploration targets to probe continuity of mineralisation at Reward North**

A new conductor has been discovered at Reward North. Recent drilling just to the south is now pointing to a possible mineralisation trend linking with the new conductor. The drilling followed up promising initial drill results at shallow depth.

#### **3. Progress towards project development; rain delays**

Development and operational studies were advanced during the quarter.

The site at Jervois was inundated with a major rain event during March. Due to appropriate planning before the rain, only 24 hours was lost for infill and exploration drilling. However, access to the potential water supply site remains cut off, thus delaying some essential surveys and the groundwater drilling itself. Fortunately, the necessary Aboriginal Area Protection Authority clearance visit was completed before the rain event, and the clearance certificate is awaited.

All other aspects of the project development continued as planned.

#### **4. Capital raising to fund Jervois through to development phase**

KGL raised \$6.5 million through a placement of shares to three large shareholders during the quarter. The funds are being applied to high impact infill drilling programs at Reward and Rockface to further upgrade the mineral resource classification and to delineate a JORC Ore Reserve to support the financing initiatives for the development of Jervois.

## 1. Infill drilling results expected to boost Indicated Copper Resources at Rockface North and Reward Deeps deposits with a view to establishing a JORC Ore Reserve

The results of infill drilling at Rockface North and Reward Deeps are expected to contribute to further improvement in confidence in copper resources, increasing the proportion of resources into the Indicated Resource category.

### Rockface North

During the quarter complete assay results from five holes drilled to target the Rockface North Lode were received.

The information obtained from these drill holes is expected to upgrade resources currently in the concept mine plan as Inferred status to the Indicated Resource category at Rockface North. Another three holes are considered necessary for a further upgrade to create a JORC Ore Reserve.

Significant results are highlighted in Table 1 and Appendix I.

Hole ID	From (m)	To (m)	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJCD215D1	502.00	503.00	1.00	0.51	0.01	0.06	3.0	0.01
KJCD231D1 including	515.64	520.80	5.16	4.10	0.09	0.33	19.3	0.52
	516.74	517.83	1.09	11.91	0.16	0.76	38.0	1.74
KJCD281 including and including	554.15	596.44	42.29	0.85	0.05	0.19	7.0	0.06
	554.15	558.09	3.94	2.69	0.38	1.28	30.6	0.18
	572.00	582.00	10.00	0.98	0.01	0.09	4.9	0.06
KJCD281D1	554.15	557.13	2.98	0.26	0.01	0.03	3.1	0.03
KJCD322	436.58	439.95	3.37	3.47	0.03	0.05	21.3	0.23

Table 1: Summary of significant assays from Rockface North Lode reported during the quarter.

The five holes targeted the upper portion of Conductor 6 (Figures 1 and 2), which has had limited drilling to date, following up previous high-grade intercepts in the relatively shallow part of Rockface North.

The best intersection is **KJCD231D1** which targeted the upper, eastern portion of Conductor 6:

- ) **5.16 m @ 4.10% Cu**, 19.3 g/t Ag, 0.52 g/t Au from 515.64 m – corresponding with Conductor 6
  - o including **1.09m @ 11.91% Cu**, 38.0 g/t Ag, 1.74 g/t Au from 516.74 m

Another very significant intersection was achieved in **KJCD322** which intercepted the extreme upper edge of Conductor 6:

- ) **3.37 m @ 3.47% Cu**, 21.3g/t Ag, 0.23g/t Au from 436.58 m

**KJCD281** intercepted a wide zone of mineralisation on the eastern edge of Conductor 6:

- ) **42.29 m @ 0.85% Cu**, 7.0g/t Ag, 0.06g/t Au from 554.15 m
  - o including **3.94 m @ 2.69% Cu**, 30.6 g/t Ag, 0.18 g/t Au from 554.15 m
  - o and including **10.00 m @ 0.98% Cu**, 4.9 g/t Ag, 0.06 g/t Au from 572.00 m

The other intercepts indicate that the thickness of mineralisation and copper grades drop off outwards from the upper eastern portion of Conductor 6.

The results show that mineralisation extends to the upper and eastern edges of the conductor plates of the Rockface North Lode (Figure 1.) The mineralisation in the Indicated Resource blocks also extends eastwards along strike (Figure 2).

