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Jervois Exploration Update

Further strong copper intersections at Rockface in KGL's Jervois Project

KGL Resources Limited (ASX:KGL) (KGL or the Company) announces that further strong copper mineralisation has been intersected at the Rockface prospect on KGL's 100% owned Jervois Copper-Silver-Gold Project in the Northern Territory.

Diamond drill hole KJCD205 is the first of the nine-hole 2017 drilling program designed to investigate the high potential conductor zones on the eastern side of the Rockface prospect as indicated by Down Hole Electromagnetic (DHEM) surveying, and also to facilitate with systematic infill drilling in advance of an updated JORC statement of resources.

Diamond drill hole KJCD205 intersected the strong copper mineralisation while targeting Conductors 6 & 7 at a depth of 50m below and 25m along strike to the east of where KJCD198 (5.95m @ 4.94% Cu, 25.9g/t Ag, 0.45g/t Au from 449.85m) intersected Conductor 6. This is only the second hole targeting the eastern zone after the strength and magnitude of the anomalies were recently confirmed in the DHEM of KJCD201. This further extends the strike length of the mineralisation.

A zone of approx. 17.5m of massive and strongly disseminated chalcopyrite/ pyrite in an intensely altered magnetite host rock has been intersected from approximately 512.2m to 529.6m. This mineralised intersection correlates well with the modelled position of DHEM Conductor 6.

A second moderately mineralised zone of approximately 6m has been intersected between 535.8 to 542m. Disseminated chalcopyrite/ pyrite, in this interval, is hosted within a strongly altered garnet-magnetite zone and is close to the modelled position of Conductor 7.

In the footwall to Conductor 7 is the more typical alteration mineralogy that is seen elsewhere at Rockface with garnet-magnetite with trace pyrite ± chalcopyrite.

With high-grade copper mineralisation in the magnetite-chalcopyrite zone continuing to respond well to DHEM, a survey of KJCD205 is now being planned to assist in targeting additional drilling into the highest grade mineralisation in the eastern zone. The survey should further refine the size and location of the conductors intersected in and adjacent to this hole.

This announcement is based on a visual inspection of diamond core from KJCD205. Assay results are anticipated to be received in late April.

KGL Chairman Mr Denis Wood commented:

> "This result is very encouraging. It confirms the potential extension of mineralisation to the east, most of the mineralisation so far having been located in Conductors 3 and 5 to the west. It also highlights the continuing success of the DHEM process in discovering the eastern conductor zones 6 and 7 and the yet to be drilled conductor 8.

"We are continuing the proven strategy of DHEM surveying from each hole to guide the location of the next hole in the east.

"DHEM results from KJCD205 will provide a much better understanding of the eastern conductors.

"While the DHEM survey results are awaited from KJCD205, drilling will be focussed on shallower zones of mineralisation within and above Conductor 3."



Figure 1. Mineralised core from KJCD205 (circa 513m)



Figure 2. Mineralised core from KJCD205 (circa 516m)

