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Drilling Confirms Continuity at Bellbird

Highlights

- **First batch of results received for extension drilling at Bellbird and Bellbird North**
- **Results confirm the continuity of the mineralised zone along strike and at depth**
- **Mineralisation remains open at depth**
- **New mineralised zone delineated to the east of Bellbird**
- **Drilling continues at Reward and East Reward zones**

The first batch of assay results has been received for Phase 1 of resource extension drilling at the Bellbird deposit at KGL Resources Jervois Cu-Ag project in the Northern Territory. Best results include:

KJCD026	5m @ 3.9% Cu, 11.1g/t Ag, 0.9g/t Au from 375m
KJC017	3m @ 1.79% Cu, 7.1g/t Ag, 0.23g/t Au from 106m
KJC019	2m @ 2.25% Cu, 20.4g/t Ag, 0.22g/t Au from 219m
KJC020	3m @ 1.88% Cu, 10.1g/t Ag, 0.26% Au from 137m

Resource extension drilling commenced in September 2013 with the aim of extending the mineralisation beyond the 2012 resource boundary and the current Resource. Drilling was conducted on an 80m x 50m grid that is sufficient to support an Inferred resource. Drilling was designed to test for extensions below the pit and between Bellbird and Bellbird North. Results for all holes drilled north of the proposed open pit outline have been received. Results are pending for resource extension holes drilled below the pit.

Drill results have confirmed the continuity of mineralisation between Bellbird and Bellbird North and at depth (see Figure 1). The grade and thickness of copper mineralisation is variable with best mineralisation at depth in holes KJC031 and KJCD026 where the mineralisation is still open.

The drilling has identified a new zone of copper, lead and zinc mineralisation to the east of Bellbird that trends NNW. This trend corresponds with surface exposures of ferruginous schist with malachite staining that extends from the Rockface prospect to the southeast. Further field work and possibly drilling is planned to assess the significance of this new trend.

Next Steps

Phase 2 of the resource extension program commenced in March and is scheduled to continue into May. Five Phase 2 holes are planned at Bellbird to extend and in-fill existing drill coverage. One hole will be drilled to test a possible sulphide shoot plunging steeply north under hole KJCD026 and a diamond hole will be drilled at Bellbird North to extend a lens of high-grade lead-zinc mineralisation.

The diamond drill rigs are currently drilling at the northern end of the Reward and East Reward zones and will then move to test for further extensions of the high grade silver, lead and zinc mineralisation at the southern end of the Marshall zone. Further assays are pending in these areas and will be announced when received.