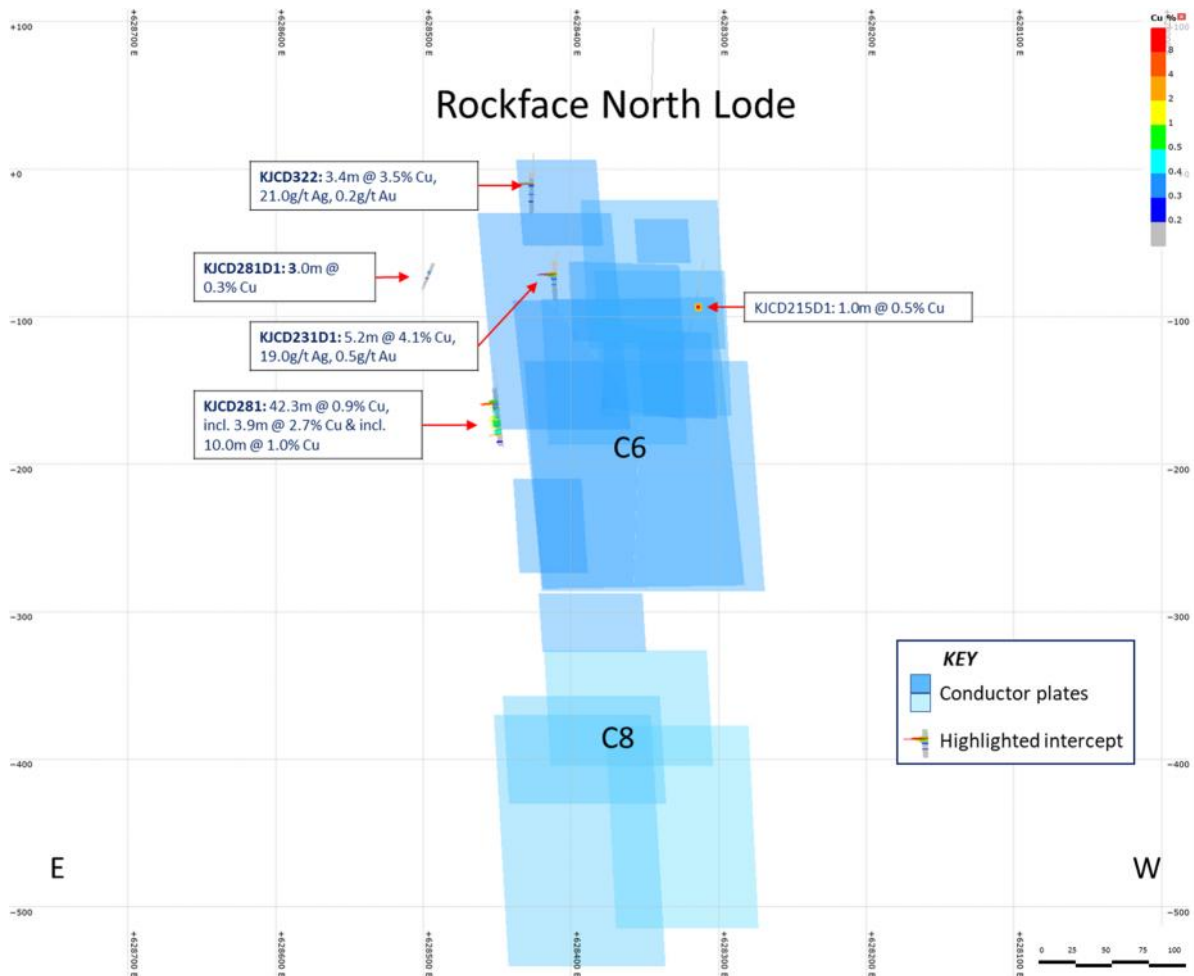


Figure 1: Longitudinal section of recent assay results around Conductor 6 at Rockface North Lode. (Decimals rounded up for ease of presentation).

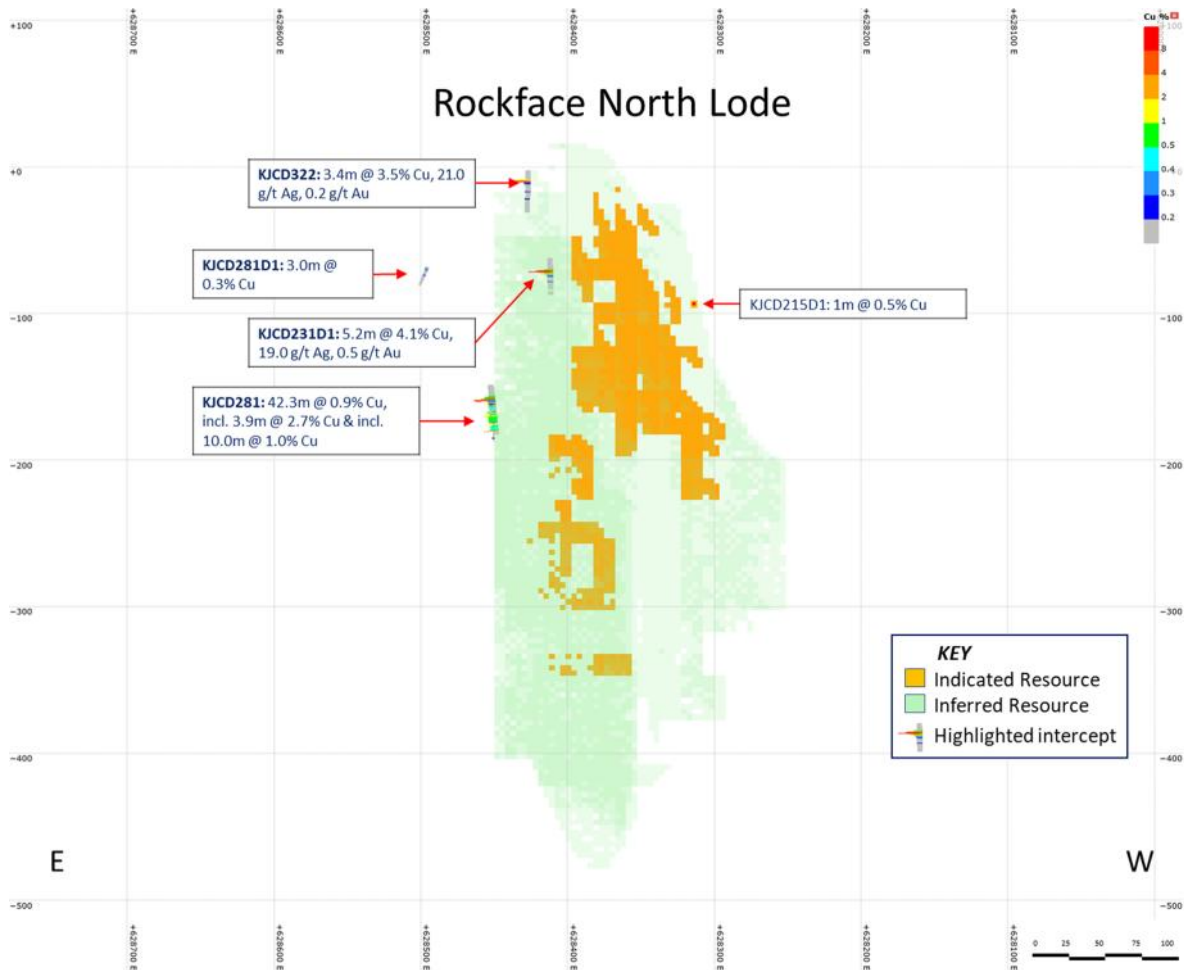


Figure 2: Longitudinal section of recent assay results from Rockface North Lode, showing the current resource block model. (Decimals rounded up for ease of presentation).

