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29 April 2016

Quarterly Activities Report
Period Ended 31 March 2016

High grade copper intersected at Rockface in the Jervois Project

Overview

KGL Resources Limited (ASX:KGL) (KGL or the Company) achieved continuing exploration success during the quarter, with high grade copper mineralisation intersected at the emerging Rockface prospect at the 100% owned Jervois Copper-Silver-Gold Project in the Northern Territory.

The Company implemented a scaled-back but highly targeted, technology driven drilling program in response to the current period of low commodity prices.

In this market environment, directors are pursuing a strategy of increasing and upgrading the Jervois resource to position it firmly among the world's lowest cost copper projects before proceeding to development.

To fund the 2016 exploration and corporate costs, the Company completed a $3 million capital raising by way of an entitlement offer to shareholders.

Jervois Copper-Silver-Gold Project, Northern Territory (KGL 100%)

During the quarter, the Company completed three deep diamond drill holes as well as a shallow drilling program at Rockface, an RC drilling program at Green Parrot, a shallow RC programme targeting some new prospects on the Jervois exploration license and a gravity survey across Jervois. Rockface and Green Parrot are two of several high grade prospects located along a mineralised trend that extends for 12km at Jervois.

The diamond drilling at Rockface resulted from last year's 3D induced polarisation survey (3DIP) which identified a strong 3DIP chargeability anomaly at Rockface. Diamond hole KJCD 171 was drilled in late 2015 and intersected a broad interval of massive magnetite/chalcopyrite mineralisation. A follow-up down-hole EM survey identified two strong off-hole conductors that were targeted with two diamond holes during the past quarter.

Two holes, KJCD182 and KJCD183, intersected a deeper extension of the high grade mineralisation previously intersected by KJCD171. While the results for KJCD182 are still pending, the KJCD183 hole has reported the following results.

KJCD183
16m @ 3.34% copper, 16.7g/t silver and 0.17g/t gold from 362m,

The third hole, KJCD194, was designed to test the mineralisation above hole KJCD171; results for this hole are also pending.

Downhole electromagnetic surveying of the three recent holes has confirmed a large conductor below the deepest hole, KJCD183.

A shallow diamond drilling program at Rockface has confirmed that mineralisation continues to the surface. Man-portable equipment was used in the steep terrain that is inaccessible to conventional rigs. Significant results included the following intersections:

KIDO15
8.2m @ 0.75% copper, 4g/t silver and 0.05g/t gold from Om
incl. 3.3m @ 1.49% copper, 3.8g/t silver and 0.09 gold from 1.7m

KIDO16
7.35m @ 1.22% copper, 2.1g/t silver and 0.06g/t gold from 0m
incl. 2.6m @ 2.83% copper, 3.1g/t silver and 0.12g/t from 0m

KIDO20
4.9m @ 1.04% copper, 10.1g/t silver and 0.06g/t gold from 0m
incl. 3.5m @ 1.32% copper, 13.4g/t silver and 0.04g/t gold from 1.4m

At Green Parrot, five holes were drilled. The results have confirmed high grade mineralisation in the first two holes. Assays of more than 40% combined copper-lead-zinc plus high silver were encountered. Significant results included:

KJCD179
7m @ 3.15% copper, 27.24% lead, 13.01% zinc, 333.1g/t silver and 0.07g/t gold from 39m

KJC177
17m @ 1.68% copper, 10.46% lead, 4.24% zinc, 169g/t silver and 0.19g/t gold from 54m
incl. 2m @ 0.57% copper, 26.53% lead, 8.36% zinc, 227.3g/t silver and 0.01g/t gold from 54m
incl. 5m @ 3.91% copper, 20.75% lead, 9.17% zinc, 358.6g/t silver and 0.11g/t gold from 58m.

The remaining assay results for the other three holes at Green Parrot are still outstanding.

The gravity survey in the Jervois project area was completed during the quarter. The objective has been to improve the understanding of the geology and, in combination with the existing drill

results, previous geophysical surveys and structural mapping, define new and refine existing drilling targets.

Shallow RC drilling of some of these targets was completed during the quarter, the results for these holes are pending.

Please refer to the announcements made to the ASX on 29 March, 30 March and 26 April for full details of the drilling results.

Corporate

During the quarter, the Company completed a capital raising by way of a 2 for 9 non-renounceable pro-rata entitlement offer that was fully underwritten by the Chairman of KGL and had no underwriting fees. The offer raised $3 million of which $1.72 million was contributed by 285 shareholders and the remaining funds were contributed through the underwriting agreement.

At the end of March, the Company had a cash balance of $3.2m.

Outlook

The focus will be maintained on cost effective exploration to increase and upgrade the mineral resource at Jervois. The results from the recent exploration will be received and analysed to determine the next steps.

Base line monitoring for the Environmental Impact Assessment is continuing.

Negotiations have been continuing with the Central Lands Council and an agreement is expected to be signed soon.

For further information, contact:

Mr Simon Milroy
Chief Executive Officer
Phone: 07 3071 9003

About KGL Resources

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

Competent Persons Statement

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
KJD016	30/03/2016	2012
KJD020	30/03/2016	2012
KJCD179	29/03/2016	2012
KJCD177	29/03/2016	2012

Tenements

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	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%
PL 01/12	Savo Island, Solomon Islands	75%

Mining Tenements Acquired and Disposed during the quarter.*	Location	Beneficial Holding
		0%

Tenements subject to farm-in or farm-out agreements	Location	Beneficial Holding
PL-01/12	Savo Island, Solomon Is	75%

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

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

KGL Resources

ABN

52 082 658 080

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

		Current Quarter $A'000	Year to date (3 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a)exploration and evaluation	(588)	(588)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(419)	(419)
	(d) office closure	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Settlements	-	-
	Net Operating Cash Flows	**(1,001)**	**(1,001)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments	-	-
	(c) purchase options	-	-
	(c) other assets	-	-
	(d) disposal Costs	-	-
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments		
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12		-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	**(1,001)**	**(1,001)**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	**(1,001)**	**(1,001)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,988	2,988
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Less issue costs	(147)	(147)
	Net financing cash flows	2,841	2,841
	Net increase (decrease) in cash held	1,840	1,840
1.20	Cash at beginning of quarter/year to date	**1,381**	**1,381**
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**3,221**	**3,221**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current Quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	53
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash inflow/(outflow) for next quarter

		$A'000
4.1	Exploration and evaluation	(668)
4.2	Investment/Development	
4.3	Deposit Interest	5
4.31	Operations Costs	
4.4	Admin	(322)
4.5	Redundancy Payments	(113)
4.6	Capex	-
	Total	**1,098**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current Quarter $A'000	Previous Quarter $A'000
5.1	Cash on hand and at bank	164	115
5.2	Deposits at call	3,057	1,266
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter	**3,221**	**1,381**

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference** +**securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+**Ordinary securities**	172,990,858	172,990,858		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through share consolidation	31,450,295	31,450,295	0.095	0.095
7.5	+**Convertible debt securities** (*description)*				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	2,475,000	Unlisted Options	Exercise price	Expiry date
7.8	Expired during quarter				
7.9	Exercised during quarter				
7.10	Decrease through consolidation				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 29/04/2016.....
(~~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.

+ See chapter 19 for defined terms.

An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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