Kentor Minerals (NT) Pty. Ltd

(a wholly owned subsidiary of KGL Resources Ltd.)

EL25429

Jervois Project

Annual Report

for the reporting period

2 February 2016 to 1 February 2017

Project Name:	Jervois
Map Sheets:	Hukkitta SF53-11, 1:250,000
Commodities:	Copper, Silver, Lead, Zinc
Licensee:	Jinka Minerals Ltd.
Author:	R. Lennartz
Date:	April 2017

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SUMMARY

Kentor Gold Limited, a Brisbane based company, purchased Jinka Minerals and all its assets in early 2011 from Reward Minerals Limited.
Annual Reporting of activities conducted on Exploration Licence 25429 is reported by Kentor Minerals (NT) who is the authorized operator of the tenement.
Mineral Leases ML30180 and EL 30182 are within Exploration Licence 25429.
Activities undertaken by Kentor Minerals (NT) Pty. Ltd included:

1. Drilling
   - Total of 37 drill holes for 7227.82 metres
   - 15 RC drill holes for a total of 1295.2 metres.
   - 12 RC pre-collared holes with diamond tails for 5,873.27 metres
   - 10 Diamond drill holes for 59.35 metres.
2. Down Hole Electromagnetic (DHEM) geophysical survey.
3. Metallurgical studies.

Expenditure on EL25429 for the year is estimated at approximately $5.17 million.

1.0 INTRODUCTION

Exploration Licence 25429 "Jervois¨ is located in the Proterozoic terrain of the Arunta Inlier. The tenement covers the gossanous outcrop of the Jervois Mine and its extensions along strike. EL 25429 has a total area of approximately 110.9km2 (35 blocks).

MIM Exploration Pty Ltd (MIMEX) applied for the original tenement (EL10149) in September 1999 and was both manager and operator of the subsequent Joint Venture project. Exploration conducted by MIMEX focused on finding structurally controlled high grade Mt Isa-style copper and Broken Hill-style base metals mineralisation, as well as Fe-oxide associated copper-gold mineralisation. Following the termination of the joint venture, the tenement reverted to Solbec Pharmaceuticals as per the JV agreement.

The purpose of this report is to detail exploration conducted by Kentor Minerals (NT) Pty. Ltd within EL 25429 during the year ended 1 February 2017.
Thirty seven holes were drilled, for a total of 7,227.82 metres were completed on EL25429.
Metallurgical test work was conducted on specific mineralogy and Down Hole Electromagnetic (DHEM) surveys were conducted.

Expenditure for the year is estimated at $5.17 million against a covenant of $40,000.

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), and surrounds the mineral leases which cover the gossanous outcrop of the Jervois Mine and its extensions (See Figure 1).

Access is via the Stuart and Plenty Highways to the Lucy Creek Station Road, with the tenement located approximately 20km north of this turn off. Historical exploration and mine tracks, as well as limited station tracks provide local access throughout the tenement which is located over a portion of the Jervois Pastoral Lease.