### Reward Deeps

The drill testing of conductors identified by DHEM surveying met with further success during the quarter.

Complete assay results were received for eight holes, six of which were drilled in December 2018 (KJCD312, KJCD312D1W1, KJCD312D2, KJCD313, KJCD314 and KJCD315) and two (KJCD315D1 and KJCD317) more recently.

The assay results record high grade intercepts at Reward Deeps and are expected to contribute to an upgrade of resources from Inferred status to Indicated Copper Resources at Reward. As with Rockface North, three additional holes are considered necessary to further upgrade resources to create a JORC Ore Reserve.

Significant assays for the eight holes are highlighted in Table 2 (below), Appendix I and Figures 3 & 4.

Hole ID	From (m)	To (m)	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJCD312 and	699.67	709.35	9.68	0.73	0.01	0.05	6.5	0.06
	733.00	739.44	6.44	5.09	0.16	0.07	45.7	0.76
KJCD312D1W1 and	714.00	725.29	11.29	1.00	0.05	0.29	7.2	0.07
	749.56	758.50	8.94	2.45	0.23	0.18	44.7	0.54
KJCD312D2 and	713.14	716.00	2.86	1.72	0.01	0.09	14.4	0.22
	745.00	750.46	5.46	1.17	0.10	0.14	17.5	0.36
KJCD313 including and including	820.77	841.55	20.78	0.49	0.11	0.10	13.1	0.12
	820.77	830.64	9.87	0.56	0.11	0.08	13.7	0.18
	833.95	841.55	7.60	0.60	0.12	0.17	14.4	0.08
KJCD314	625.29	632.86	7.57	6.20	0.14	0.57	55.6	1.68
KJCD315 and	502.50	507.74	5.24	2.13	0.09	0.17	11.7	0.46
	524.80	529.32	4.52	5.73	0.55	0.92	109.2	1.21
KJCD315D1 including	518.22	521.89	3.67	1.67	0.51	0.95	32.9	0.24
	520.44	521.09	0.65	7.50	2.46	3.75	159.0	0.68
KJCD317 and including	411.81	412.64	0.83	1.88	0.01	0.06	17.0	0.68
	422.84	439.03	16.19	2.41	0.32	0.07	48.2	1.06
	432.42	437.24	4.82	3.78	0.81	0.07	106.9	2.48

Table 2: Summary of significant assays from Reward Deeps reported during the quarter.

Holes KJCD312, KJCD312D1W1, KJCD314 and KJCD317 targeted DHEM Conductor plates R6 and R7 identified in December 2018 and each intercepted significant mineralisation. The best results are from holes KJCD312, KJCD314 and KJCD317, each which targeted the centre of a conductor (Figure 3).

**KJCD312** targeted Conductor 6 where it overlaps with Conductor R1 and intercepted:

) **6.44 m @ 5.09% Cu**, 45.70 g/t Ag and 0.76 g/t Au from 733.00 m;

**KJCD314** also targeted Conductor 6 and its overlap with Conductor 1 and intercepted:

) **7.57 m @ 6.20% Cu**, 55.6g/t Ag, 1.68g/t Au from 625.29 m – corresponding with Conductor R1 and R6

**KJCD317** targeted the centre of the long and narrow conductor plate, R7 and intercepted:

) **16.19 m @ 2.41% Cu**, 48.2g/t Ag, 1.06g/t Au from 422.84 m, including  
o **4.82 m @ 3.78% Cu**, 106.9g/t Ag, 2.48g/t Au from 432.42 m – corresponding with Conductor R1 and R7

Hole **KJCD315**, designed as a resource extension hole, intercepted:

) **5.24 m @ 2.13% Cu**, 11.7 g/t Ag and 0.46 g/t Au from 502.50 m, and  
j) **4.52 m @ 5.73% Cu**, 109.2 g/t Ag and 1.21 g/t Au from 524.80 m.

This drill hole is 50 m west of the upper portion of the currently identified Reward Deeps Indicated Resource and should contribute additional Indicated Resources (Figure 4).

It is also significant that this intercept is not associated with any known conductors as it is located between conductors R1 and R2 (Figure 3).

The other intercepts indicate that the copper grades gradually drop off towards the edge of the conductor, similar to what has been observed at Rockface.

The results also show that mineralisation extends along strike from the current Indicated Resource of the Reward Deeps.

