



KGL Resources Ltd.
Kentor Minerals (NT) - Operator

EL30242

Mt. Cornish Project

Annual Report

for the reporting period

26 November 2015 to 25 November 2016

Project Name: Mt Cornish

Map Sheets: Hukkitta SF53-11, 1:250,000

Commodities: Copper, Silver, Lead, Zinc

Licensee: Jinka Minerals Ltd.

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SUMMARY

KGL Resources Ltd., acquired the Mt. Cornish tenement (EL30242) following the reprocessing of Poseidon Exploration Ltd.'s airborne EM data by International Geoscience, of 8 May Ave. Subiaco, 6008 WA.

The tenement is held by Jinka Minerals Limited, a fully owned subsidiary of KGL Resources Ltd.

International Geoscience identified a coincident magnetic-EM trend on Poseidon's Area 2 and KGL applied for the ground.

Poseidon did their own follow up work that included soil/ lag traverses but from a review of their reports there were no anomalies identified.

A preliminary field reconnaissance visit of the area suggests there is extensive cover. The mag/ EM trend is covered with calcrete so surface sampling wouldn't have been effective.

KGL Resources Ltd., a Brisbane based company, purchased Jinka Minerals in early 2011 from Reward Minerals Limited.

Annual Reporting of activities conducted on Exploration Licence 30242 is reported by Kentor Minerals (NT) who is the authorized operator of the tenement.

In November 2016, as part of statutory requirements, 29 blocks from Exploration Licence 30242 were relinquished.

Activities undertaken by Kentor Minerals (NT) Pty. Ltd included:

1. Field geological mapping.
2. Rock chips sampling.

Expenditure on EL30242 for the year is estimated at approximately \$13,926.00 against a covenant of \$44,000.00.

An application for variation of expenditure has been submitted to the Titles Division of the NT Mines Department in November 2016.

1.0 INTRODUCTION

This report covers work conducted on Exploration Licences 30242 (Mt Cornish) during the second year of tenure from 26 Nov. 2015 to 25 Nov. 2016.

EL 30242 was granted on the 26 Nov. 2014 and consisted of 57 blocks (180.32 sq. km). A subsequent relinquishment of 29 Blocks was undertaken in November 2016. The licence is located in SE corner of the Huckitta (SF53-11) 1:250,000 map sheet.

Following an in-house study of selected Australian Proterozoic terrains, the region was identified as prospective for sediment hosted Broken Hill type mineralisation. Mineralisation at the nearby Jervois Development Project has similarities to Broken Hill style deposits.

Exploration this year included re-interpretation of airborne EM survey data, preliminary reconnaissance ground checking and detailed field based geological mapping.

The purpose of this report is to detail exploration conducted by Kentor Minerals (NT) Pty. Ltd within EL 30242 during the year ended 25 November 2015.

Expenditure for the year is estimated at \$13,926.00 against a covenant of \$44,000.00.

2.0 LOCATION and ACCESS

The Jervois Project is located 380 kilometres north east of Alice Springs on the Huckitta 1:250,000 map sheet (SF53 -11). See Figure 1.

Access is via the Stuart and Plenty Highways to the Jervois Station Road. The tenement is located approximately 10km east of the Jervois Station Homestead.

Historical exploration tracks, as well as limited station tracks provide local access throughout the tenement which is located over a portion of the Jervois Pastoral Lease.

