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3 February 2014

Results for massive sulphides intersected at Jervois

- **8m wide, 6.65% copper equivalent, zone of massive and semi-massive sulphide containing visible copper, lead and zinc sulphide mineralisation at Marshall-Reward deposit (KJCD045)**
- **57m extension of 18m high grade zone in Marshall Reward with lower grade, 1.26% copper equivalent, mineralisation in the footwall (KJCD048)**
- **Marshall Reward deposit continues to be open along strike and down dip**

Drill results

- **Hole KJCD045, located 90m north along strike and 50m down dip from high grade zone at KJCD048 returned**
  - **5m @ 1.2% Cu, 7.1g/t Ag, 0.22g/t Au from 367 m and**
  - **8m @ 0.11% Cu, 23.46% Pb, 1.49% Zn, 153.3g/t Ag, from 381 m**

  The copper equivalent for the 8m massive sulphide zone is 6.65%

- **Remaining assays for hole KJCD048 show a further 57m long intersection of mineralisation grading 0.51% Cu, 0.46% Pb, 1.62% Zn, 42.7g/t Ag, 0.06g/t Au from 230 m**
- **Including 16m @ 1.03% Cu, 0.99% Pb, 2.33% Zn, 96.7g/t Ag, 0.12g/t Au from 247 m**

  This 57m zone has a copper equivalent grade of 1.26%

KGL Resources is pleased to announce results from diamond drilling at the Marshall-Reward deposit where, in addition to the targeted copper mineralisation, an 8m wide zone of massive and semi-massive sulphide containing visible copper, lead and zinc sulphide mineralisation was intersected in hole KJCD045 of 6.65% copper equivalent.

In hole KJCD045 the massive galena mineralisation has a very sharp contact at the hanging wall and appears to replace a limestone unit within mudstones, siltstones and schists. It appears to be a distinct style of mineralisation adjacent to the more common Marshall-Reward style copper mineralisation that was intersected higher up in the hole. The limestone has been altered to a carbonate-magnetite rock containing sphalerite and pyrite.

Assays for the remainder of the diamond core in KJCD048 have also been received and highlight a 75m zone of mineralisation that includes a 57m zone of lower grade mineralisation, 1.26% copper equivalent, in the foot wall to the previously announced 18m high grade zone.

Simon Milroy, the Managing Director of KGL Resources, commented: “We are planning to complete a surface and downhole Electromagnetic survey (EM) in February to assist in defining the limits of the high grade zone for targeting further drilling.”

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
KJCD048	630463	7494690	345.85	-58.6	268.6	23	330	230	287	57	27.6	0.51	0.46	1.62	42.7	0.06
							Including	247	263	16	7.7	1.03	0.99	2.33	96.7	0.12
								287	305	18	8.5	0.88	19.63	3.77	732.3	0.61
							Including	291	300	9	4.3	1.48	22.08	3.07	740	0.53
KJCD045	630123	7494800	346.76	-64.7	88.6	20	450.8	367	372	5	2.9	1.20	0.06	0.23	7.1	0.22
								381	389	8	4.6	0.11	23.46	1.49	153.3	0.04