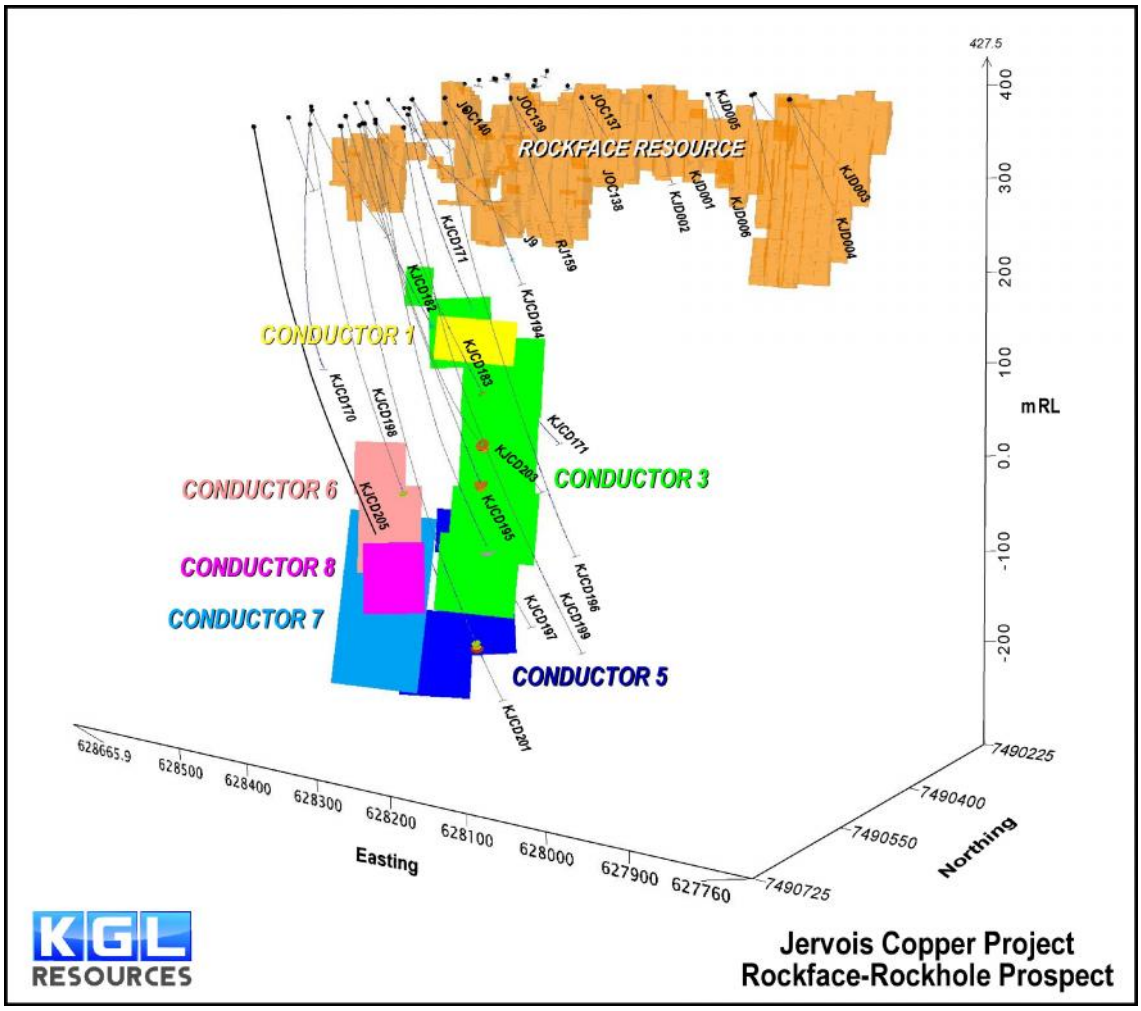


Figure 3 Rockface DHEM Conductors (looking SSE)

