www.kglresources.com.au

31 May 2016

Annual General Meeting Addresses

KGL Resources (ASX: KGL) releases the Chairman's address and a presentation to be given at today's Annual General Meeting.

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About KGL Resources

KGL Resources Limited is an Australian mineral exploration company focussed on increasing the high grade Resource at the Jervois Copper-Silver-Gold Project in the Northern Territory and developing it into a multi-metal mine.

Chairman's Address to AGM of KGL Resources Limited, 31 May 2016

It is a pleasure to welcome shareholders of KGL Resources to an Annual General Meeting for the first time as Chairman, and to report to you on behalf of directors.

Let me begin by affirming the confidence of directors in the Jervois copper and multi-metal project. Jervois is KGL's major asset. We are committed to adding shareholder value by applying modern and cost efficient exploration methods that will continue to reveal the scale and quality of the Jervois orebodies.

During KGL's ownership of Jervois, the estimated resource has been increased progressively in size and level of confidence.

The current Indicated and Inferred Resource, announced last July, stands at 30.5 million tonnes containing 327,000 tonnes of copper and 22.6 million ounces of silver, together with lead, zinc and gold. This is a good platform from which to grow a larger and, more importantly, a higher grade resource.

Rather than proceed with a bankable feasibility study the board has decided to fund additional exploration to improve the quality of the current resource. Our aim is to ensure that any future project can deliver copper production which can truly be described as "bottom half of the cost curve". We are not there yet. Nor do we think that capital markets are ready to fund such a project on terms that adequately reflect the value we see in the project. Our advisors, PWC, agree with this, and as well have suggested we hold back on a search for a project partner.

Exploration over the past 12 months has been encouraging. Drilling at the Rockface prospect has generated some of the highest grade copper intercepts encountered within the Jervois project. This discovery has highlighted the effectiveness of geophysical methods in targeting the drill rigs. More on Rockface later.

I'm sure we don't need to remind you that both markets and metal prices have not been supportive to small metal miners. The enthusiasm once directed to copper has been undermined by an uncertain outlook for global demand. But that is the commodity cycle. It is not the first and certainly it won't be the last.

The strategy we are pursuing is to increase and upgrade the Jervois resource through a highly targeted exploration program. This ***can*** be achieved with a reduced level of spending, as we exercise stringent cost control across the company.

Over the past six months, we have cut costs significantly. The board has been reduced to three directors and directors' fees have been reduced.

The size of the workforce has been reduced and staff put on to a part-time basis in line with the reduced levels of activity. The Perth office has been closed. The company's CEO/MD's position has now been made redundant.

To fund the current exploration program and corporate costs, the board was driven by the best interests of sh areholders. We have stayed away from highly dilutive avenues such as placements. We decided upon a 2 for 9 non-renounceable pro-rata entitlement offer that gave all shareholders the opportunity to participate, that was fully underwritten by me and that had no underwriting fees. The offer raised $3 million, of which $1.72 million was contributed by 285 shareholders almost 30% of whom applied for top-up shares. The remaining funds were contributed through the underwriting agreement. The company held $3.2 million in cash at the end of March 16.

The company's reduced level of spending will minimise the need for further capital raising in this continuing period of low metal prices and a low share price. We are now very much focused on maximising returns from exploration. I want to see as many dollars as we can afford going into the ground to improve the quality of the orebody. Last year we saw resources increase, but the grade remained the same. To maximise the value of the Jervois orebody, we need higher grade mineralisation to kick-start the cashflows, especially while metal prices are low.

Last year, KGL conducted a 3D-induced polarisation (3DIP) and magnetotelluric survey in selected parts of the Jervois deposit. The detailed information provided by the 3DIP survey enabled the company to identify new targets.

Several of the holes drilled into targets identified by the 3DIP survey discovered new zones of copper mineralisation.

We are particularly encouraged by recent drilling at Rockface where broad zones of high grade mineralisation have been intersected, and there are indications that the copper grade continues to improve with depth.

Drilling well below the current inferred resource intersected 13 metres of high grade copper - 2.14% copper from 255 metres and another 2 metres of higher grade, 2.83% copper.

Two other recent holes have also encountered similar wide intercepts of massive magnetite and chalcopyrite. One intersected 9 metres at 2.91% copper from 284 metres and 6 metres at 1.6% copper from 296 metres. A third – the deepest - intersected 16 metres at 3.34% copper from 362 metres.

All three intersections included silver and gold assays.

There are two points to be made from these results. The width and grade of the copper mineralisation is showing good continuity between the three holes.

Secondly, as I said earlier, there are indications that the copper grade continues to improve with depth. The large downhole electromagnetic conductor just below the deepest intersection is clearly a target for future drilling.

These discoveries should add significantly to the current resource at Rockface and to the total resource at Jervois. Keith Mayes, who has been working on Jervois for KGL for several years now, will tell us more about Rockface shortly.

Let me summarise the immediate way forward. The company is planning a new drilling program following the review now being completed of the recent exploration, including the drilling that has emanated from the 3DIP survey. The strategy that we are pursuing is directed towards building Jervois into a larger, lower cost project, to increase the size, to lift the grade, and to extend the potential mine life, and so secure its place amongst the lowest cost projects in the world.

I would like to thank my fellow directors, Chris Bain who acted as Chairman until my appointment last November, and Brad Ellis and John Taylor, for their service to the company over the past year. Mr Ellis retired from the board recently having been the nominee of KMP Investments, the company's largest shareholder, and following his retirement Ferdian Purnamasidi joined the board. Mr Purnamasidi is a senior executive of KMP's parent, the Indonesian-based diversified conglomerate, the Salim Group. We are very pleased to welcome his appointment, not only as an indication of the continuing strong support of KGL's largest shareholder, but also because of his considerable experience in

international finance and major mining developments in Australia.

Directors would like to thank Simon Milroy for the executive leadership he provided for the past eight years, and other employees for their work during a difficult time in the mining industry cycle. We thank shareholders for their continuing investment in the company. We extend thanks to those shareholders who acquired shares in the entitlement issue including the two largest shareholders both of whom fully participated in the offer.

I began by asserting directors' confidence in Jervois. There are obvious risks in every mineral exploration. However, in the case of Jervois, the directors strongly believe that the benefits from the extra exploration to increase the scale and quality of the resource will enhance shareholder value from the Jervois copper and multi-metal project.

Jervois Copper Project

Rockface – A geophysical success

May 2016



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Rockface Location

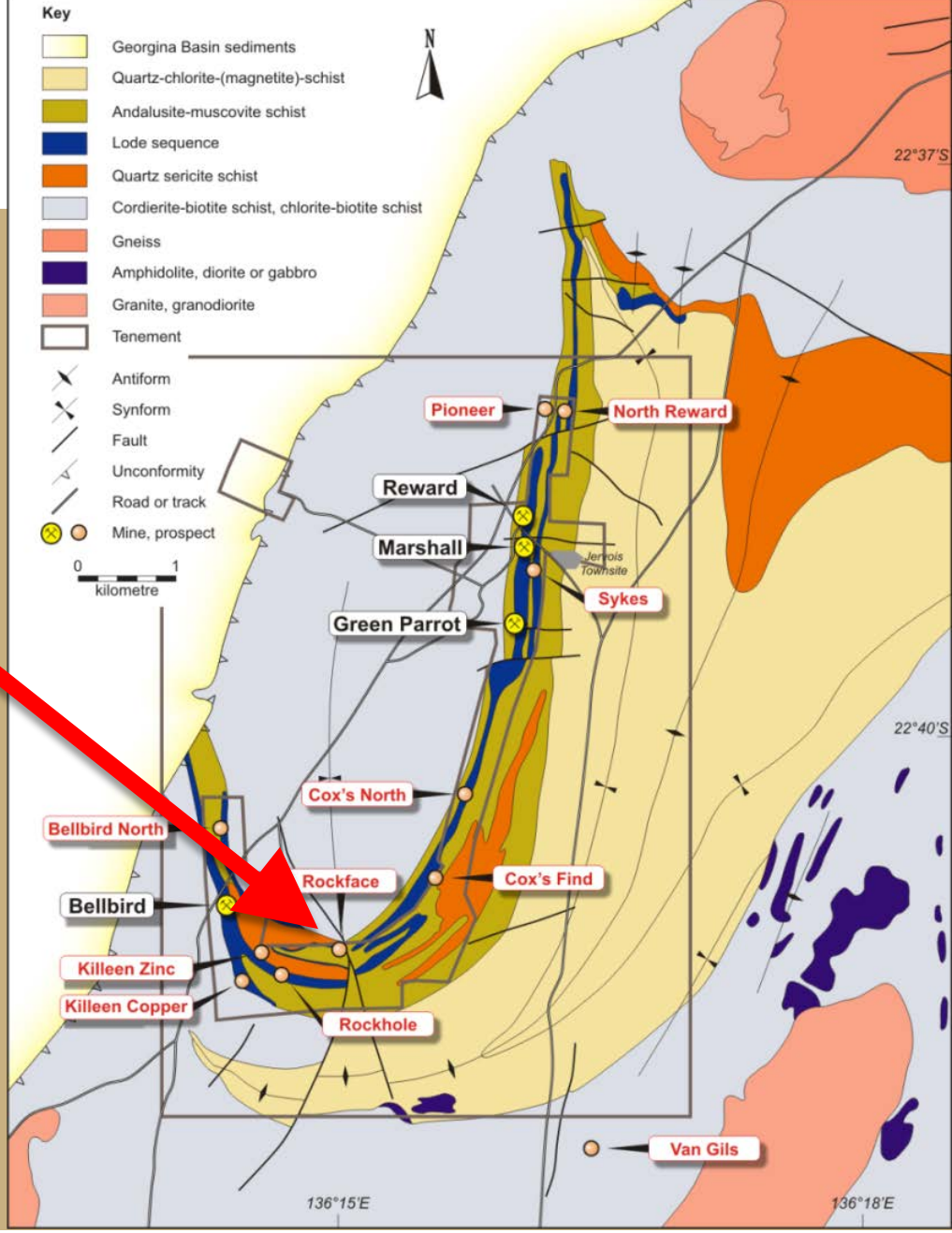


View from Reward Hill looking South

Rockface Location

Rockface is located in the hinge of the “J” fold at Jervois

Dilation zone can potentially develop within the fold hinge providing pathways for later intrusives and hydrothermal fluids