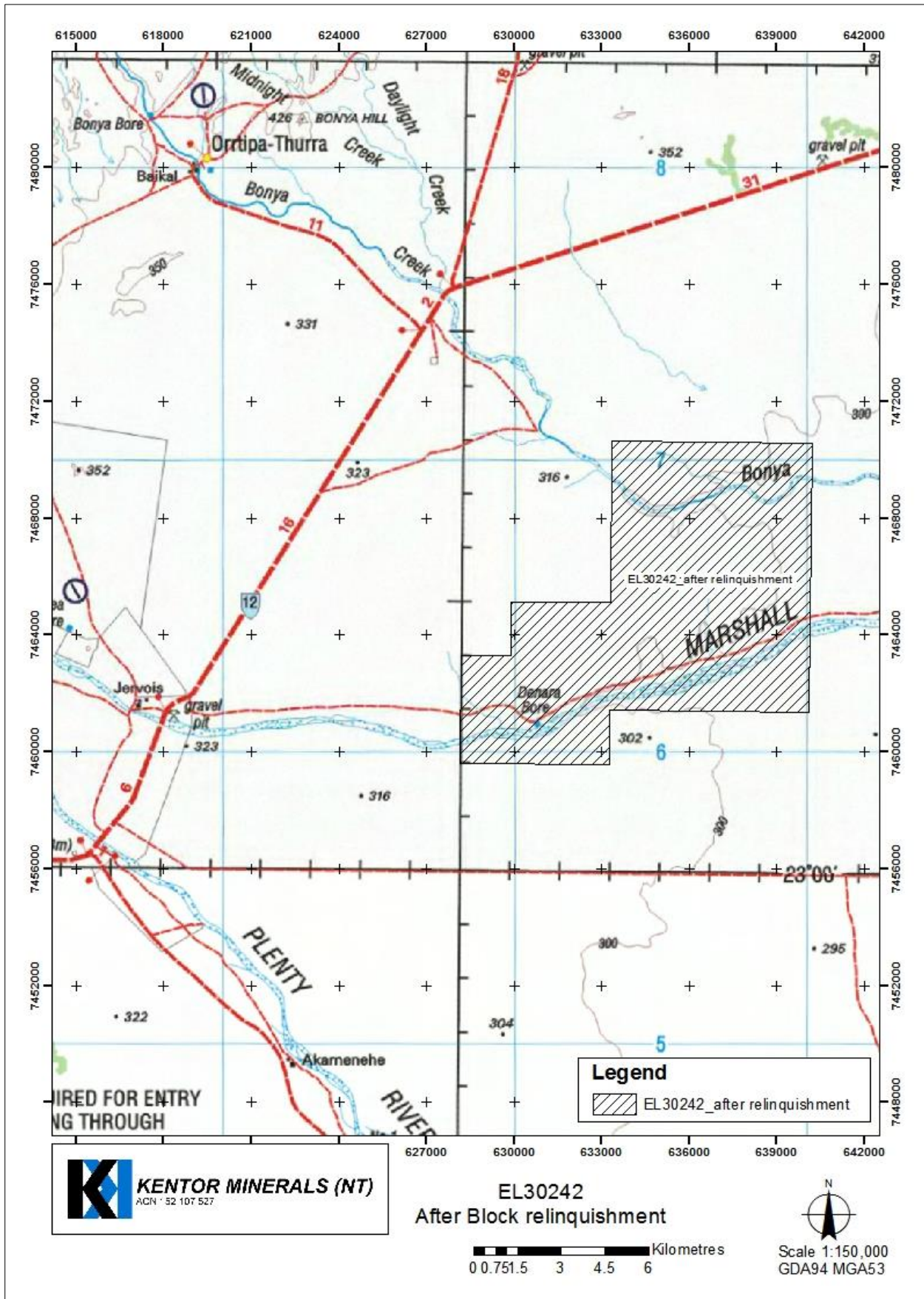


Figure 1. Mt. Cornish Project – EL30242 Location plan

3.0 TENURE

EL 30242 was granted on the 26 November 2014 and consists of 29 blocks (88 sq. km) after a recent relinquishment. It is located in the south-east corner of the Huckitta (SF53-11) 1:250,000 map sheet.

The tenement is held by Jinka Minerals Ltd. and is operated by Kentor Minerals (NT) Pty. Ltd until such time that it will be transferred to the operating company.

Figure 1 also shows a plan of the tenement layout at the Mt. Cornish Project.

4.0 GEOLOGY

4.1 REGIONAL GEOLOGY

The Arunta Orogenic Domain has been divided into 3 tectonic areas: Central, Southern and Northern (Freeman 1986). The Central Tectonic Zone consists of an accumulation of sedimentary and volcanogenic rocks deposited in an east-west trough. With time the trough broadened to include the Northern and Southern Tectonic Zones and the composition of the sediments being supplied to the basin matured.

The rocks within the Orogenic Domain have been divided into 3 groups:

- Division 1: felsic and mafic granulites
- Division 2: schistose pelitic metasediments and quartzo-feldspathic gneisses
- Division 3: schistose, pelitic metasediments and metaquartzite

The divisions are separated by unconformities. The increasing maturity of the sediments reflects the evolution of the basin.