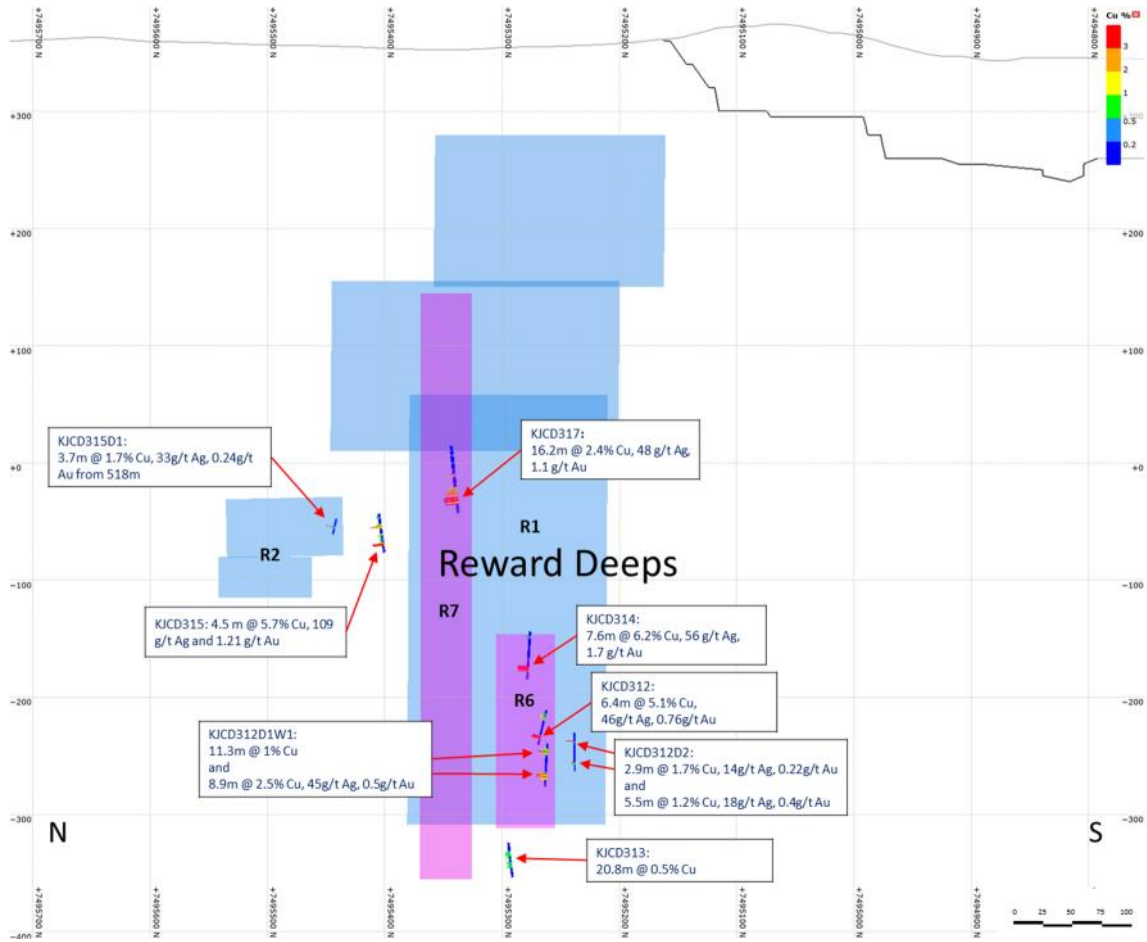


Figure 3: Longitudinal section of recent assay results around conductors at Reward Deeps (Decimals rounded up for ease of presentation).

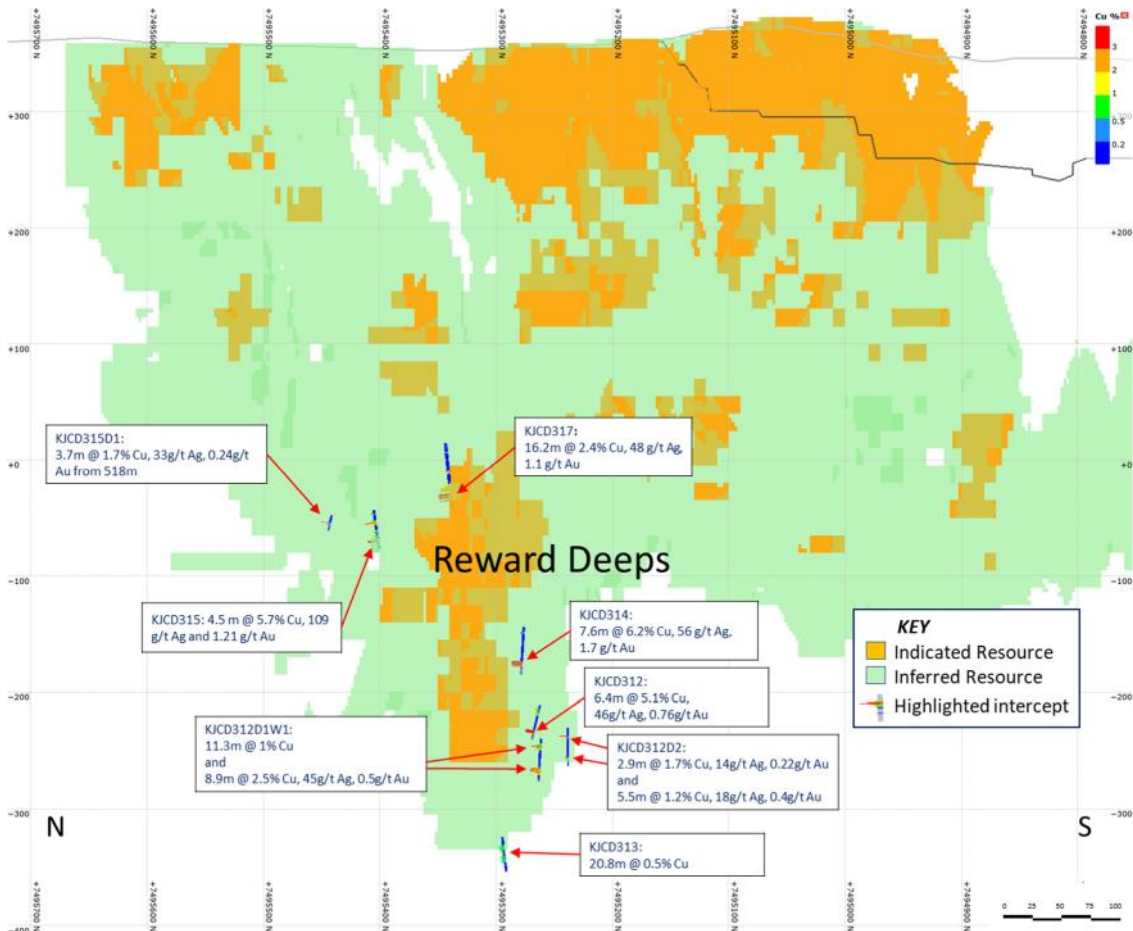


Figure 4: Longitudinal section of recent assay results from Reward Deeps, showing the current resource block model (Decimals rounded up for ease of presentation).

## 2. New exploration targets to probe continuity of mineralisation at Reward North

### Reward North

Exploration drilling is pointing to possible continuity of mineralisation at Reward North.

Promising results from KJCD193X at the Reward North Prospect (previously named Boundary Prospect) were followed up with four shallow holes, two RC (KJC318 and KJC319) and two RC-DD (KJCD319 and KJCD320). Assay results from these holes and previous intercepts along strike to the north and across the EL boundary suggest possible trends in shallow copper mineralisation over 1%. Furthermore, a DHEM survey in hole KJC192 recorded a deeper weak off-hole conductor to the north (Figure 5).