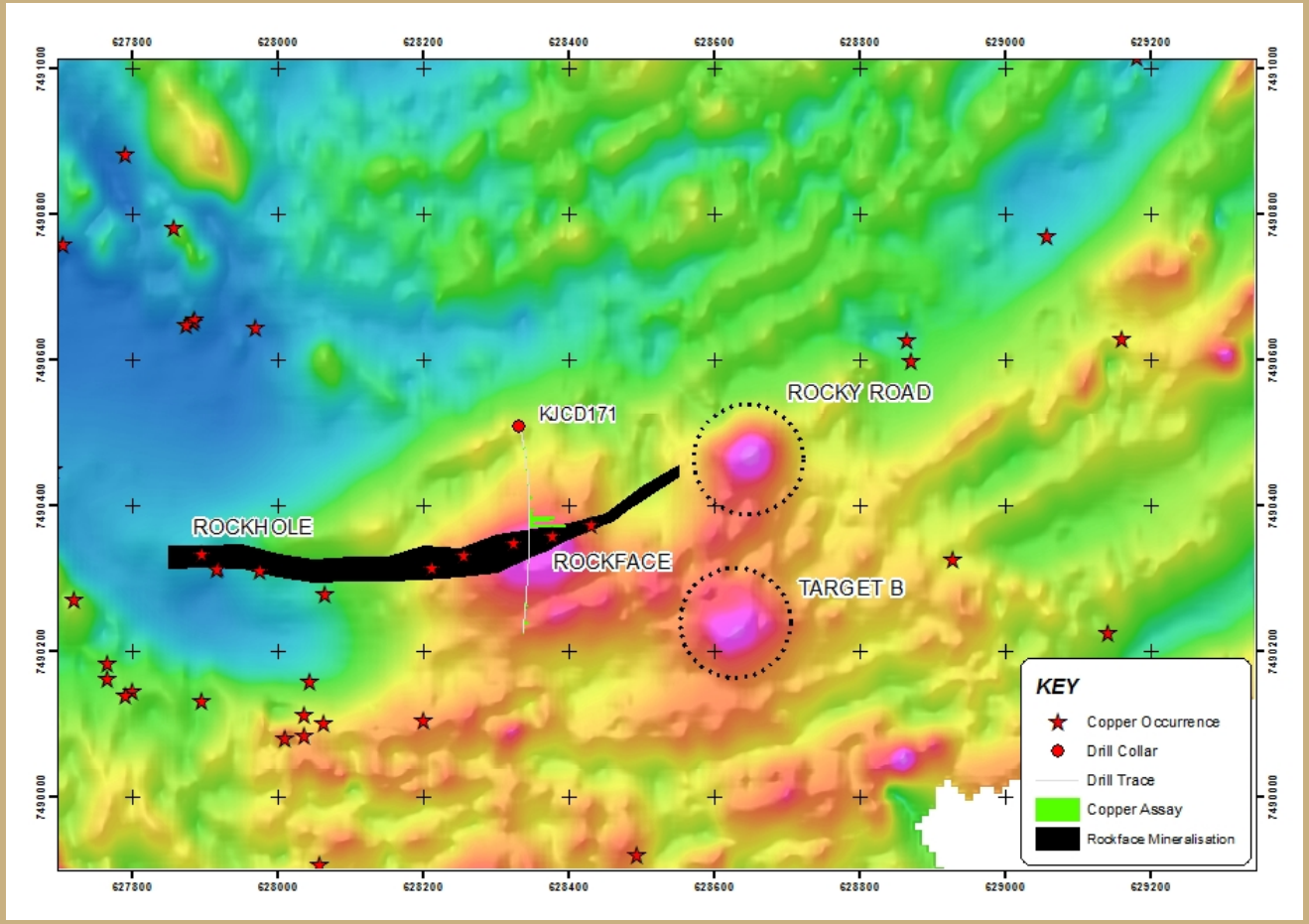


Rockface



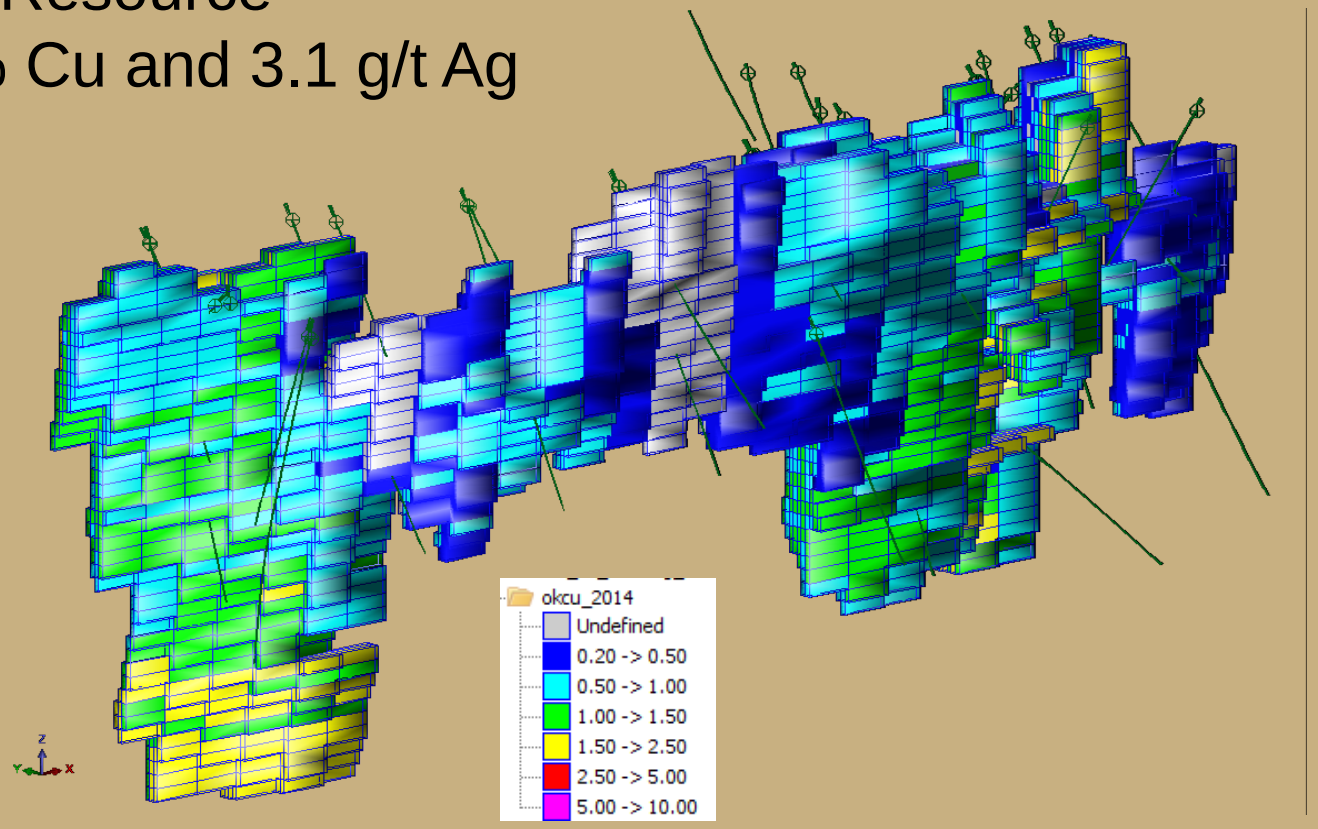
Rockface - Magnetics

Magnetite alteration associated with the mineralisation at Jervois produces a strong magnetic response