An early tectonic event during the mid-Proterozoic metamorphosed and dislocated the rocks into many fault bounded blocks. A later event, the Carboniferous Alice Springs Orogeny reactivated the faults.

The project area is located within the Jervois Block in the Northern Tectonic Zone and consists of Division 2 rocks.

Sedimentation in the Georgina Basin began during the Adelaidean with the deposition of argillites, arenites, glaciogene sediments and carbonates along the southern margin of the basin. After the Adelaidean the sediments primarily consisted of carbonates and arenites (Freeman 1986).

4.2 TENEMENT GEOLOGY

The Arunta Block rocks within the tenements are described below.

4.2.1 Arunta Block

Division 1

Unnamed Metamorphics - Jervois Homestead District

This is the oldest unit and outcrops in the southern part of the project area and consists of quartzo-feldspathic to biotite gneiss, feldspathic quartzite, muscovite quartzite, minor quartz-rich metasediment, partly schistose, biotite schist and layered magnetite-quartz rock covered by extensive soil and sand plains.

Division 2

Mascotte Gneiss Complex

This unit consists of granitic gneiss grading into quartzo-feldspathic gneiss in places and less commonly leucogranite, biotite schist, biotite gneiss, amphibolite and hornblende gneiss. Igneous dykes are common and include tourmaline bearing aplite dykes up to 50m wide. This unit is restricted to the Jervois and eastern Jinka Blocks.

Bonya Schist

This unit overlies the Mascotte Gneiss Complex with a transitional contact. This unit is located east of the Jervois Range in the northern half of the Bonya Creek licence area.

The Bonya Schist has been subdivided into 5 informal sub-units and one formal member, the Kings legend Amphibolite Member. The sub units are:

Unit 1: the basal unit. Amphibolite and layered amphibolite.

Unit 2: pink quartzo-feldspathic rock, hornblende gneiss and quartz-epidote-calc-silicate rock, all interlayered in fine muscovite and biotite-muscovite schist. Scheelite occurs in the calcsilicate rocks.

Unit 3: coarse grained knotted muscovite schist or andalusite muscovite schist. Pods and layers of quartz-epidote calcsilicates.

Kings Legend Amphibolite Member:

amphibolite, glomerophyric in places, minor calc-silicate rock. Scheelite occurs in the calc-silicates and fine disseminated chalcopyrite and pyrite occurs in the amphibolite.

Unit 5: fine to medium grained biotite-muscovite schist, quartz garnet-epidote calc-silicate rock. amphibolite, felsic schist and sulphide bearing quartz magnetite and quartz hematite rock. This is currently the most significant unit in the area as it contains the Pb-Zn-Ag-Cu-Bi mineralisation at Jervois and W-Cu mineralisation in the calc-silicates.

Unit 5 has been further subdivided by Peters et al (1985), shown in Yates et al (1989). They recognised four main metamorphic suites:

1. Gneissic suite
2. Magnesium Silicate suite
3. Mine Sequence suite. The lode horizon occurs within andalusite-muscovite schist and consists of garnet chlorite-magnetite rocks.
4. Magnesium Silicate suite.

Unit 6: layered actinolite-K-feldspar calc-silicate rock, acid crystal meta-volcanic, calcareous metapelite, muscovite-rich schists, quartzite and amphibolite.

Intrusive Rocks

Jervois Granite

A fine to medium, even-grained biotite granodiorite and leucogranites. It contains numerous roof pendants and rafts of metamorphic rocks. The granite outcrops at the south-east end of the Jervois Mine, and intrudes both the Unnamed Metamorphics and the Bonya Schist. A Rb/Sr age of 1808 ± 80 Ma has been determined.

Xanten Granite

This medium to coarse grained 2-feldspar leucocratic silicified granite outcrops at the southern limit of the Jervois Range. It is interpreted that the granite intrudes the Mascotte Gneiss Complex.

Unca Granite

An even-grained leuco granite with a metamorphic texture that intrudes the Sonya Schist and outcrops 5km north of the Jervois Mine.

Attutra Metagabbro

This unit consists of at least 20 outcrops of coarse grained bytownite pyroxene gabbro located east of the Jervois Range. In the south there are plugs of coarse grained magnetite rocks.

Samarkand Pegmatite

These pegmatites are situated in the Bonya Schist and consist of small veins to stocks of medium to very coarse grained sodic plagioclase, quartz, k-feldspar, muscovite, tourmaline, apatite and sphene.