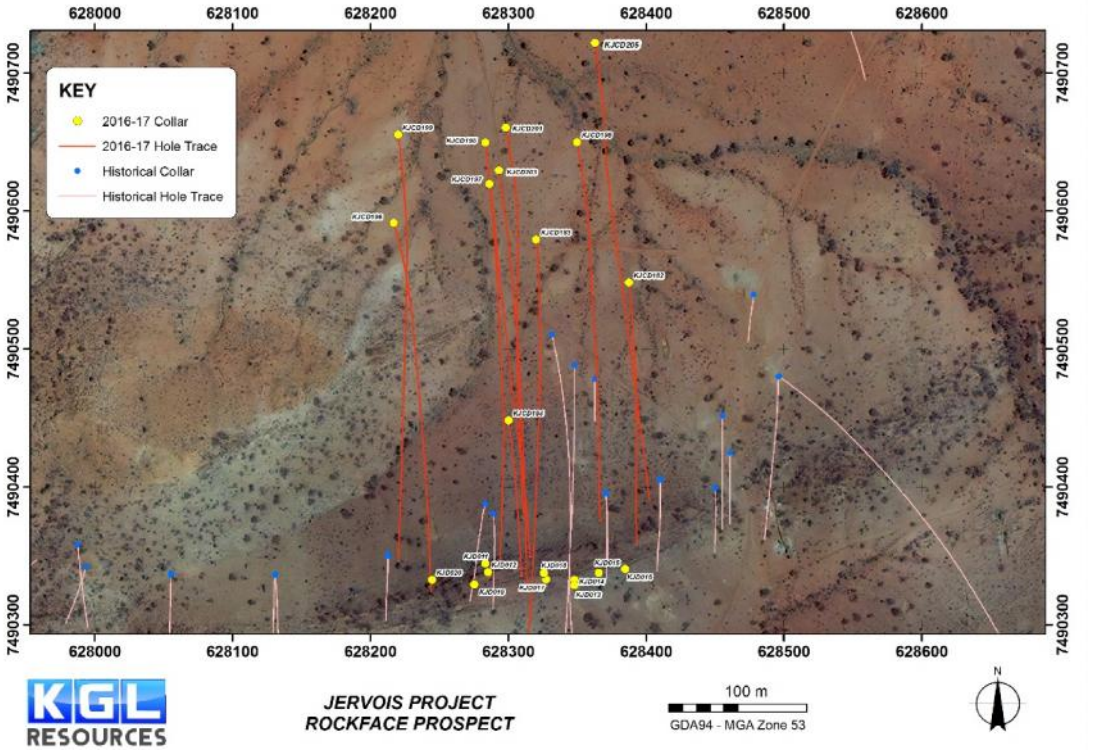


Figure 4 Plan of Rockface drilling

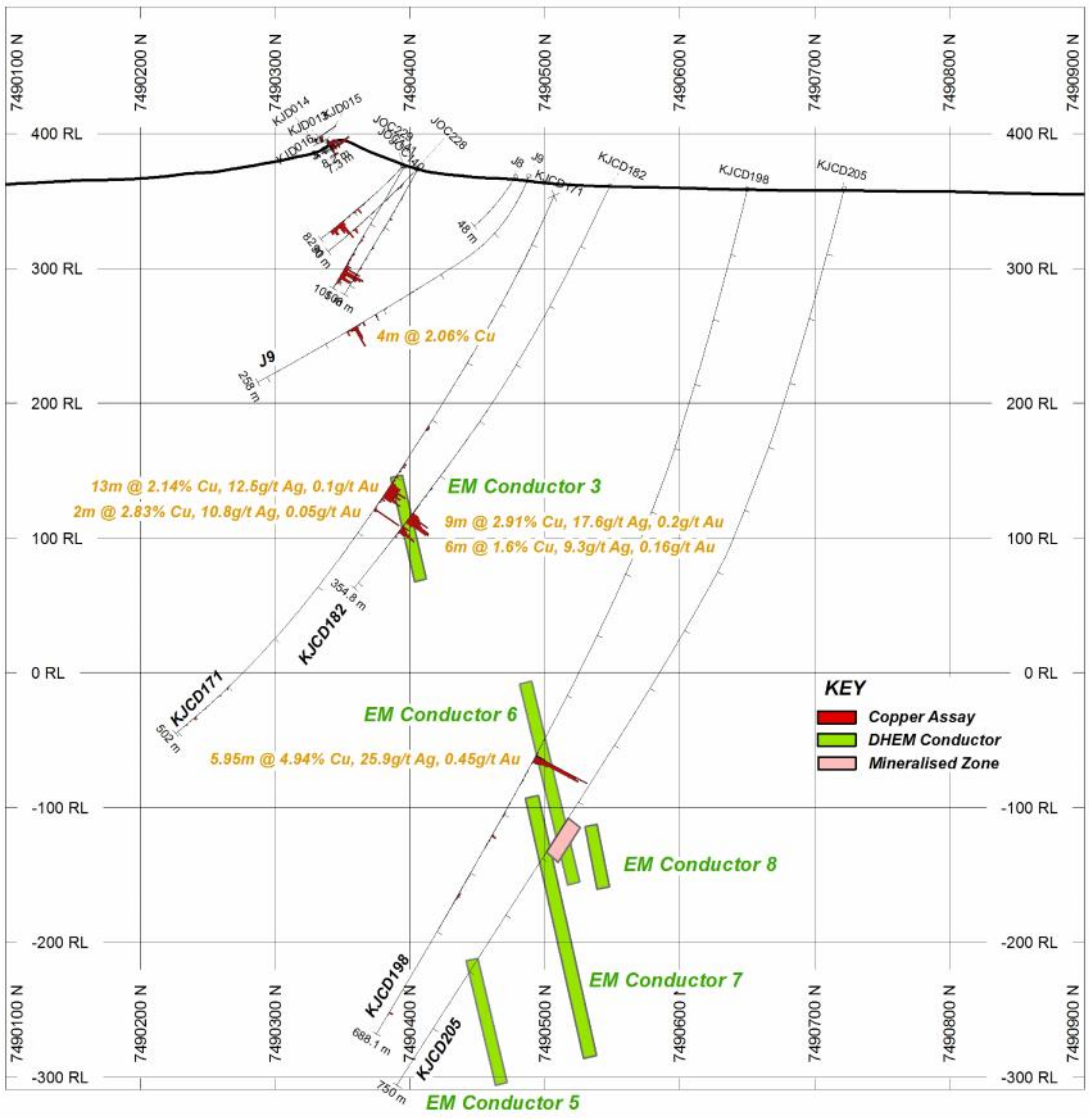


Figure 5 Rockface Cross Section 628380N (section window 95m)

Table 1 KJCD205 Summary Geological Log of mineralised zones.

From	To	Interval	ETW	Minerals	Nature	*Est % Sulphide	Alteration
511.20	511.30	0.1	0.07	Chalcopyrite, Bornite, Galena	Vein	20	Epidote
511.30	512.20	0.8	0.6	N/A	Muscovite schist	N/A	Minor Chlorite
512.20	524.90	12.7	8.6	Pyrite, Chalcopyrite	Semi-massive, massive	40	Magnetite, Hematite
524.90	529.60	4.7	3.2	Chalcopyrite, Pyrite	Stringer, Veined, Disseminated	5	Garnet, Magnetite, Hematite
529.60	535.80	6.2	4.2	Chalcopyrite, Pyrite	Disseminated	1	Garnet, Magnetite
535.80	538.10	2.3	1.6	Pyrite, Chalcopyrite	Stringer, Veined, Disseminated	5	Garnet, Magnetite
538.10	541.90	3.8	2.6	Pyrite, Chalcopyrite	Disseminated	1	Garnet, Magnetite

KJCD205 Visual observations, Assays pending, ETW – Estimate of True Width

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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.

Competent Person Statement

The Jervois Exploration data in this report is based on information compiled by Rudy Lennartz, a member of the Australian Institute of Mining and Metallurgy and a full time employee of KGL Resources Limited.

Mr. Lennartz 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. Lennartz 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
KJCD171	22/10/2015	2012
KJCD182	09/05/2016	2012
KJCD198	10/11/2016	2012
J9	08/11/2013	2004

1 1 JORC CODE, 2012 EDITION – TABLE 1

1.1 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.) 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.*	) 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

Criteria	JORC Code explanation	Commentary
	• *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.*	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 ansure 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. • 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. • All drilling is conducted on the MGA 94 Zone 53 grid. All downhole surveys were converted to MGA 94 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	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Holes were drilled perpendicular to the strike of the mineralization at a default angle of -60 degrees but holes vary from -

Criteria	JORC Code explanation	Commentary
geological structure	) *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.*	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.

1.2

1.3 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 E30242 100% owned by Jinka Minerals and operated by Kentor Minerals (NT), both wholly owned subsidiaries of KGL Resources.) The Jervois project is covered by Mineral Claims and an Exploration licence 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.*	) 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.) 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 the area.
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.*	) Table 1 Figures 3,4 & 5
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.*	)
Relationship between	) *These relationships are particularly important in the reporting of Exploration Results.*	) Refer Table 1

Criteria	JORC Code explanation	Commentary
mineralisation widths and intercept lengths	*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').*	
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 3,4 & 5
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.*	Refer Tables 1
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 3,4 & 5
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 3,4 & 5