Rockface Resource Model Sep 2015

Rockface Inferred Resource
700,000t @ 0.82% Cu and 3.1 g/t Ag



View looking down to NE

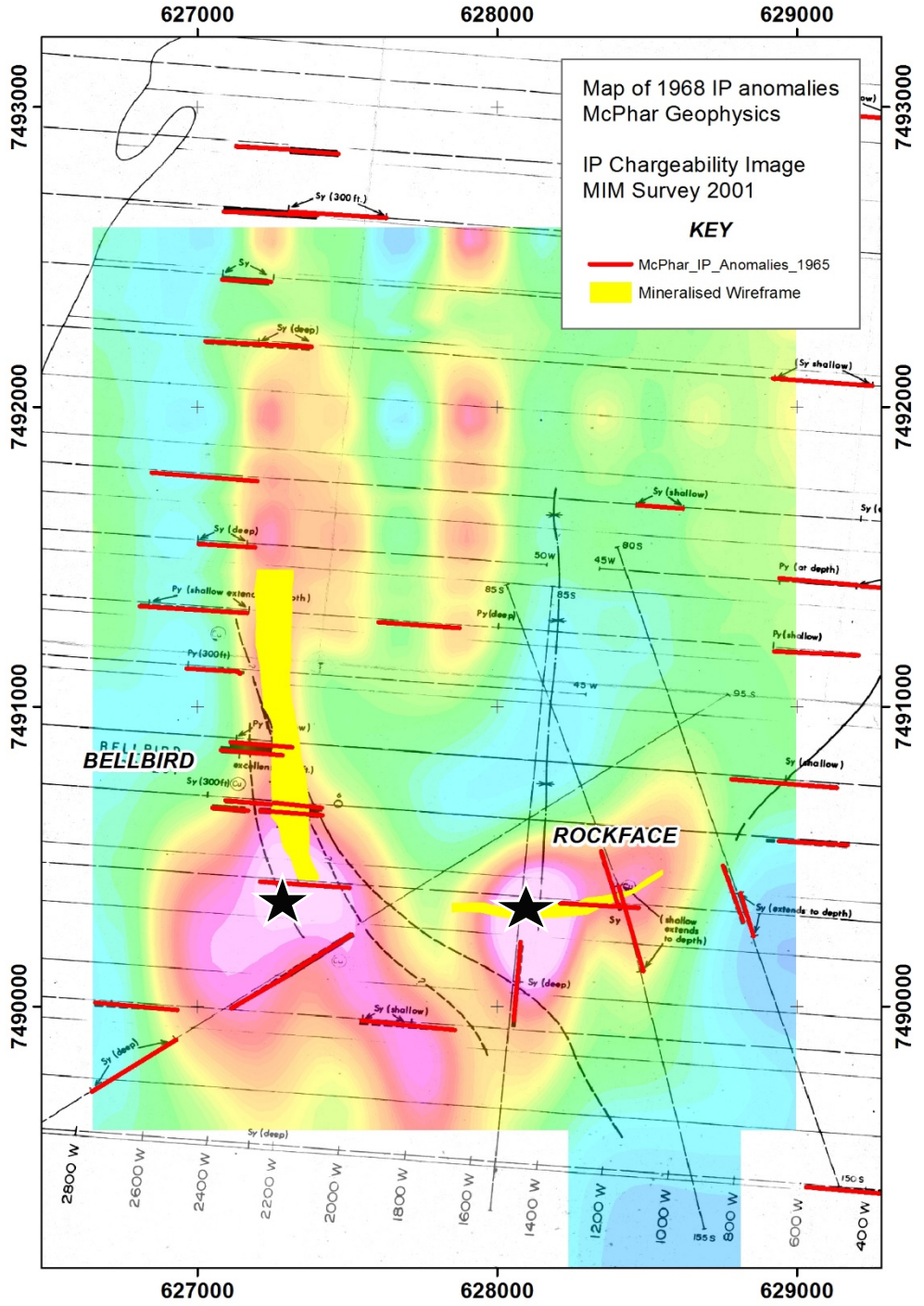
Historical Surveys

McPhar IP survey in 1968 identified IP chargeability anomalies (red lines)

MIM Dipole-Dipole IP Survey in 2001 confirmed chargeabilty anomaly coincident with Bellbird and Rockface

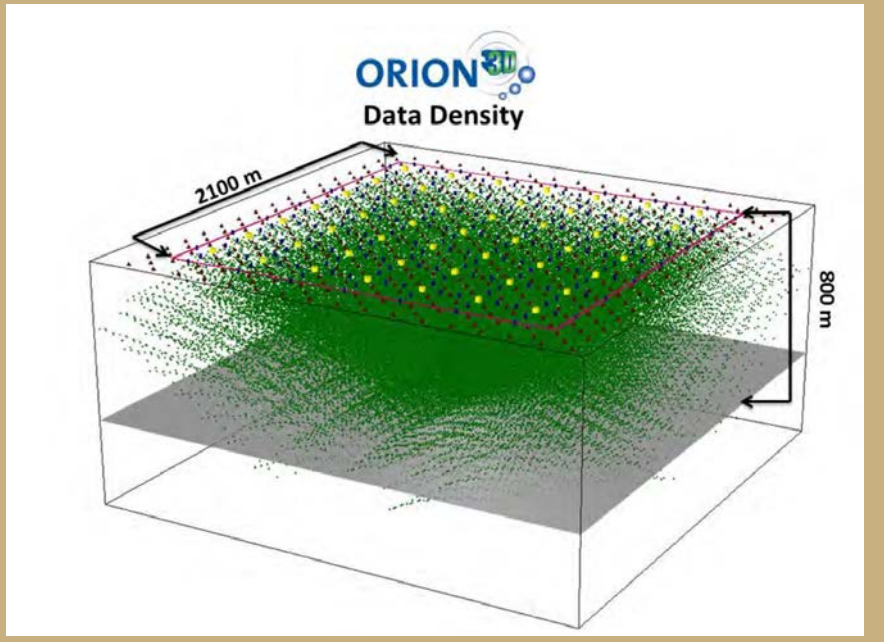
KGL undertook simultaneous 3D inversion of MIM 2D dipole-dipole IP data

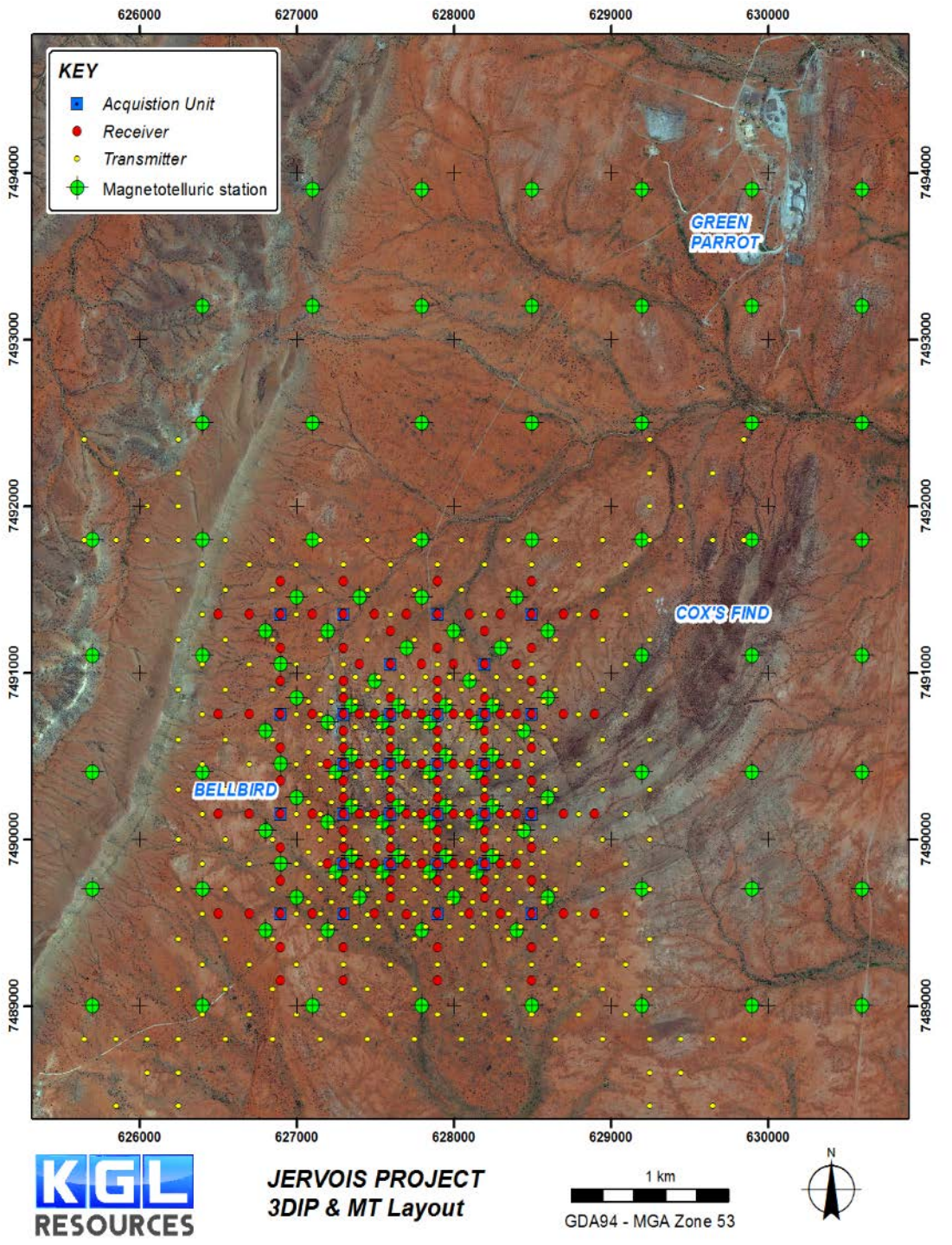
Two largest anomalies drilled in 2014 with only minor mineralisation intersected (black stars)



3DIP

The complex structural and stratigraphic setting was not suited to conventional IP arrays