4.2.2 Tertiary

Much of the area is covered by alluvial and aeolian sands and gravels. Ferruginous red soils have developed over iron rich units or from erosion of lateritic surfaces. The outcrops of Arunta rocks are deeply weathered particularly the gneisses and granites.

5.0 PREVIOUS EXPLORATION

1992 and 1993 - Poseidon Exploration Limited. Airborne EM and Magnetic Survey.
Regional work involved RAB checking and reconnaissance over EL7287.

6.0 WORK DONE DURING THE YEAR

To follow up on field geological mapping during the previous reporting period, a rock chip sampling program was undertaken in conjunction with a re-visit to the tenement by company geologists who traversed the region in anticipation of further exploration activities.

An area was mapped in the southern portion of the tenement (Figure 2) with an emphasis on the identification of rare earth elements within a granitic textured matrix.

The fine to medium, even-grained biotite granodiorite and leucogranites contained weathered porphyroblasts of unidentified metamorphic rocks.

Within the granitic rocks there were numerous coarser grained, pegmatitic dykes and narrow veins which were sampled for their rare earth potential.

The pegmatite's consisted of medium to very coarse grained sodic plagioclase, quartz, k-feldspar, muscovite, tourmaline, apatite and sphene.

Results from the sampling program did not support the potential for the granitic units in the southern portion of the tenement to contain significant rare earth potential. (APPENDIX 1).