The Reward North conductor is of considerable interest as mineralisation has not been closed off by drilling at its location, the conductor overlaps with previously identified mineralisation trends and secondary copper occurs above it at surface, in a large gossan outcrop near the Boundary Fault. Given that the area has had limited drilling to date, further drilling targeting the conductor is planned.

Hole ID	From (m)	To (m)	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJC318	90.00	93.00	3.00	0.37	0.05	0.21	3.3	0.01
KJC319	89.00	92.00	3.00	0.23	0.01	0.03	1.7	0.00
KJCD320	159.83	164.00	4.17	1.24	0.06	0.29	5.9	0.02
KJCD321	164.71	169.82	5.11	1.16	0.06	0.20	6.0	0.03

Table 3: Summary of significant assays from Reward North reported during the quarter.

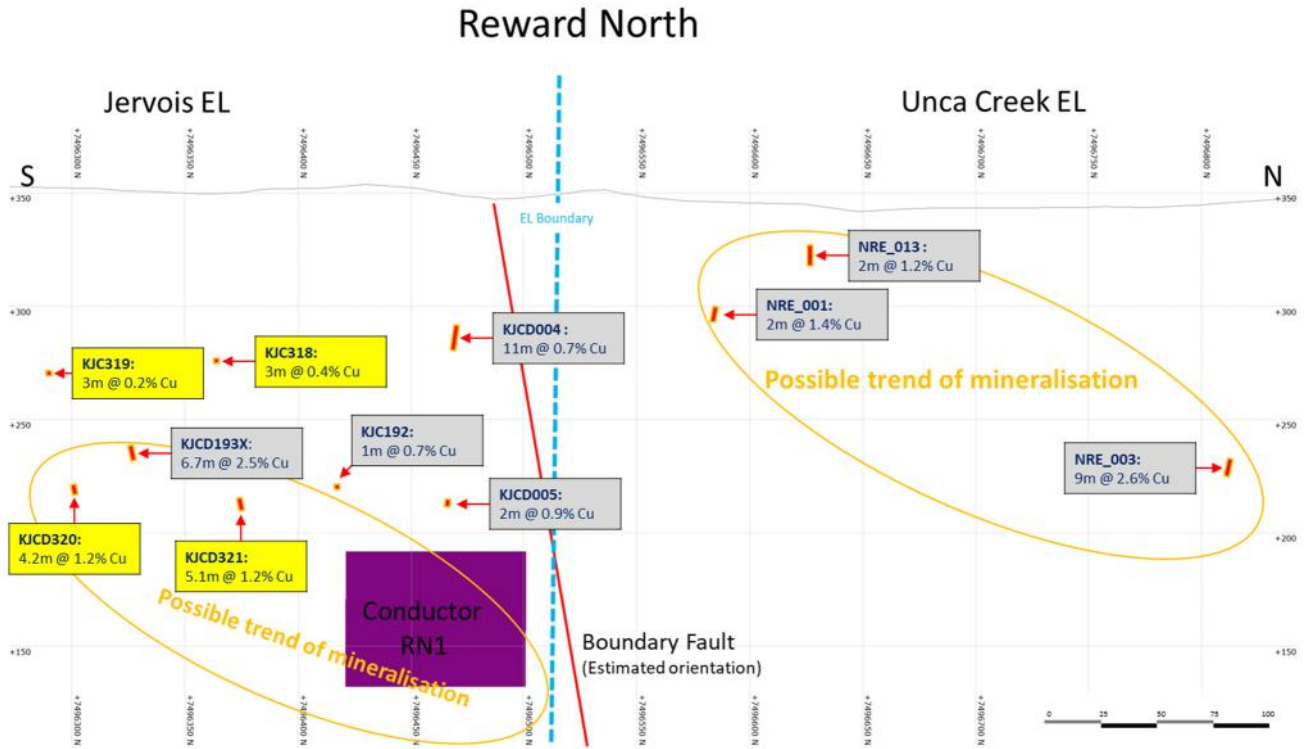


Figure 5: Longitudinal section of recent assay results (in yellow) and previous assay results (in grey) from Reward North, showing the new conductor and possible mineralisation trends on either side of the Boundary Fault. (Decimals rounded up for ease of presentation).



### **3. Progress towards project development; rain delays**

Work continued on aspects of project development and operation in parallel with the resource upgrade and exploration.

Two days of heavy rain in March caused delays to all site work. The Jervois Pastoral Station recorded 86mm on 25 March and 90mm on 26 March. Access to the site by four-wheel drive vehicles was regained after a week, and trucks were again able to use the Plenty Highway and the Lucy Creek access road after two weeks. Careful planning and good site drainage meant only 24 hours was lost to the infill and exploration drilling.

The site dam which was constructed before the 1980s is ideally positioned for both water storage and flood mitigation. The dam was dry before the rain and full immediately after, with water flowing over the spillway. The dam is in need of repair work which will be undertaken in the early stages of project construction. Once completed the dam storage will be enhanced by a factor of 3. The photographs (Figures 6 and 7) show the dam before and after the recent rain event.



*Figure 6: Dam at Jervois before recent rain.*



*Figure 7: Dam at Jervois after heavy rain on 25 and 26 March*

The preparation of the EIS supplementary report is continuing, although some strategic aspects including water drilling have been delayed due to the rain. No issues that would prevent the mine development have arisen in the EIS process

Discussions and tenders continued with contractors for all major aspects of the mine development and operation, comprising mining, processing, transport logistics, power generation and camp construction.

Studies for mine planning and metallurgical processes continued to work in conjunction with the JORC drilling.

#### **4. Capital raising to fund Jervois through to development phase**

During the quarter, the Company raised \$6.5 million, without costs, through the issue of 21.67 million new shares at 30 cents per share to three existing shareholders in KGL. Welcoming the investments, the Chairman of KGL Mr Denis Wood said that the decisions by the three respected international investors to further increase significantly their stakes in KGL represented a strong vote of confidence in the Company and the Jervois Project.