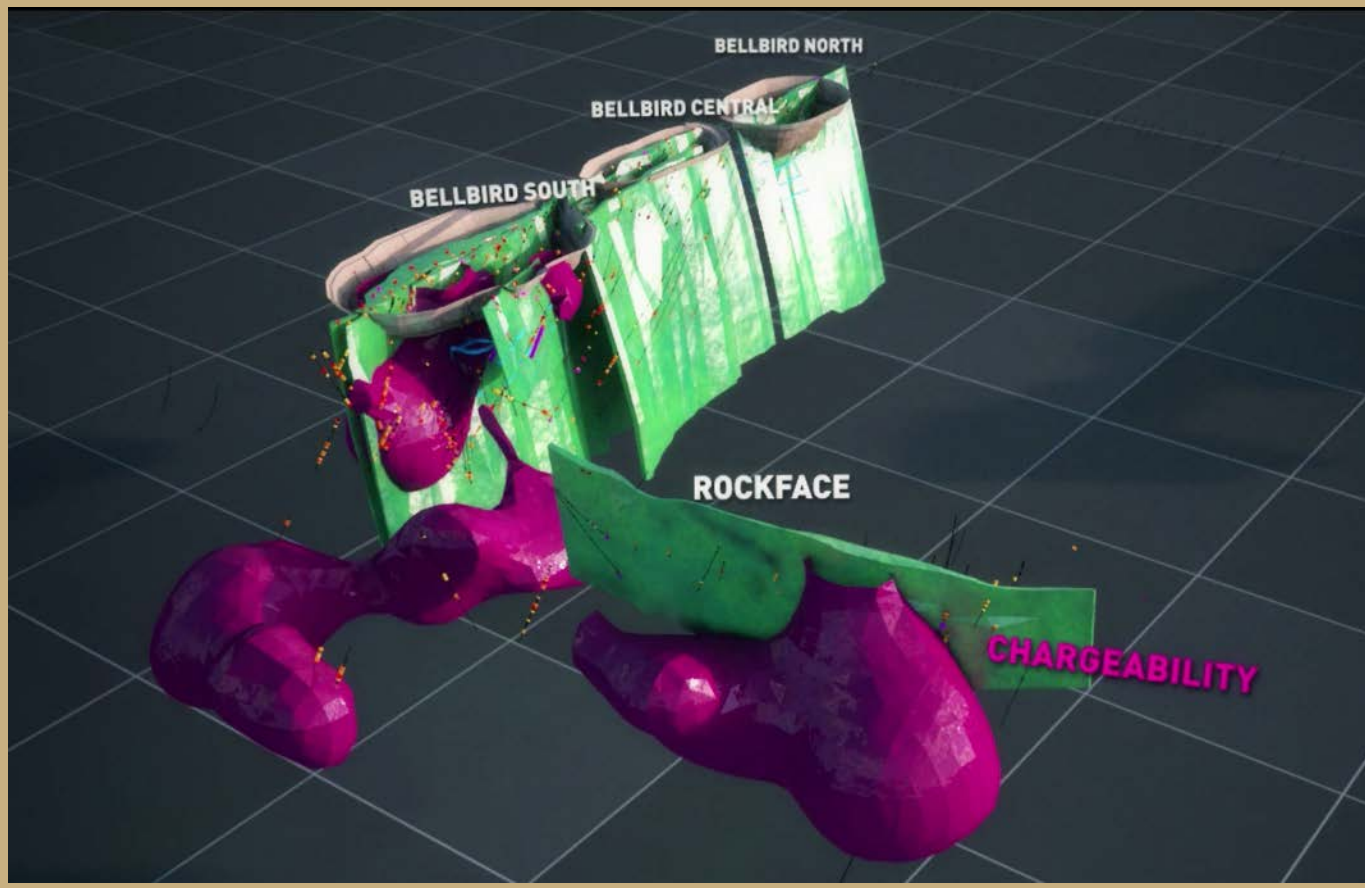


3DIP Chargeability

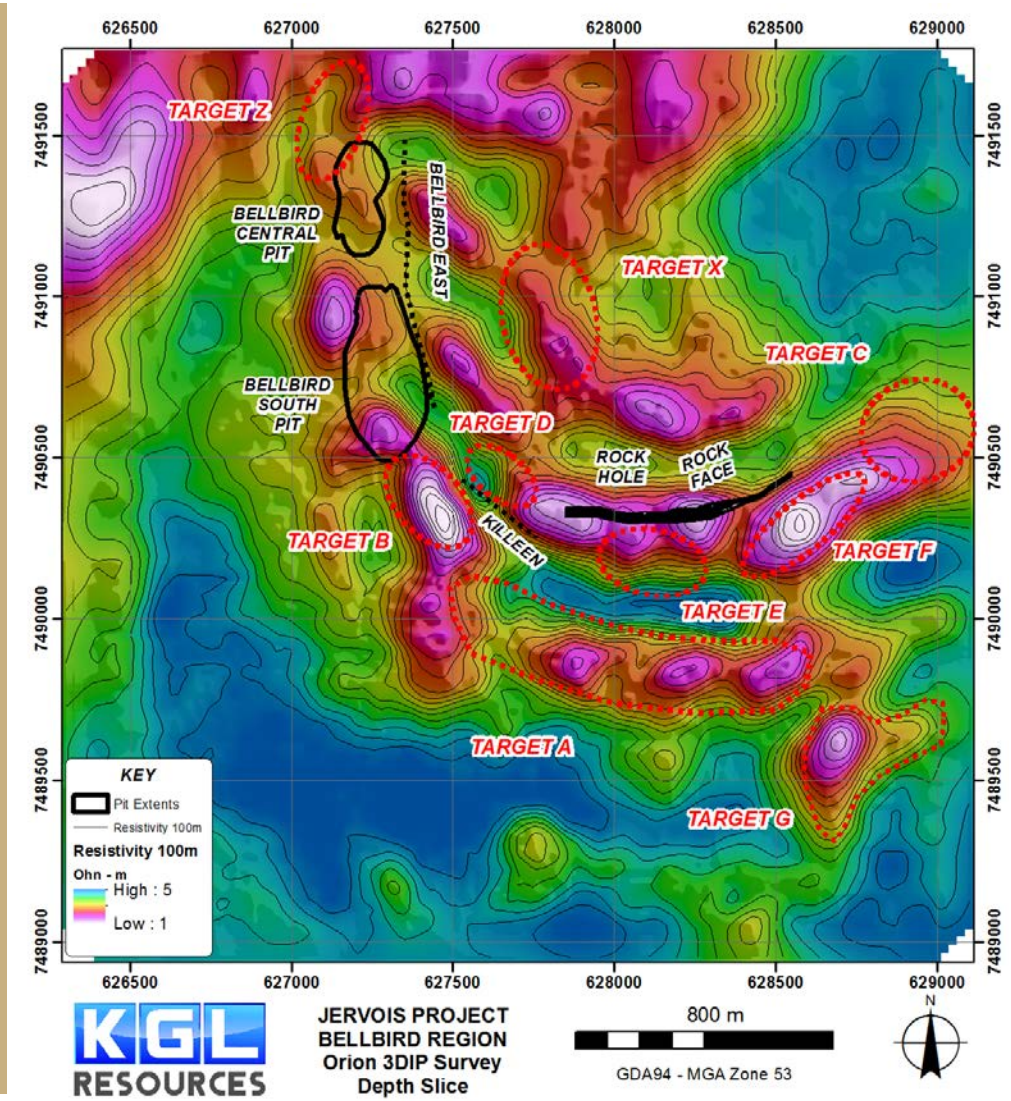
The 3DIP survey produced a number of chargeability and conductivity anomalies.