[1]*Base of Oxidisation down hole depth* [2]*Estimated true width*

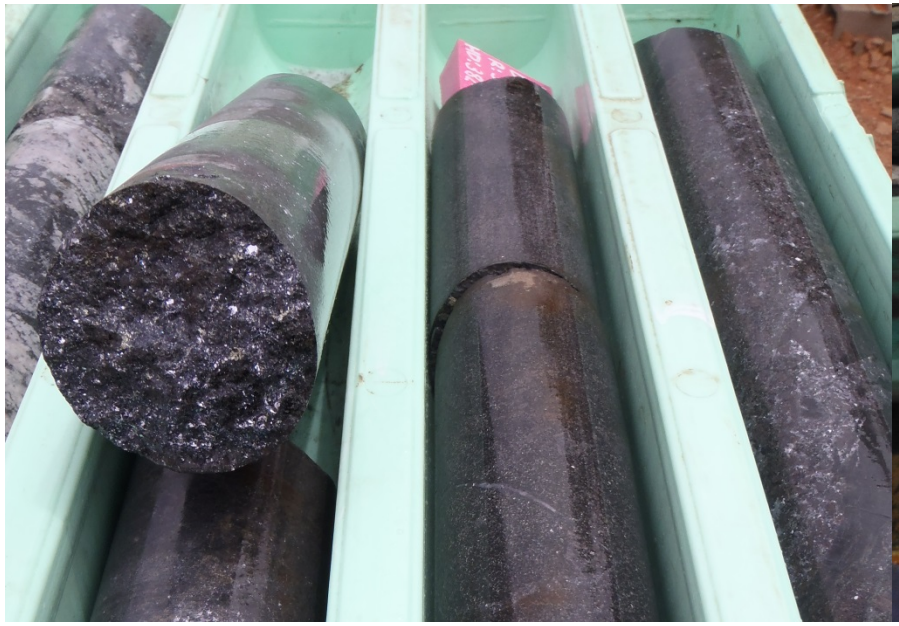

Figure A. Diamond core from hole KJCD048



Figure B. Diamond core from hole KJCD045

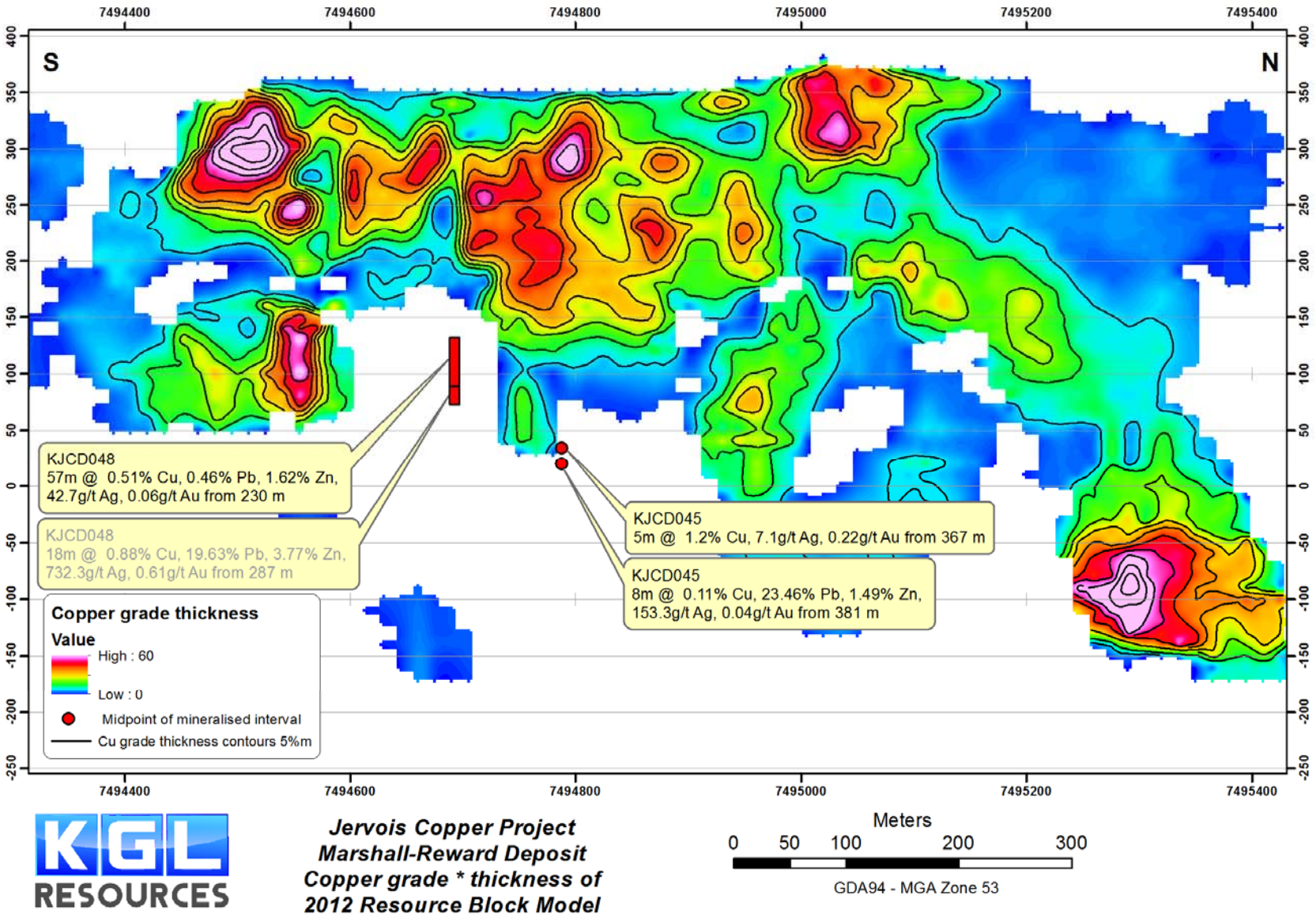

Figure 1 Long section of Marshall and Reward resource model

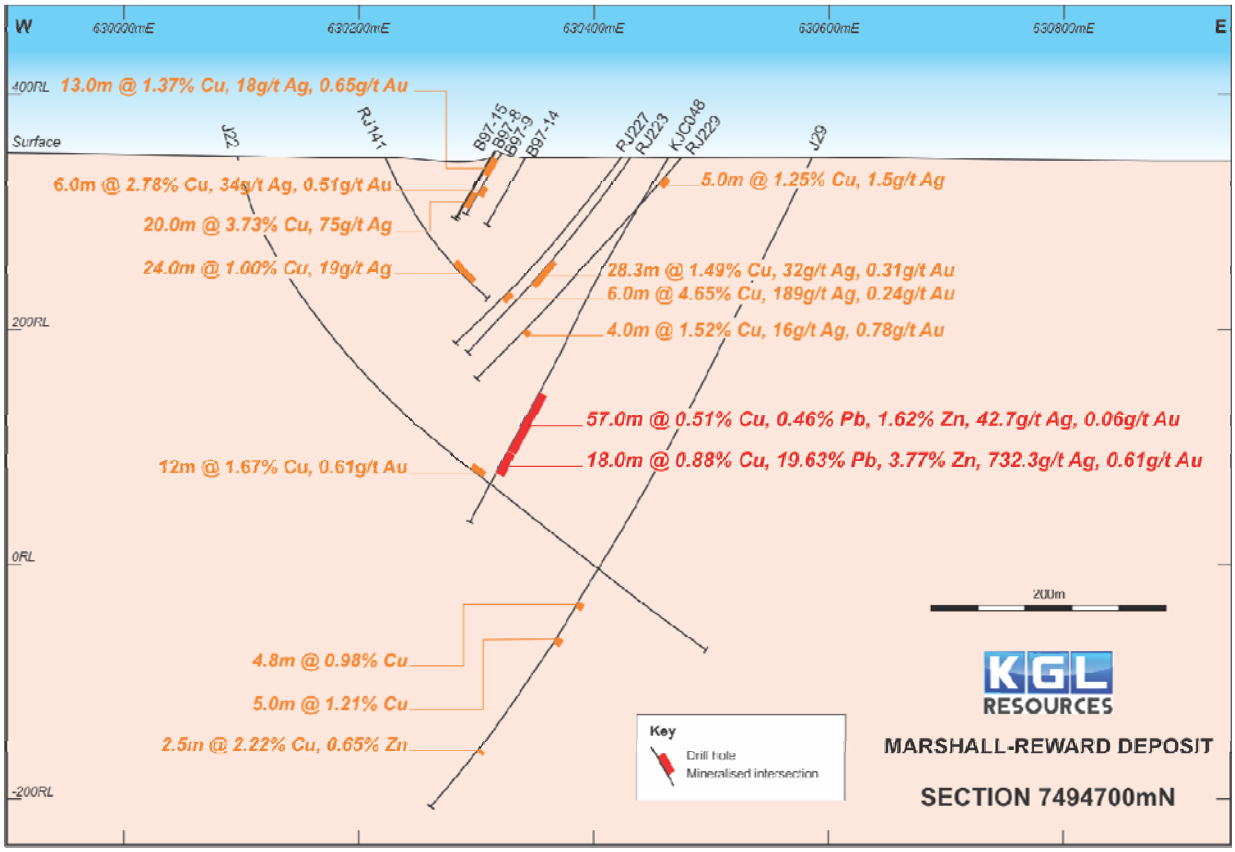

Figure 2 Marshall-Reward Cross Section 7494700N

*Copper equivalent is based on the following parameters

Table 2 Copper equivalence parameters

	Recovery	Unit	Price
Pb	77%	US$/t	2,000
Zn	82%	US$/t	1,800
Ag	79%	US$/oz	19
Au	51%	US$/oz	1,200
Cu	93%	US$/t	7,000

Cu% + (Pb%*PbRec*Pb$/t + Zn%*ZnRec*Zn$/t + Agoz*AgRec*Ag$/oz+ Auoz*AuRec*Au$/oz) / Cu$/t

Metallurgical recoveries assumed are based on results of metallurgical test work commissioned by KGL Resources on the Jervois deposits and metallurgical performance of similar deposits from the AMEC database.

Metallurgical test work to date has demonstrated that a 93% recovery of copper to a 26% copper concentrate is achievable though in the calculation of copper equivalent 100% of the contained copper is used.