Two of the investors made their first investments in KGL last year. Marshall Plenty, a company associated with international mineral resources identity Mr Ernie Thrasher, acquired 12.7 million shares in the latest placement. ASM Connaught House Fund LP, ASM Connaught House Fund (Master) II LP and ASM Connaught House Fund (Master) III LP, which are managed by Argyle Street Management Limited, acquired 3.3 million shares. KMP Investments Pty Ltd, KGL's largest shareholder, acquired 5.6 million shares.

#### **5. Outlook**

The Company will concentrate on infill drilling to upgrade the confidence levels of the Resource at Jervois, increasing the Indicated Resource category and creating an Ore Reserve to underpin project development funding.

**For further information, contact:**

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 Company Secretary  
 Phone: 07 3071 9003

**Competent Persons 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
NRE_001	16/05/2017 – originally reported as NRC_012	2012
NRE_003	16/05/2017 – originally reported as NRC_011	2012
NRE_013	16/05/2017 – originally reported as NRC_013	2012
KJCD193X	23/01/2019	2012
KJC192	23/01/2019	2012
KJCD004	16/05/2017	2012
KJCD005	16/05/2017	2012

**Tenements**

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	Jervois Project, Northern Territory	100%
ML30829	Jervois Project, Northern Territory	100%
EL 25429	Jervois Project, Northern Territory	100%
EL 30242	Jervois Project, Northern Territory	100%
E28340	Yambah, Northern Territory	100%
E28271	Yambah, Northern Territory	100%
EL28082	Unka Creek, Northern Territory	100%

Mining Tenements Acquired and Disposed during the quarter*	Location	Beneficial Holding

Tenements subject to farm-in or farm-out agreements	Location	Beneficial Holding

Tenements subject to farm-in or farm-out agreements acquired or disposed of during the quarter	Location	Beneficial Holding

# 1 APPENDIX I. DRILL HOLE INFORMATION AND ASSAY RESULTS RECEIVED MARCH 2019.

Prospect	Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azi	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
Reward Deeps	KJCD312	629,938	7,495,244	348	-67.9	95.1	801.80	699.67	709.35	9.68	8.30	0.73	0.01	0.05	6.5	0.06
							and	733.00	739.44	6.44	5.61	5.09	0.16	0.07	45.7	0.76
	KJCD312D1W1	629,938	7,495,244	348	-67.9	95.1	795.80	714.00	725.29	11.29	8.92	1.00	0.05	0.29	7.2	0.07
							and	749.56	758.50	8.94	7.20	2.45	0.23	0.18	44.7	0.54
	KJCD312D2	629,938	7,495,244	348	-67.9	95.1	771.80	713.14	716.00	2.86	2.41	1.72	0.01	0.09	14.4	0.22
							and	745.00	750.46	5.46	4.78	1.17	0.10	0.14	17.5	0.36
	KJCD313	629,887	7,495,315	349	-64.5	94.9	892.00	820.77	841.55	20.78	16.34	0.49	0.11	0.10	13.1	0.12
							including	820.77	830.64	9.87	7.76	0.56	0.11	0.08	13.7	0.18
							and including	833.95	841.55	7.60	5.97	0.60	0.12	0.17	14.4	0.08
	KJCD314	630,031	7,495,271	348	-65.8	94.9	667.00	625.29	632.86	7.57	6.16	6.20	0.14	0.57	55.6	1.68
	KJCD315	630,086	7,495,413	349	-61.1	85.6	560.00	502.50	507.74	5.24	3.97	2.13	0.09	0.17	11.7	0.46
							and	524.80	529.32	4.52	3.43	5.73	0.55	0.92	109.2	1.21
KJCD315D1	630,086	7,495,413	349	-61.1	85.6	631.50	518.22	521.89	3.67	3.22	1.67	0.51	0.95	32.9	0.24	
						including	520.44	521.09	0.65	0.57	7.50	2.46	3.75	159.0	0.68	
KJCD317	630,179	7,495,367	349	-57.44	278.87	460.20	411.81	412.64	0.83	0.49	1.88	0.01	0.06	17.0	0.68	
						and	422.84	439.03	16.19	9.57	2.41	0.32	0.07	48.2	1.06	
						including	432.42	437.24	4.82	2.85	3.78	0.81	0.07	106.9	2.48	
Rockface North Lode	KJCD215D1	628,270	7,490,670	359	-76.48	171.78	525.50	502.00	503.00	1.00	0.72	0.51	0.01	0.06	3.0	0.01
	KJCD231D1	628,407	7,490,795	358	-70.0	170.0	576.90	515.64	520.80	5.16	4.40	4.10	0.09	0.33	19.3	0.52
							including	516.74	517.83	1.09	0.93	11.91	0.16	0.76	38.0	1.74
	KJCD281	628,450	7,490,872	358	-71.7	170.6	603.90	554.15	596.44	42.29	32.14	0.85	0.05	0.19	7.0	0.06
							including	554.15	558.09	3.94	2.99	2.69	0.38	1.28	30.6	0.18
							and including	572.00	582.00	10.00	7.60	0.98	0.01	0.09	4.9	0.06
KJCD281D1	628,450	7,490,872	358	-71.68	170.64	603.90	554.15	557.13	2.98	2.91	0.26	0.01	0.03	3.1	0.03	
KJCD322	628,416	7,490,734	359	-71.07	171.43	473.00	436.58	439.95	3.37	2.91	3.47	0.03	0.05	21.3	0.23	
Reward North	KJC318	630,755	7,496,352	350	-61.64	85.64	140.50	90.00	93.00	3.00	2.09	0.37	0.05	0.21	3.3	0.01
	KJC319	630,662	7,496,289	349	-63.78	98.36	155.50	89.00	92.00	3.00	1.96	0.23	0.01	0.03	1.7	0.00
	KJCD320	630,796	7,496,291	351	-59.35	267.86	215.00	159.83	164.00	4.17	3.04	1.24	0.06	0.29	5.9	0.02
	KJCD321	630,808	7,496,360	348	-59.55	268.37	220.00	164.71	169.82	5.11	3.71	1.16	0.06	0.20	6.0	0.03