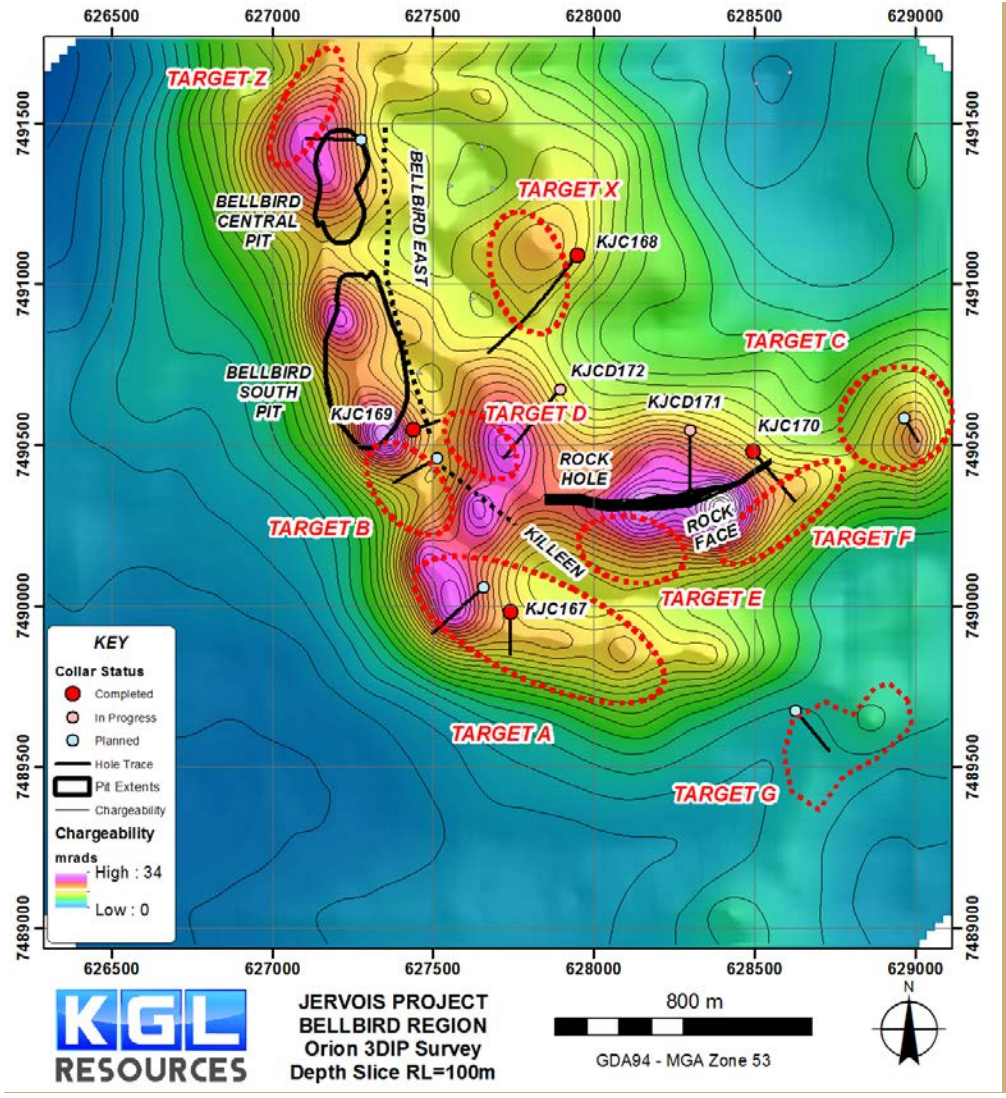
The strongest chargeability anomaly was located at Rockface

This anomaly was tested by diamond drill hole KJCD171



3DIP Resistivity and Chargeability





Rockface Hole 171



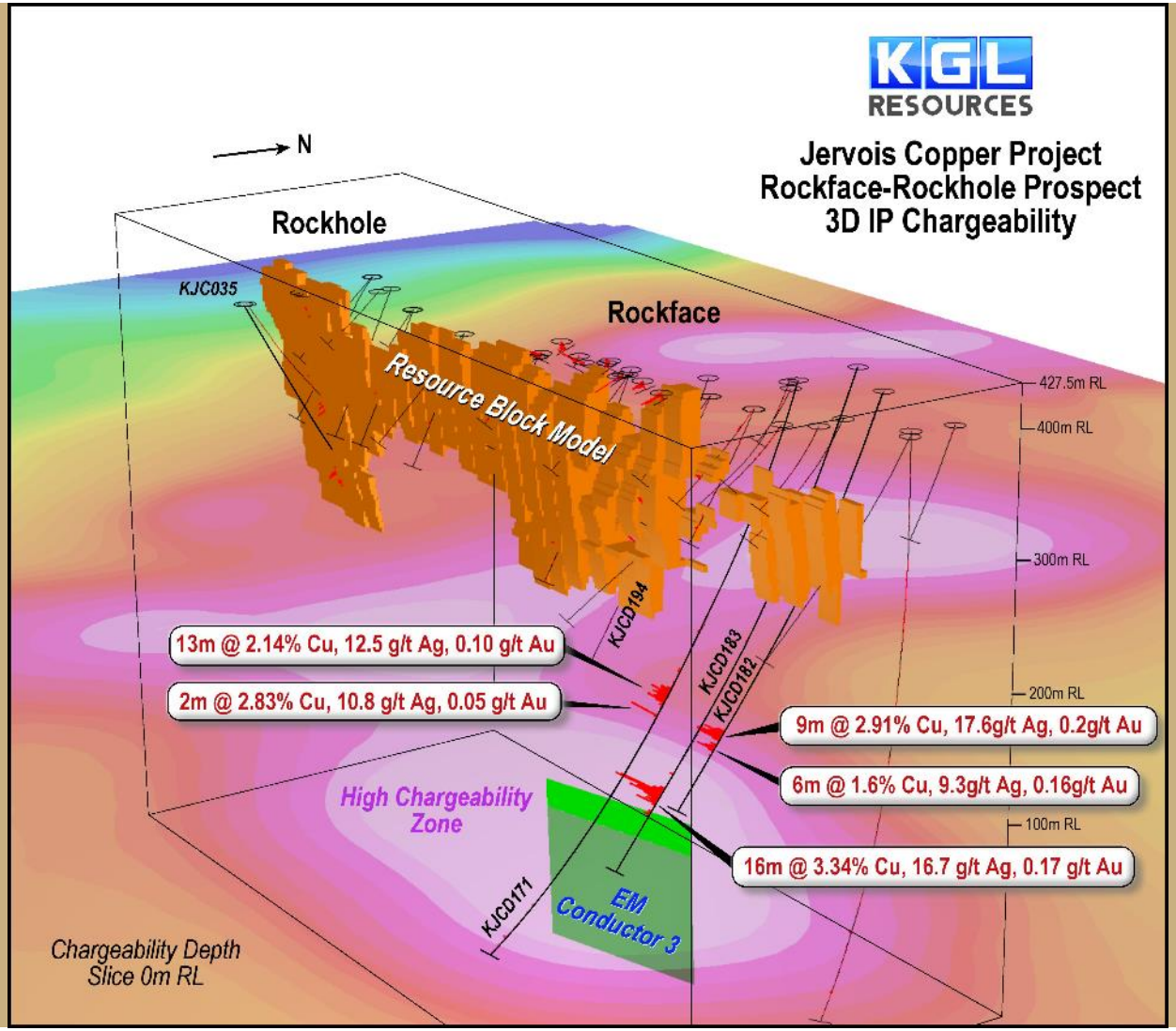
13m @ 2.14% Cu from 255m and
2m @ 2.83% Cu from 278m

Chalcopyrite in brecciated massive magnetite

Mineralised core from 259.33-266.87 in Hole 171

Rockface – Downhole EM

Downhole EM showed two new conductors that were subsequently targeted with holes KJCD182 and KJCD183