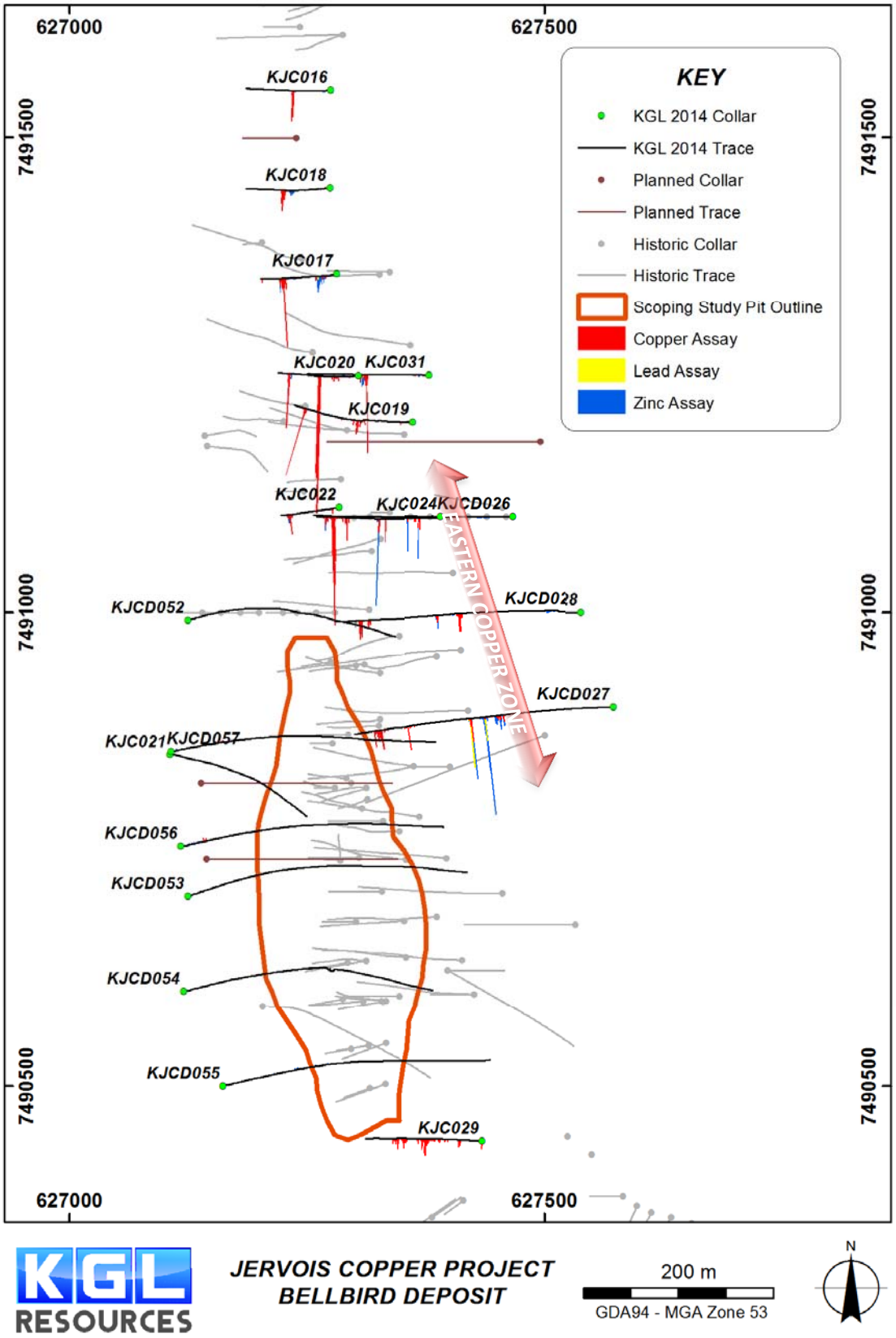


Figure 1 Plan of Bellbird Drilling with hole traces

Table 1 Table of significant results

Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azimuth	BOX[1] (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW[2] (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJC016	627275.5	7491550.1	356.29	-60.0	269.0	41	178	80	83	3	1.5	1.19	0.02	0.08	4.7	0.2
KJC017	627281.6	7491356.8	356.65	-59.4	266.3	30	151	40	43	3	1.6	0.03	0.21	0.55	2.6	0.00
								103	104	1	0.6	0.62	0.01	0.09	1.9	0.06
								106	109	3	1.7	1.79	0.02	0.04	7.1	0.23
								110	112	2	1.1	0.55	0.01	0.05	3.8	0.05
								114	115	1	0.6	0.38	0.02	0.61	2.7	0.03
KJC018	627274.8	7491447.1	355.36	-59.6	272.2	11	159	89	95	6	3.4	0.57	0.01	0.10	5.3	0.11
KJC019	627361.6	7491200.3	356.12	-60.5	271.1	23	243	114	117	3	1.7	0.68	0.01	0.01	5.6	0.00
								219	221	2	1.1	2.25	0.05	0.08	20.4	0.22
KJC020	627304.4	7491248.7	355.95	-59.4	270.2	13	159	137	140	3	1.7	1.88	0.02	0.44	10.1	0.26
KJC022	627284.3	7491110.5	357.94	-54.5	261.9	25	99	85	87	2	1.3	0.81	0.02	0.05	5.6	0.17
KJC024	627391.0	7491099.8	357.93	-65	270.1	5	292	142	143	1	0.5	1.30	0.01	0.03	19.7	0.01
								156	158	2	0.9	0.74	0.51	1.89	24.1	0.04
								249	251	2	1.0	1.45	0.03	0.02	7.1	0.04
								267	268	1	0.5	0.54	0.01	0.59	1.8	0.09
KJC029	627434.8	7490441.9	369.33	-61.8	273.6	40	219	111	113	2	1.1	0.88	0.00	0.02	2.3	0.02
								116	118	2	1.1	0.60	0.00	0.02	1.3	0.00
								151	152	1	0.6	0.57	0.00	0.02	1.1	0.02
								162	163	1	0.5	0.62	0.01	0.02	2.6	0.01
KJCD026	627467.2	7491099.7	356.45	-64.4	269.6	25	406	223	224	1	0.6	0.74	0.01	0.01	3.8	0.00
								226	227	1	0.6	0.64	0.28	1.77	11.5	0.00
								246	247	1	0.6	0.31	0.36	1.46	17.6	0.04
								354	355	1	0.6	1.36	0.01	0.03	4.4	0.03
								375	380	5	3.1	3.90	0.03	0.02	11.1	0.90
KJCD027	627572.9	7490899.9	360.56	-59.7	268.3	60	475	252	255	3	1.7	0.09	1.02	2.36	10	0.03
								278	281	3	1.7	0.66	2.3	1.05	16.7	0.04
								390	391	1	0.7	1.38	0.00	0.02	2.5	0.02
								432	434	2	1.4	1.09	0.02	0.02	8.3	0.05
								438	439	1	0.7	0.64	0.01	0.01	2.3	0.02
								444	445	1	0.7	0.90	0.08	0.03	4.9	0.02

Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azimuth	BOX[1] (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW[2] (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
KJCD028	627539.0	7490999.8	357.40	-64.2	268.9	3	484.1	276	280	4	2.2	1.03	0.01	0.03	7.0	0.01
	627275.5	7491550.1	356.29	-60.0	269.0	41	178	444	445	1	0.7	0.98	0.05	0.02	2.1	0.03
	627281.6	7491356.8	356.65	-59.4	266.3	30	151	446	448	2	1.4	0.80	0.01	0.02	63.8	0.04