## 2 JORC CODE, 2012 EDITION – TABLE 1

### 2.1 Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>) Nature and quality of sampling (e.g. 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.</li> <li>) Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>) Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>) In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>) At Reward diamond drilling and reverse circulation (RC) drilling were used to obtain samples for geological logging and assaying. The core samples comprised a mixture of sawn HQ quarter core, sawn NQ half core and possibly BQ half core (historical drilling only). Sample lengths are generally 1m, but at times length were adjusted to take into account geological variations. RC sample intervals are predominantly 1m intervals with some 2 and 4m compositing (historical holes only). A total of 586 drillholes for 83,400m, were completed, sited predominantly within the planned open pit area, but include 10 new KGL diamond (and minor RC) infill and extensional drilling totalling 6,812m. Drilling is on a nominal 25m spacing near surface expanding at depth to 50m and then to 100m on the periphery of the mineralisation</li> <li>) At Rockface diamond drilling was used to obtain samples for geological logging and assaying. Sample lengths are generally 1m in length, but adjusted at times to take into account geological variations. The samples comprised sawn HQ quarter core. A total of 33 holes for 19,330m were included on approximately 50m centres.</li> <li>) RC samples are routinely scanned by KGL Resources with a Niton XRF. Samples assaying greater than 0.1% Cu, Pb or Zn are submitted for analysis at a commercial laboratory.</li> <li>) Mineralisation at both deposits is characterized by disseminations, veinlets and large masses of chalcopyrite, associated with magnetite-rich alteration within a psammite. The mineralisation has textures indicative of structural emplacement within specific strata i.e. the mineral appears stratabound.</li> <li>) Documentation of the historical drilling (pre-2011) for Reward is variable.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>) Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. 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).</li> </ul>	<ul style="list-style-type: none"> <li>) The KGL and previous Jinka-Minerals RC drilling was conducted using a reverse circulation rig with a 5.25-inch face-sampling bit. Diamond drilling was either in NQ2 or HQ3 drill diameters. Metallurgical diamond drilling (JMET holes) were PQ</li> <li>) There is no documentation for the historic drilling techniques.</li> <li>) Diamond drilling was generally cored from surface with some of the deeper holes at Rockface and Reward utilizing RC pre-collars.</li> <li>) Oriented core has been measured for the recent KGL drilling.</li> </ul>

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> <li>) Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>) Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>) 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.</li> </ul>	<ul style="list-style-type: none"> <li>) The KGL RC samples were not weighed on a regular basis but when completed no sample recovery issues were encountered during the drilling program.</li> <li>) Jinka Minerals and KGL split the rare overweight samples (&gt;3kg) for assay. Since overweight samples were rarely reported no sample bias was established between sample recovery and grade.</li> <li>) Core recovery for Rockface is &gt;95% with the mineral zones having virtually 100% recovery.</li> <li>) The core recovery for the KGL drilling of Reward has been regarded as acceptable although there is no documentation for the historical drilling.</li> <li>) No evidence has been found for any relationship between sample recovery and copper grade and there are no biases in the sampling with respect to copper grade and recovery.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>) 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.</li> <li>) Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>) The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>) All KGL RC and diamond core samples are geologically logged. Logging in conjunction with multi-element assays is appropriate for Mineral Resource estimation.</li> <li>) Core samples are also orientated and logged for geotechnical information.</li> <li>) All logging has been converted to quantitative and qualitative codes in the KGL Access database.</li> <li>) All relevant intersections were logged.</li> <li>) Paper logs existed for the historical drilling. There is very little historical core available for inspection.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>) If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>) If non-core, whether rifled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>) For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>) Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>) 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.</li> <li>) Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>) The following describes the recent KGL sampling and assaying process: <ul style="list-style-type: none"> <li>- RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg;</li> <li>- RC sample splits (~3kg) are pulverized to 85% passing 75 microns.</li> <li>- Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with samples lengths adjusted at geological contacts;</li> <li>- Diamond core samples are crushed to 70% passing 2mm and then pulverized to 85% passing 75 microns.</li> <li>- Two quarter core field duplicates were taken for every 20m samples by Jinka Minerals and KGL Resources.</li> <li>- All sampling methods and sample sizes are deemed appropriate for resource estimation</li> </ul> </li> <li>) Details for the historical sampling are not available.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>) The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>) 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.</li> <li>) Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether</li> </ul>	<ul style="list-style-type: none"> <li>) The KGL drilling has QAQC data that includes standards, duplicates and laboratory checks. In ore zones standards are added at a ratio of 1:10 and duplicates and blanks 1:20.</li> <li>) Base metal samples are assayed using a four-acid digest with an ICP AES finish. Gold samples are assayed by Aqua Regia with an ICP MS finish. Samples over</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	<p>1ppm Au are re-assayed by Fire Assay with an AAS finish.</p> <p>) There are no details of the historic drill sample assaying or any QAQC.</p> <p>) All assay methods were deemed appropriate at the time of undertaking.</p>
Verification of sampling and assaying	<p>) <i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p>) <i>The use of twinned holes.</i></p> <p>) <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p>) <i>Discuss any adjustment to assay data.</i></p>	<p>) Data is validated on entry into the MS Access database, using Database check queries and Maxwell's DataShed.</p> <p>) Further validation is conducted when data is imported into Surpac and Leapfrog Geo.</p> <p>) Hole twinning was occasionally conducted at Reward with mixed results. This may be due to inaccuracies with historic hole locations rather than mineral continuity issues.</p> <p>) For the resource estimation below detection values were converted to half the lower detection limit.</p>
Location of data points	<p>) <i>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.</i></p> <p>) <i>Specification of the grid system used.</i></p> <p>) <i>Quality and adequacy of topographic control.</i></p>	<p>) For the KGL drilling surface collar surveys were picked up using a Trimble DGPS, with accuracy to 1 cm or smaller.</p> <p>) Downhole surveys were taken during drilling with a Ranger or Reflex survey tool at 30m intervals. Checks were conducted with a Gyrosmart gyro and Azimuth Aligner.</p> <p>) All drilling by Jinka Minerals and KGL is referenced on the MGA 94 Zone 53 grid. All downhole magnetic surveys were converted to MGA 94 grid.</p> <p>) For Reward there are concerns about the accuracy of some of the historic drillhole collars. There are virtually no preserved historic collars for checking.</p> <p>) There is no documentation for the downhole survey method for the historic drilling.</p> <p>) Topography was mapped using Trimble DGPS (see location points)</p>
Data spacing and distribution	<p>) <i>Data spacing for reporting of Exploration Results.</i></p> <p>) <i>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.</i></p> <p>) <i>Whether sample compositing has been applied.</i></p>	<p>) Drilling at Rockface was on nominal 50m centres with downhole sampling on 1m intervals.</p> <p>) Drilling at Reward was on 25m spaced sections in the upper part of the mineralisation extending to 50m centres with depth and ultimately reaching 100m spacing on the periphery of mineralisation.</p> <p>) For Reward shallow oxide RC drilling was conducted on 80m spaced traverses with holes 10m apart.</p> <p>) The drill spacing for all areas is appropriate for resource estimation and the relevant classifications applied.</p> <p>) A small amount of sample compositing has been applied to some of the near surface historic drilling.</p>
Orientation of data in relation to geological structure	<p>) <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p>) <i>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.</i></p>	<p>) Holes were drilled perpendicular to the strike of the mineralization; the default angle is -60 degrees, but holes vary from -45 to -80.</p> <p>) Drilling orientations are considered appropriate and no obvious sampling bias was detected.</p>
Sample security	) <i>The measures taken to ensure sample security.</i>	) Samples were stored in sealed polyweave