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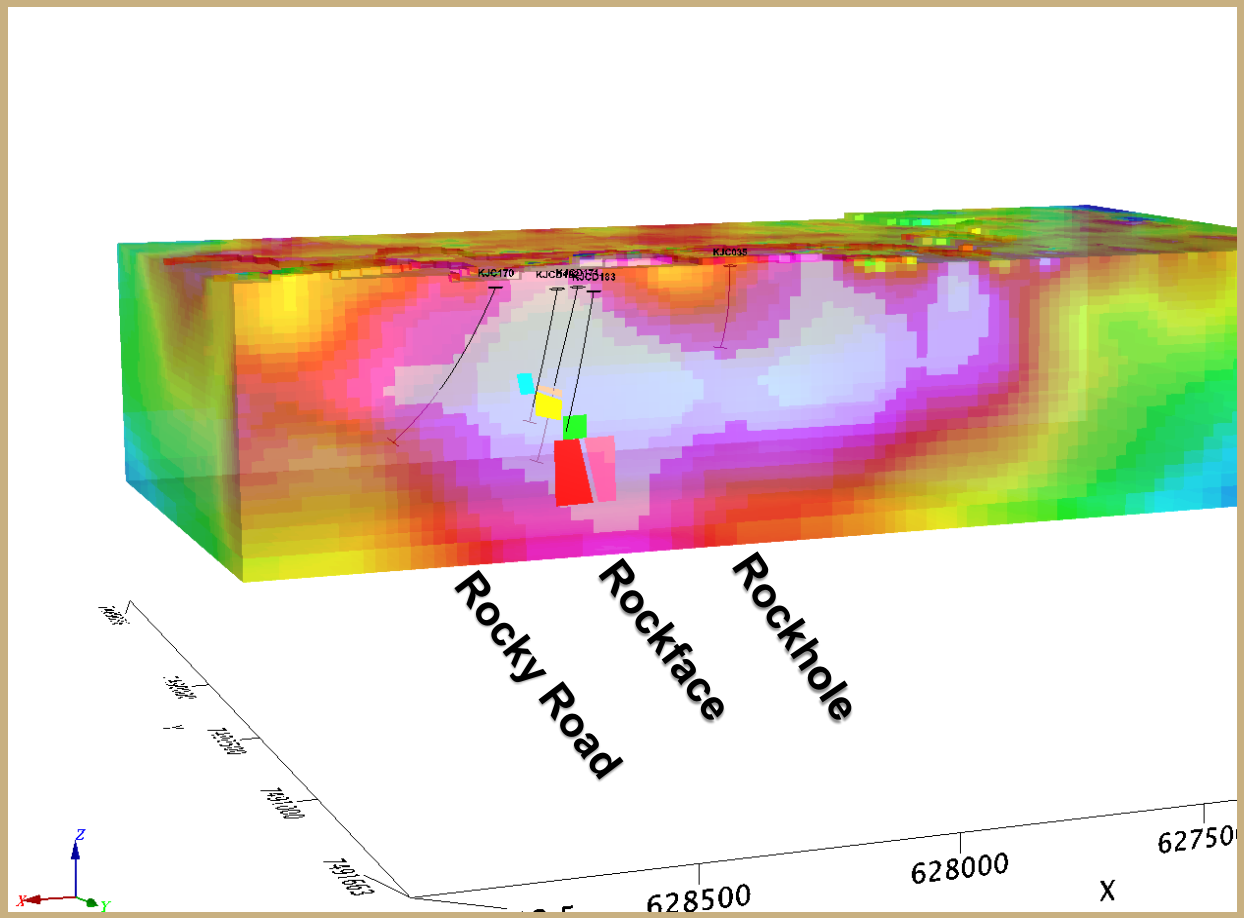
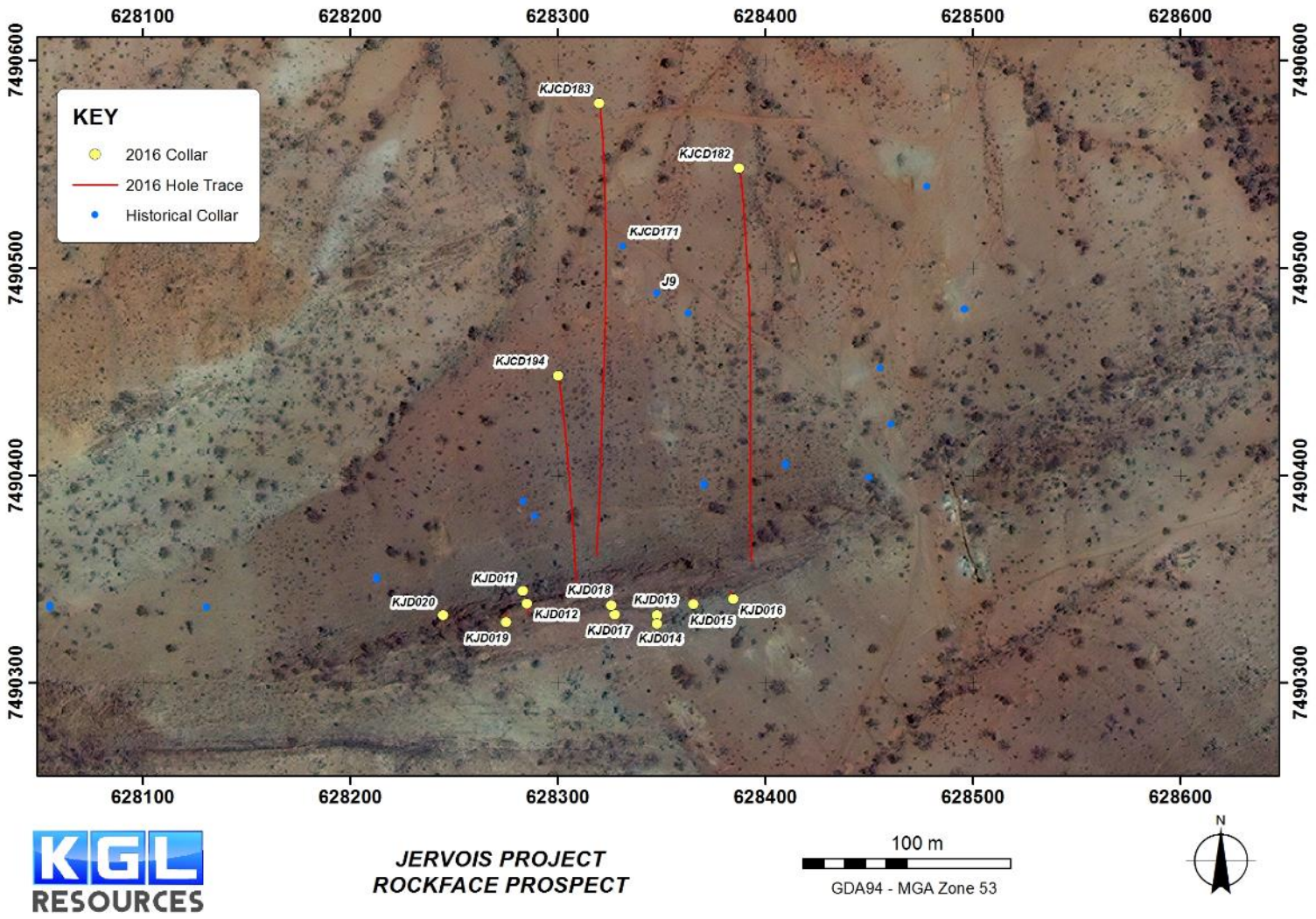
The Rocks

- Longsection through 3DIP Chargeability on 7 490 370mN
- Hole traces of recent drilling shown
- IP anomlay extends well below existing drilling ; image shows modelled response to -200mRL(600m depth)
- IP anomaly extends east and west along strike



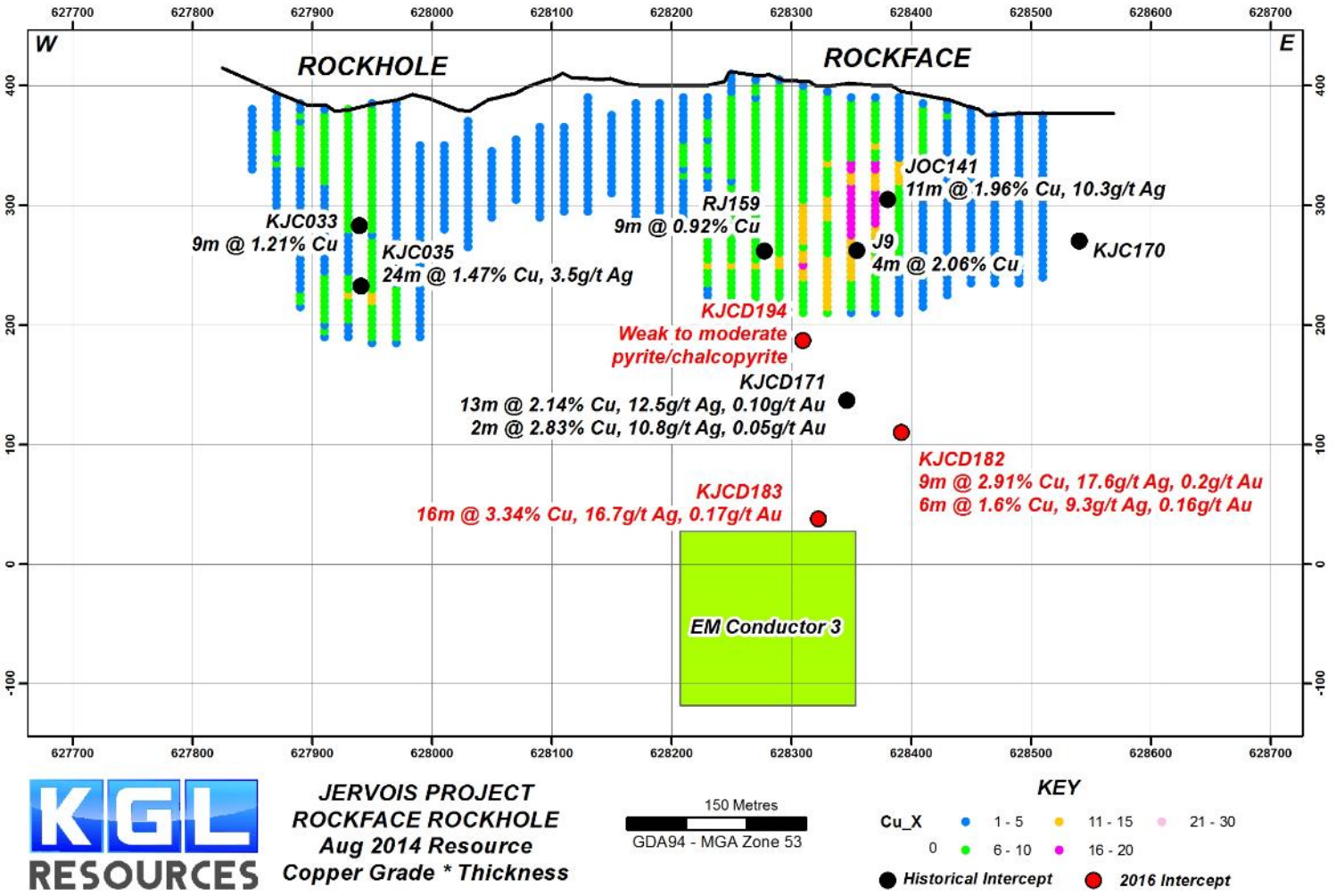
Rockface Recent Drilling



Rockface Long Section

Hole KJCD182 successfully intersected EM Conductor 2

Hole KJCD183 lifted and did not intersect EM Conductor 3



Rockface Holes KJCD182 and 183

Both holes intersected Chalcopyrite in brecciated massive magnetite



Significant intercepts in diamond drill hole KJCD182 are

- 9m @ 2.91% Cu, 17.6g/t Ag, 0.2g/t Au from 284 m and
- 6m @ 1.6% Cu, 9.3g/t Ag, 0.16g/t Au from 296 m