It is the company's opinion that all of the elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

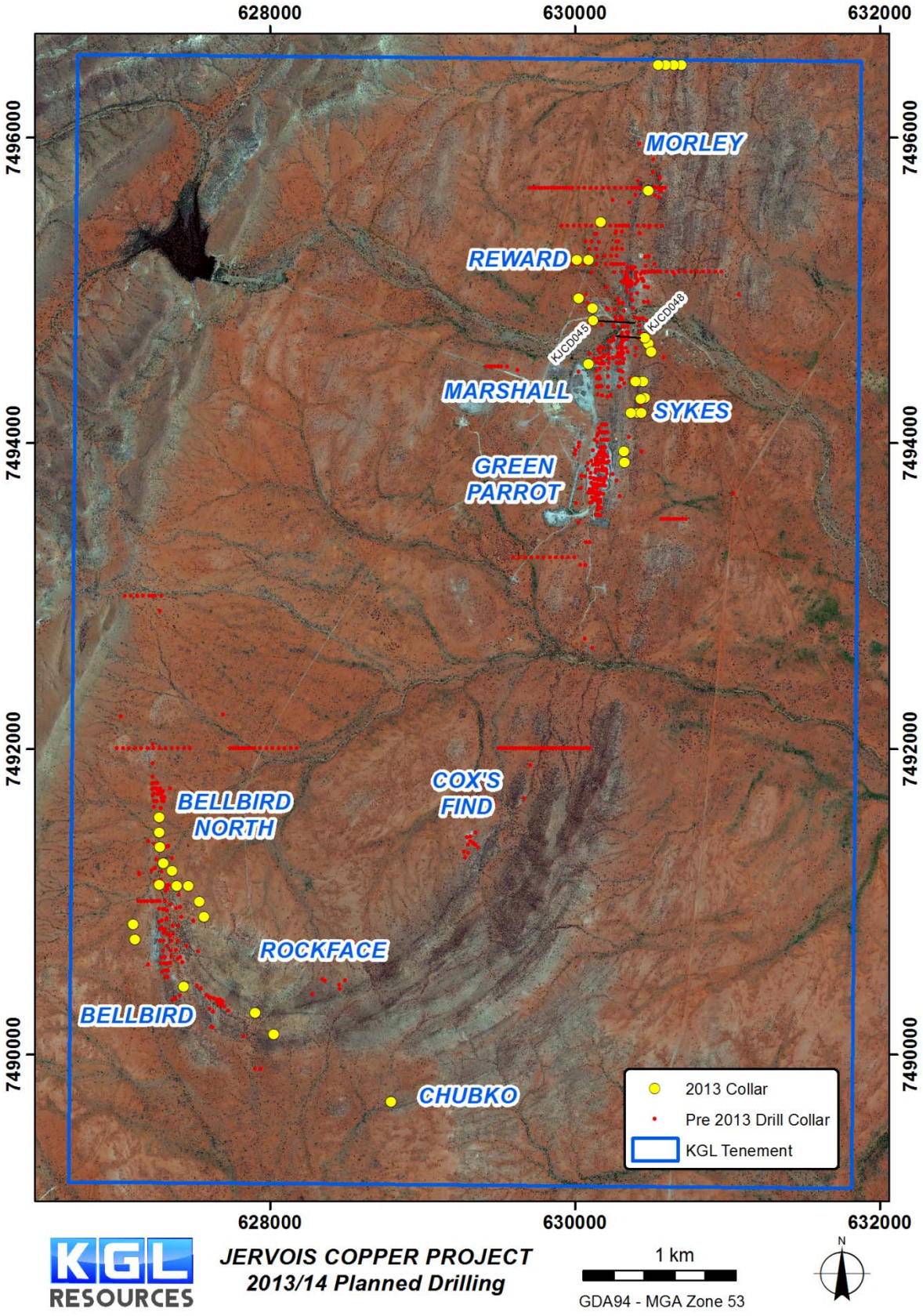

Figure 3 Plan of Jervois tenement and drill hole collars

Table 3 Assays for diamond tail KJCD045

Hole	Sample No.	From m	To m	Interval m	Copper %	Lead %	Zinc %	Silver g/t	Gold g/t
KJCD045	97056	355	356	1	0.13	0.09	0.08	7	0.05
KJCD045	97057	356	357	1	0.39	0.01	0.19	2	0.03
KJCD045	97058	357	358	1	0.17	0.03	0.06	2	0.03
KJCD045	97059	358	359	1	0.25	0.02	0.08	4	0.07
KJCD045	97061	359	360	1	0.09	0.00	0.05	-1	0.05
KJCD045	97062	360	361	1	0.15	0.01	0.04	1	0.08
KJCD045	97063	361	362	1	0.35	0.01	0.06	2	0.12
KJCD045	97064	362	363	1	0.23	0.02	0.08	2	0.12
KJCD045	97065	363	364	1	0.23	0.03	0.07	4	0.11
KJCD045	97067	364	365	1	0.07	0.00	0.03	-1	0.04
KJCD045	97068	365	366	1	0.25	0.04	0.16	2	0.06
KJCD045	97069	366	367	1	0.14	0.03	0.14	3	0.04
KJCD045	97070	367	368	1	0.66	0.15	0.43	9	0.18
KJCD045	97072	368	369	1	0.57	0.06	0.17	5	0.08
KJCD045	97073	369	370	1	2.17	0.03	0.11	9	0.31
KJCD045	97074	370	371	1	1.39	0.06	0.32	8	0.27
KJCD045	97075	371	372	1	1.22	0.01	0.10	4	0.27
KJCD045	97077	372	373	1	0.13	0.16	0.57	4	0.01
KJCD045	97078	373	374	1	0.06	0.05	0.11	1	0.00
KJCD045	97079	374	375	1	0.04	0.10	0.38	1	0.00
KJCD045	97080	375	376	1	0.02	0.02	0.08	-1	0.00
KJCD045	97082	376	377	1	0.02	0.02	0.02	-1	0.00
KJCD045	97083	377	378	1	0.00	0.01	0.02	-1	0.00
KJCD045	97084	378	379	1	0.01	0.01	0.01	-1	0.00
KJCD045	97085	379	380	1	0.01	0.01	0.02	-1	0.00
KJCD045	97087	380	381	1	0.08	0.01	0.05	-1	0.00
KJCD045	97088	381	382	1	0.05	21.60	1.96	52	0.03
KJCD045	97089	382	383	1	0.06	30.00	2.85	58	0.03
KJCD045	97090	383	384	1	0.03	37.00	2.34	177	0.04
KJCD045	97092	384	385	1	0.05	16.35	0.68	103	0.04
KJCD045	97093	385	386	1	0.08	34.30	1.34	262	0.04
KJCD045	97094	386	387	1	0.09	26.60	1.58	131	0.04
KJCD045	97095	387	388	1	0.48	10.65	0.75	237	0.04
KJCD045	97097	388	389	1	0.07	11.20	0.42	206	0.08
KJCD045	97098	389	390	1	0.18	0.27	0.18	7	0.02
KJCD045	97099	390	391	1	0.04	0.13	0.11	2	0.00
KJCD045	97100	391	392	1	0.06	0.15	0.23	5	0.01
KJCD045	97102	392	393	1	0.04	0.10	0.17	4	0.01
KJCD045	97103	393	394	1	0.05	0.10	0.17	4	0.00
KJCD045	97104	394	395	1	0.01	0.05	0.01	2	0.01
KJCD045	97105	395	396	1	0.10	0.06	0.24	3	0.01
KJCD045	97107	396	397	1	0.10	0.11	1.89	6	0.01
KJCD045	97108	397	398	1	0.06	0.12	0.08	5	0.00
KJCD045	97109	398	399	1	0.12	0.19	0.42	11	0.01
KJCD045	97110	399	400	1	0.11	0.13	1.16	7	0.01
KJCD045	97112	400	401	1	0.20	0.04	0.35	1	0.00