Criteria	JORC Code explanation	Commentary
		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 internally and by external consultants.

## 2.2 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	<p>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.</p> <p>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.</p>	<p>The Jervois Project is within E30242 100% owned by Jinka Minerals and operated by Kentor Minerals (NT), both wholly owned subsidiaries of KGL Resources.</p> <p>The Jervois Project is covered by Mineral Claims and an Exploration licence owned by KGL Resources subsidiary Jinka Minerals.</p>
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.	<p>EL30242 lies on the Huckitta 1: 250 000 map sheet (SF 53-11). The tenement is located mainly within the Palaeo-Proterozoic Bonya Schist on the northeastern 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.</p> <p>The stratabound mineralisation for the project consists of a series of complex, narrow, structurally controlled, sub-vertical sulphide/magnetite-rich deposits hosted by Proterozoic-aged, amphibolite grade metamorphosed sediments of the Arunta Inlier.</p> <p>Mineralisation is characterised by veinlets and disseminations of chalcopyrite in association with magnetite. In the oxide zone which is vertically limited malachite, azurite, chalcocite are the main Cu-minerals.</p> <p>Massive to semi-massive galena in association with sphalerite occur locally in high grade lenses of limited extent with oxide equivalents including cerussite and anglesite in the oxide zone. Generally, these lenses are associated with more carbonate-rich host rocks occurring at Green Parrot, Reward and Bellbird North.</p>
Drill hole Information	<p>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:</p> <ul style="list-style-type: none"> <li>o easting and northing of the drill hole collar</li> <li>o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>o dip and azimuth of the hole</li> <li>o down hole length and interception depth</li> <li>o hole length.</li> </ul> <p>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.</p>	Refer Tables 1, 2 and 3, Figures 1, 2, 3, 4 and 5 and Appendix I
Data aggregation methods	<p>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.</p> <p>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.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	Minimum grade truncation 0.5%Cu



Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<p>) <i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p>) <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p>) <i>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').</i></p>	<p>) Refer Figures 1, 2, 3, 4 and 5, Appendix I</p>
<i>Diagrams</i>	<p>) <i>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.</i></p>	<p>) Refer Figures 1, 2, 3, 4 and 5</p>
<i>Balanced reporting</i>	<p>) <i>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.</i></p>	<p>) Refer Appendix I</p>
<i>Other substantive exploration data</i>	<p>) <i>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.</i></p>	<p>) Outcrop mapping of exploration targets using Real time DGPS.</p> <p>) Refer Figures 1, 2, 3, 4 and 5</p>
<i>Further work</i>	<p>) <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p>) <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>) Refer Figure 5</p>

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

KGL Resources

### ABN

52 082 658 080

### Quarter ended ("current quarter")

31 Mar 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>	-	-
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,829)	(1,829)
(b) development	-	-
(c) production	-	-
(d) staff costs	(99)	(99)
(e) administration and corporate costs	(142)	(142)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	44	44
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Restructuring costs	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,026)</b>	<b>(2,026)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	4,805	4,805
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,805</b>	<b>4,805</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>10,715</b>	<b>10,715</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<b>(2,026)</b>	<b>(2,026)</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<b>4,805</b>	<b>4,805</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>13,494</b>	<b>13,494</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	305	314
5.2 Call deposits	13,189	10,401
5.3 Trust	-	-
5.4 Bank overdrafts		
5.5 Other (provide details)		
<b>5.6 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>13,494</b>	<b>10,715</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	42
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Remuneration and expenses paid to executive and non-executive directors for the quarter.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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<b>9. Estimated cash outflows / (inflows for next quarter)</b>	<b>\$A'000</b>
9.0 Equity Raising	(1,695)
9.1 Exploration and evaluation	1,896
9.2 Development (Jervois Project)	1,486
9.3 Production	-
9.4 Staff costs	167
9.5 Administration and corporate costs	266
9.6 Fixed Assets	82
<b>9.7 Total estimated cash outflows / (inflows)</b>	<b>2,202</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .. ..... Date: ...26/04/2019.....  
(Director/Company secretary)

Print name: ....Kylie Anderson.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.