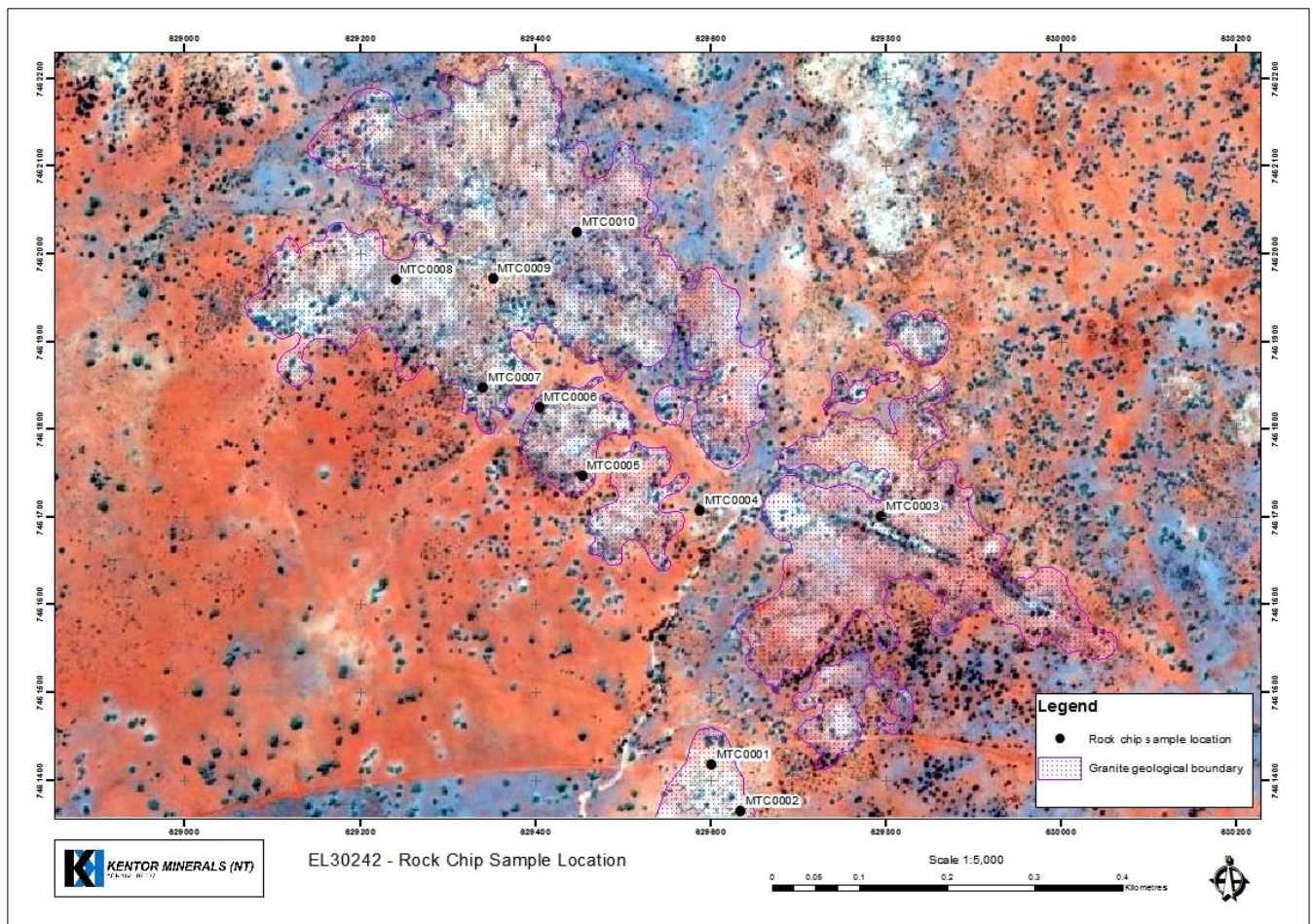


Figure 2. EL30242 - Rock Chip Sample Location

7.0 PROPOSED FUTURE EXPLORATION

The proposed exploration work schedule for 2017 includes;

- i. Regional exploration drilling on previously identified targets
- ii. Structural and geological analysis and interpretation
- iii. Field geological mapping

It is anticipated that the proposed work plan for the 2016 field season will cost approximately \$35,000.00.

8.0 BIBLIOGRAPHY

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YATES K.R., YPMA P.I, DICKSON G.O., 1989: Review of Base Metals exploration in the Jervois Range area, Northern Territory for Plenty River Mining Company N.L. Unpub. Company Report.

APPENDIX 1. Sample Location and Assays

SAMPLE NUMBERS	Eastin g	Northin g	RL	Sample Type	Ce	Dy	Er	Eu	Ga	Gd	Ho	La	Li	Lu	Nd	Pr	Sm	Tb	Tm	Y	Yb	
UNITS					ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
DETECTIO N					0.5	0.1	0.1	0.1	1	0.1	0.1	0.2	5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.1
METHOD					FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S	FP6/M S
MTC0001	62960 2	746141 8	32 2	Rock Chip	58.8	1.8	1	0.6	18	2.3	0.3	44.6	5	0.4	17.4	5.5	3.3	0.3	0.1	8.1	1.1	
MTC0002	62963 5	746136 5	32 0	Rock Chip	42.9	5.5	3.4	0.5	19	4.4	1.2	20.7	8	0.8	14.5	4.1	3.7	0.8	0.6	33.1	4.6	
MTC0003	62979 5	746170 1	32 7	Rock Chip	48.3	0.4	0.1	0.2	2	0.9	X	27.8	7	X	12.2	4.5	1.6	X	X	1.7	X	
MTC0004	62958 9	746170 8	32 0	Rock Chip	28.4	7.3	5.4	0.2	32	3.9	1.7	13.6	5	1.6	11.1	3.1	3	1	1	48.7	6.7	
MTC0005	62945 4	746174 8	32 4	Rock Chip	19.4	2.1	1.6	X	13	1.3	0.6	13.2	X	0.8	6.3	2.1	1	0.3	0.3	15.6	2	
MTC0006	62940 5	746182 5	32 1	Rock Chip	24.9	0.4	0.2	0.3	12	0.5	X	20.1	X	X	4.4	1.8	0.6	X	X	2.6	0.3	
MTC0007	62934 1	746184 8	32 2	Rock Chip	21.9	1.1	0.7	0.2	12	1	0.2	16	X	X	6.7	2.3	1	0.1	0.2	7.3	1.1	
MTC0008	62924 1	746197 2	33 7	Rock Chip	315.8	13.5	8.4	2.9	15	12.9	2.7	185.2	X	1.3	113.8	32.6	18.9	2.1	1.5	75.6	9.6	
MTC0009	62935 2	746197 3	33 1	Rock Chip	9.5	0.5	0.3	X	11	0.5	X	6.9	X	X	2.8	0.9	0.5	X	X	2.3	0.4	
MTC0010	62944 8	746202 5	33 3	Rock Chip	7.1	0.5	0.4	0.1	24	0.6	0.1	3.8	X	X	2.8	0.8	0.9	0.1	X	2.7	0.6	