KJCD045	97113	401	402	1	0.05	0.04	0.59	1	0.06
KJCD045	97114	402	403	1	0.05	0.03	0.13	1	0.22

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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, calibrations factors applied and their derivation, etc.*	• 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. Gold samples are assayed by Aqua Regia

Criteria	JORC Code explanation	Commentary
	• *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.*	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.
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 when data is imported into Vulcan
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. • Downhole surveys were taken during drilling with a Ranger survey tool every 30m with checks conducted with a Gyrosmart gyro and Azimuth Aligner. • All drilling is conducted on the MGA 94 Zone 53 grid. All downhole magnetic surveys were converted to MGA 94 grid.
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 drilling was used for Indicated resources.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• Holes were drilled perpendicular to the strike of the mineralization a default angle of -60 degrees but holes vary from -45 to -80.
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.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques are regularly reviewed.

1.2 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	• *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 E25429 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.*	• All assays reported in the announcement were conducted by KGL Resources.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• EL25429 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

Criteria	JORC Code explanation	Commentary
		Georgina Basin. • The copper-lead-zinc mineralisation is interpreted to be stratigraphic 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.*	• Refer Table 1
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.*	• Refer Tables 1, 2 & 3
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *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').*	• Refer Table 1
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 1,2,3 & Table 3
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 Table 3
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.*	• Outcrop mapping of exploration targets using Real time DGPS.
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 1,3