Significant intercept in diamond drill hole KJCD183 is

- 16m @ 3.34% Cu, 16.7g/t Ag, 0.17g/t Au from 362 m

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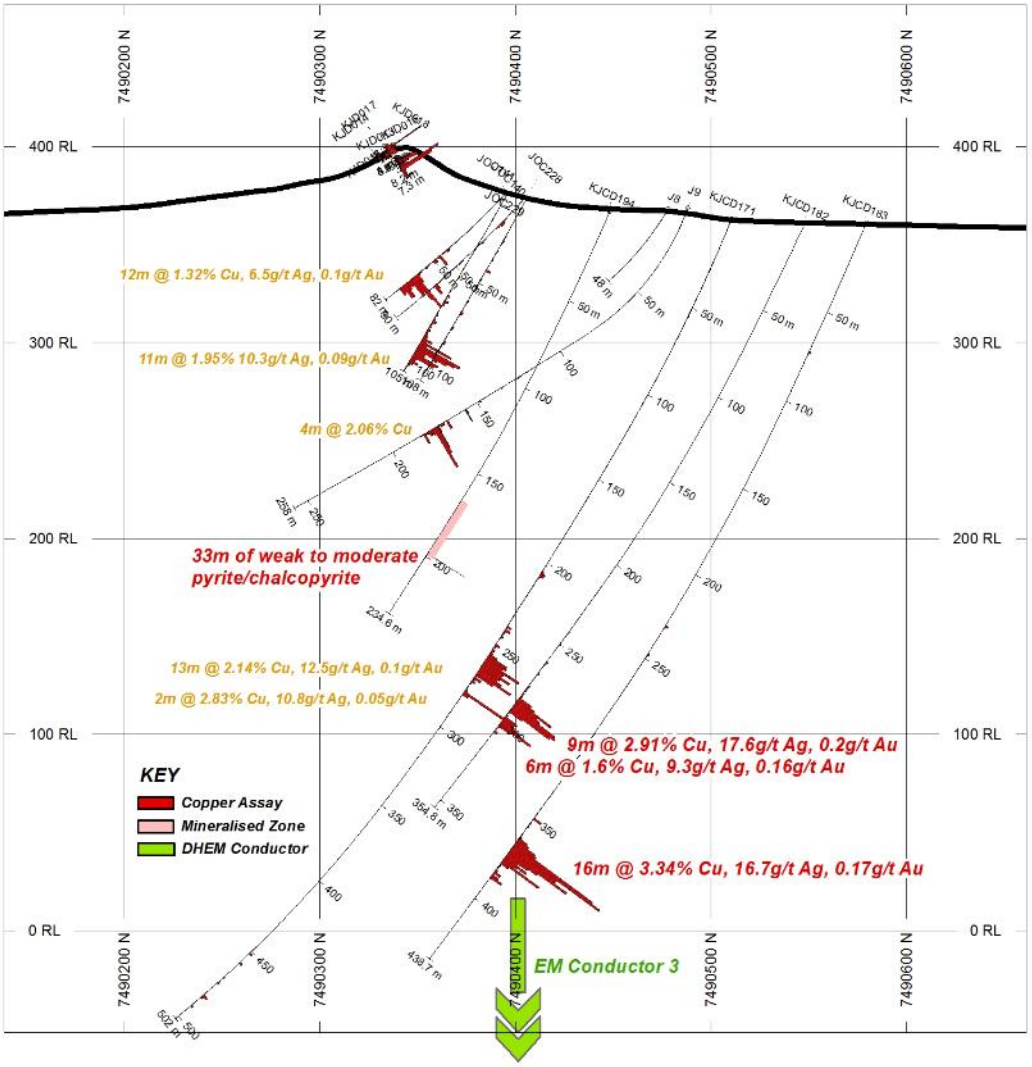
Rockface Cross Section

Rockface is improving in both grade and thickness with depth.

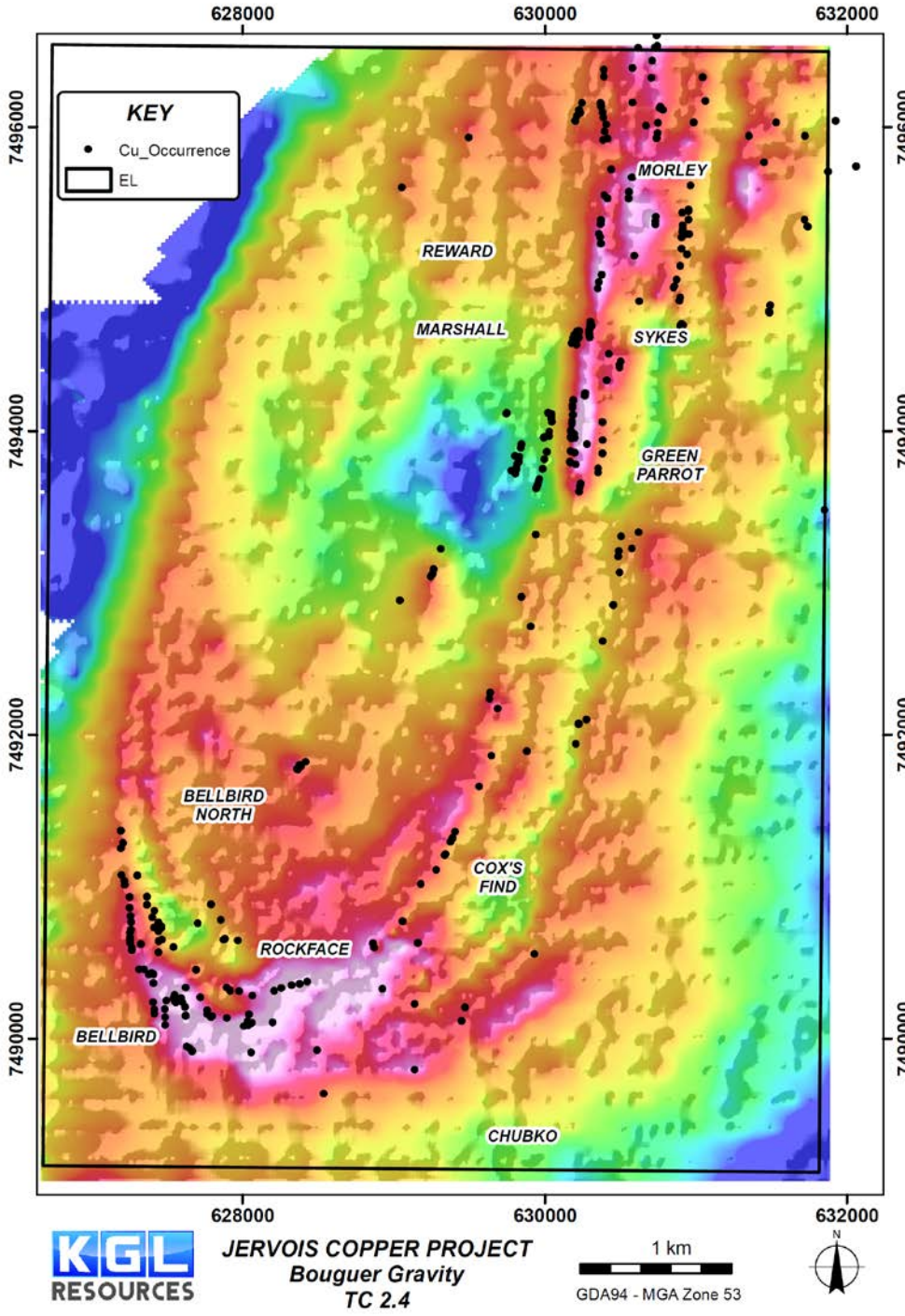
Downhole EM survey identified a strong conductor at depth.



Gravity Survey

Magnetite and garnet-altered rocks within and near to mineralisation are significantly denser than the unaltered country rocks and constitute a good gravity target.

The presence of high density sulphide minerals can make the gravity response even stronger.