[1]Base of Oxidisation down hole depth [2]Estimated true width [3]Hole KJCD043 abandoned short of target depth
Intervals greyed out have been announced previously (10th Feb 2014)



Figure 2 Core from KJCD026 showing disseminated and semi massive chalcopyrite within a magnetite schist

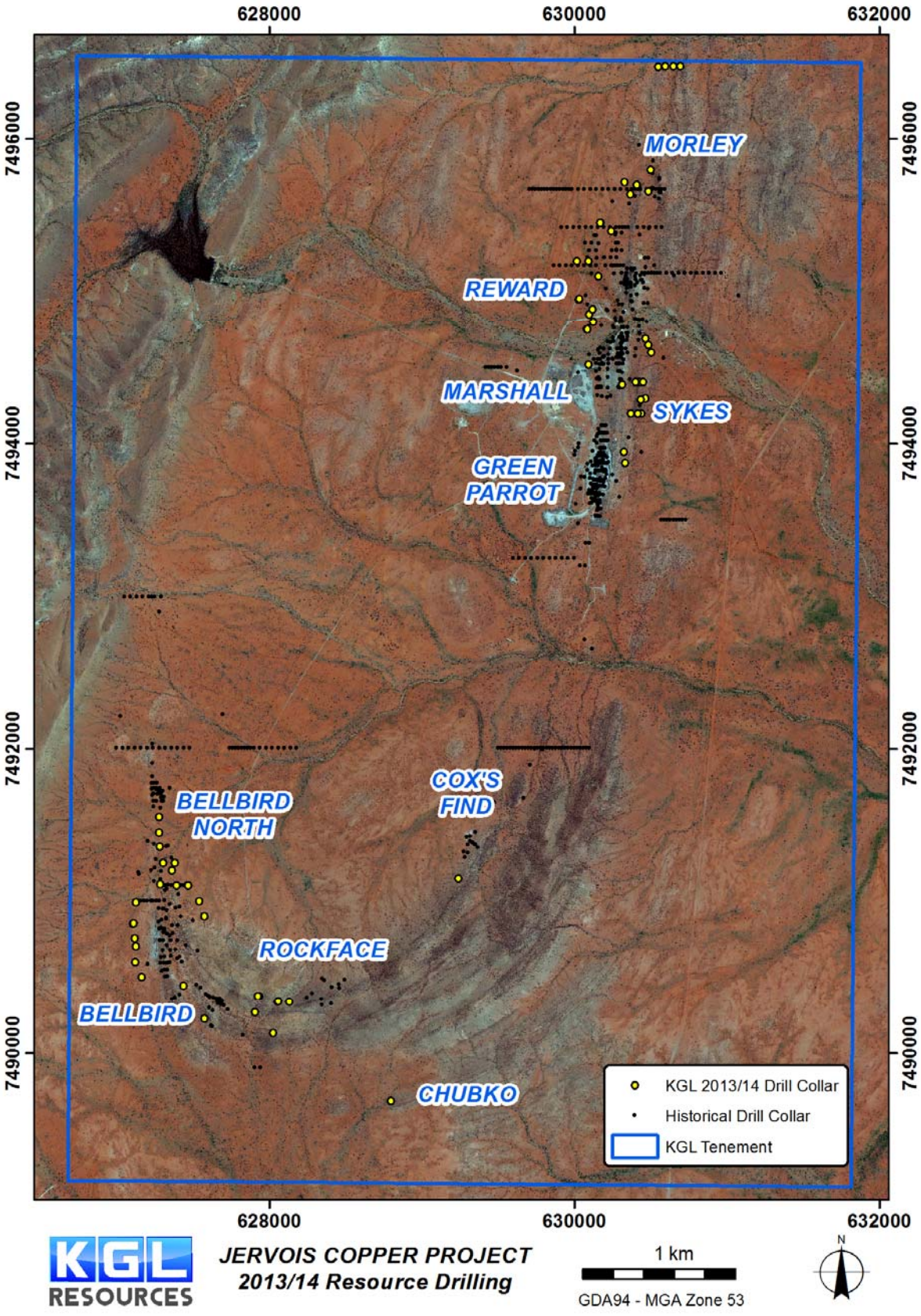


Figure 3 Plan of Jervois tenement and drill hole collar locations

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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 Martin Bennett, who is a member of the Australian Institute of Geoscientists and a full time employee of KGL Resources Limited.

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.

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. • 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.
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.*	• RC samples were not weighed on a regular basis but no sample recovery issues were encountered during the drilling program. • Overweight samples (>3kg) were re-split with portable riffle splitter
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. Core samples are also orientated and logged for geotechnical information.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC drill holes are sampled at 1m intervals and split using a cone splitter attached to the cyclone to generate a split of ~3kg. • Diamond core was quartered with a diamond saw and generally sampled at 1m intervals with shorter samples at geological contacts. • RC sample splits (~3kg) are pulverized to 85% passing 75 microns. • Diamond core samples are crushed to 70% passing 2mm and then pulverized to 85% passing 75 microns.
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,*	• The QAQC data includes standards, 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 digest with an ICP AES finish.

Criteria	JORC Code explanation	Commentary
	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.*	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 ~2% of samples analysed.