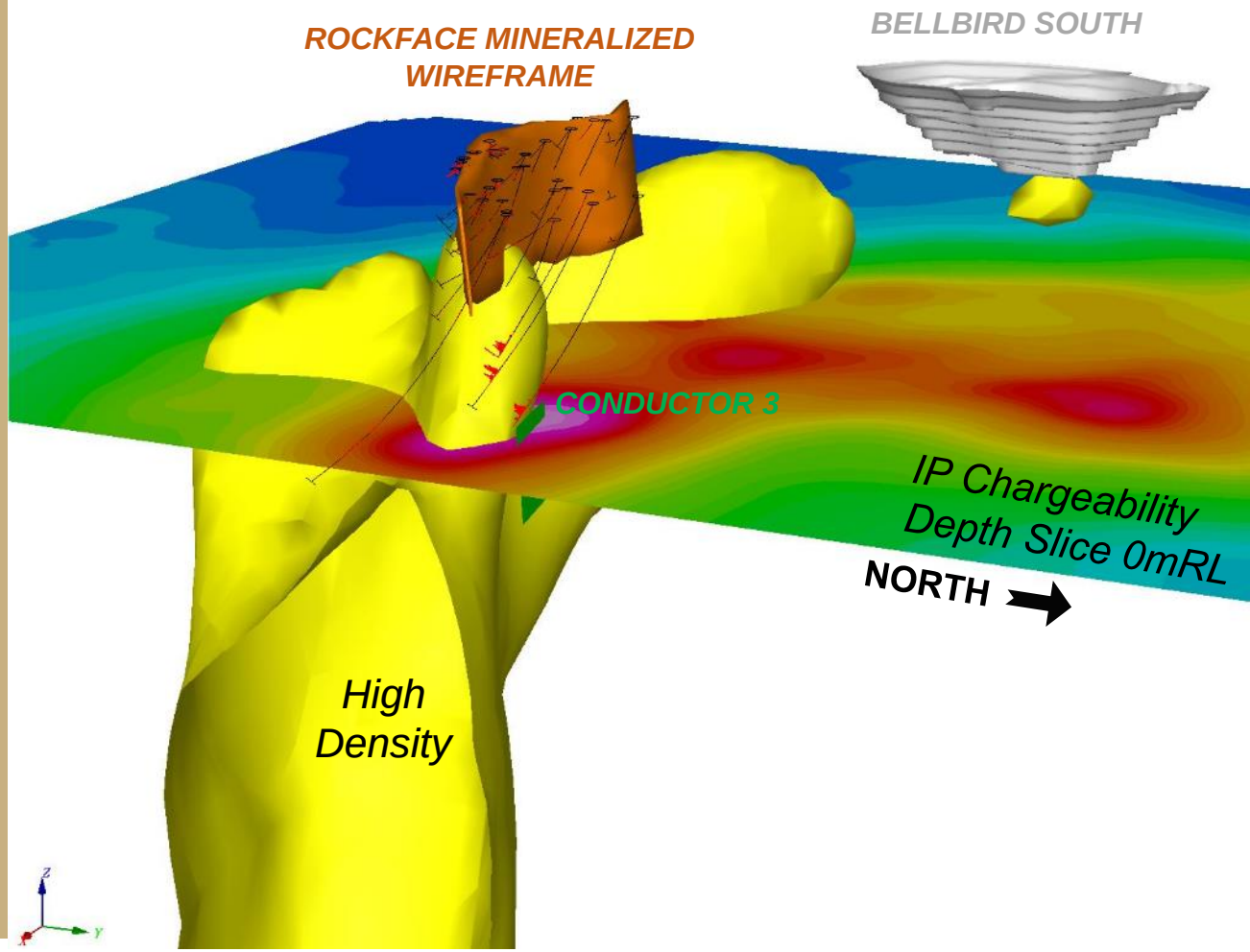


Gravity Inversion

Inversion of the gravity data has revealed a large dense body that extends to depth

Centred on the “J” fold hinge.

Possible intrusive body (high density) that may be the source of magnetite

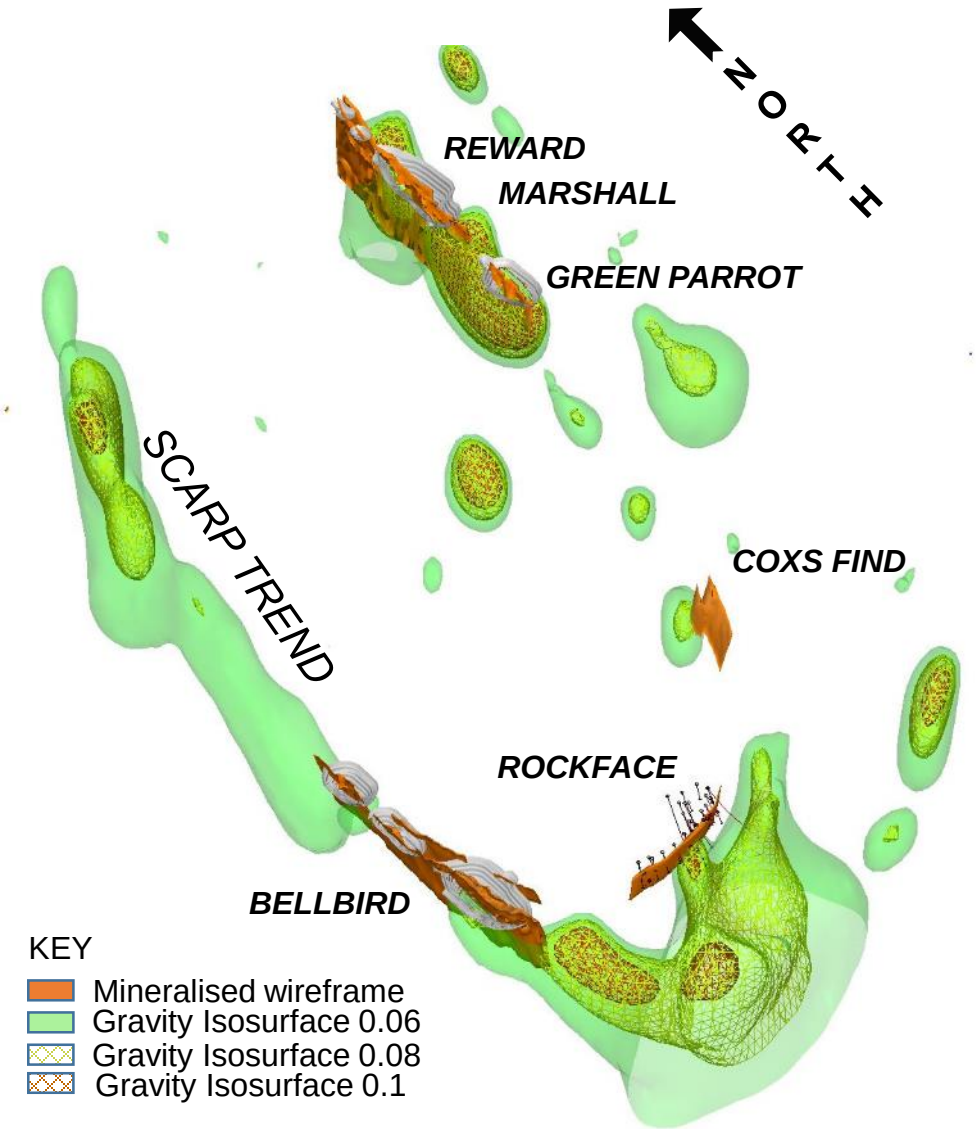


Gravity Targets

Gravity inversion results are dominated by the deep seated Rockface gravity anomaly

Scarp Trend gravity anomaly extends north of Bellbird

- Coincident magnetic anomaly
- Massive magnetite intersected
- Coincident RAB/soils geochemistry anomaly



Summary

- Renewed focus on exploration is already delivering new high-grade discoveries
- Geophysics and geochemistry are playing an important role in exploration targeting
- Down-Hole Electromagnetics and Induced Polarisation work particularly well in this environment
- Recent gravity survey is helping us better understand the geology and generating new exploration targets



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ASX CODE: KGL

Competent Person Statement

Mr. Bennett 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. Bennett 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
KJCD183	26/04/2016	2012
KJCD171	22/10/2015	2012
KJC033	08/11/2013	2004
KJC035	08/11/2013	2004
RJ159	08/11/2013	2004
JOC141	01/08/2014	2012
J9	08/11/2013	2004
KJCD182	09/05/2016	2012

The Jervois Resources information and Exploration Potential were first released to the market on 29 July 2015 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 Jervois Reserves information was first released to the market on 16 October 2015 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.

Appendix 1: Jervois – Mineral Resource

Copper Resources	Category	Mt	Cu %	Ag g/t	Pb %	Zn %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Marshall *Copper*	Indicated	1.4	1.45	35.6	-	-	20.1	1.6	-	-	0.5
	Inferred	0.3	0.90	20.2	-	-	2.5	0.2	-	-	0.5
Reward *Copper*	Indicated	5.0	1.14	25.3	-	-	57.1	4.1	-	-	0.5
	Inferred	7.6	1.02	22.2	-	-	78.0	5.4	-	-	0.5
East Reward	Inferred	2.6	0.92	8.2	-	-	24.1	0.7	-	-	0.5
Bellbird	Indicated	4.1	1.22	7.7	-	-	49.9	1.0	-	-	0.5
	Inferred	4.3	1.29	8.5	-	-	55.9	1.2	-	-	0.5
Cox's Find	Inferred	0.7	0.87	2.8	-	-	6.0	0.1	-	-	0.5
Rock Face	Inferred	0.7	0.82	3.1	-	-	6.0	0.1	-	-	0.5
TOTAL	Indicated	10.5	1.21	19.8	-	-	127.0	6.7	-	-	-
	Inferred	16.2	1.06	14.6	-	-	172.1	7.6	-	-	-
	TOTAL	26.7	1.12	16.6	-	-	299.1	14.3	-	-	-

Lead/Zinc Resources	Category	Mt	Cu %	Ag g/t	Pb %	Zn %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Reward *Lead/Zinc*	Indicated	0.5	0.74	70.7	6.8	0.9	3.6	1.1	33.6	4.4	None
	Inferred	0.8	0.51	90.9	8.6	1.2	4.1	2.3	69.4	9.4	None
Green Parrot *Lead/Zinc*	Indicated	0.5	0.99	64.0	0.9	0.6	5.1	1.1	4.7	3.2	0.3
	Inferred	1.4	0.81	78.0	1.8	0.9	11.1	3.4	24.4	12.8	0.3
Bellbird North	Inferred	0.7	0.57	17.9	1.7	2.5	3.8	0.4	11.3	16.7	0.2
TOTAL	Indicated	1.0	0.87	67.3	3.8	0.8	8.7	2.2	38.3	7.6	-
	Inferred	2.8	0.67	67.6	3.7	1.4	19.0	6.2	105.1	38.9	-
	TOTAL	3.8	0.72	67.5	3.7	1.2	27.7	8.4	143.4	46.5	-

2015 Combined	**TOTAL**	**30.5**					**327.0**	**22.6**	**143**	**47**	