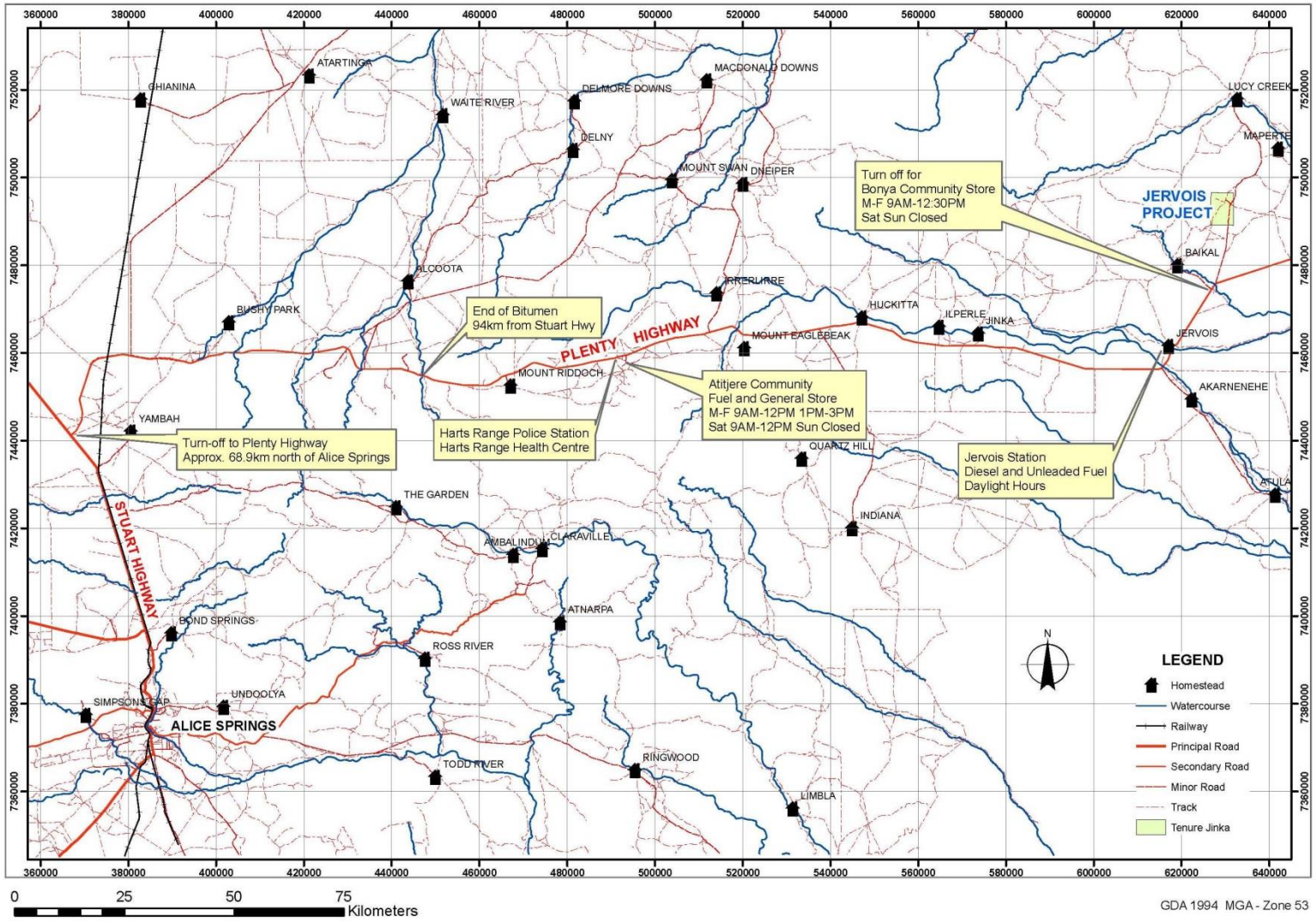

Figure 1. Jervois Project - EL25429 Location Plan

3.0 TENURE

EL25429 was granted on 2nd February 2007. The tenements were subsequently transferred to M. Ruane on the 19th July 1999, who applied for a deferment of relinquishment until 2nd October 2000, which was approved by the DPIFM. M. Ruane then entered into an Option to Acquire agreement with Britannia Gold NL.

On 5th August 1999, M.I.M. Exploration Pty Ltd entered into a Joint Venture agreement with Britannia Gold NL, agreeing to act as manager and operator of the Jervois Project.

MIM withdrew from the joint venture in late May 2002. The tenement was subsequently transferred to M. Ruane and in 2004 was transferred to Reward Minerals Limited.

In November 2009 the leases were transferred to Jinka Minerals Ltd, a wholly owned subsidiary of Reward Minerals Ltd.

In early 2011 Jinka Minerals Ltd. was purchased by Kentor Gold Ltd. and is now a wholly owned subsidiary of Kentor Gold Ltd.

The tenements remain as Jinka Minerals Ltd. holdings and are operated by Kentor Minerals (NT) Pty. Ltd until such time that they will be transferred to the operating company.

Figure 2. represents a plan of the tenement layout at the Jervois Project.

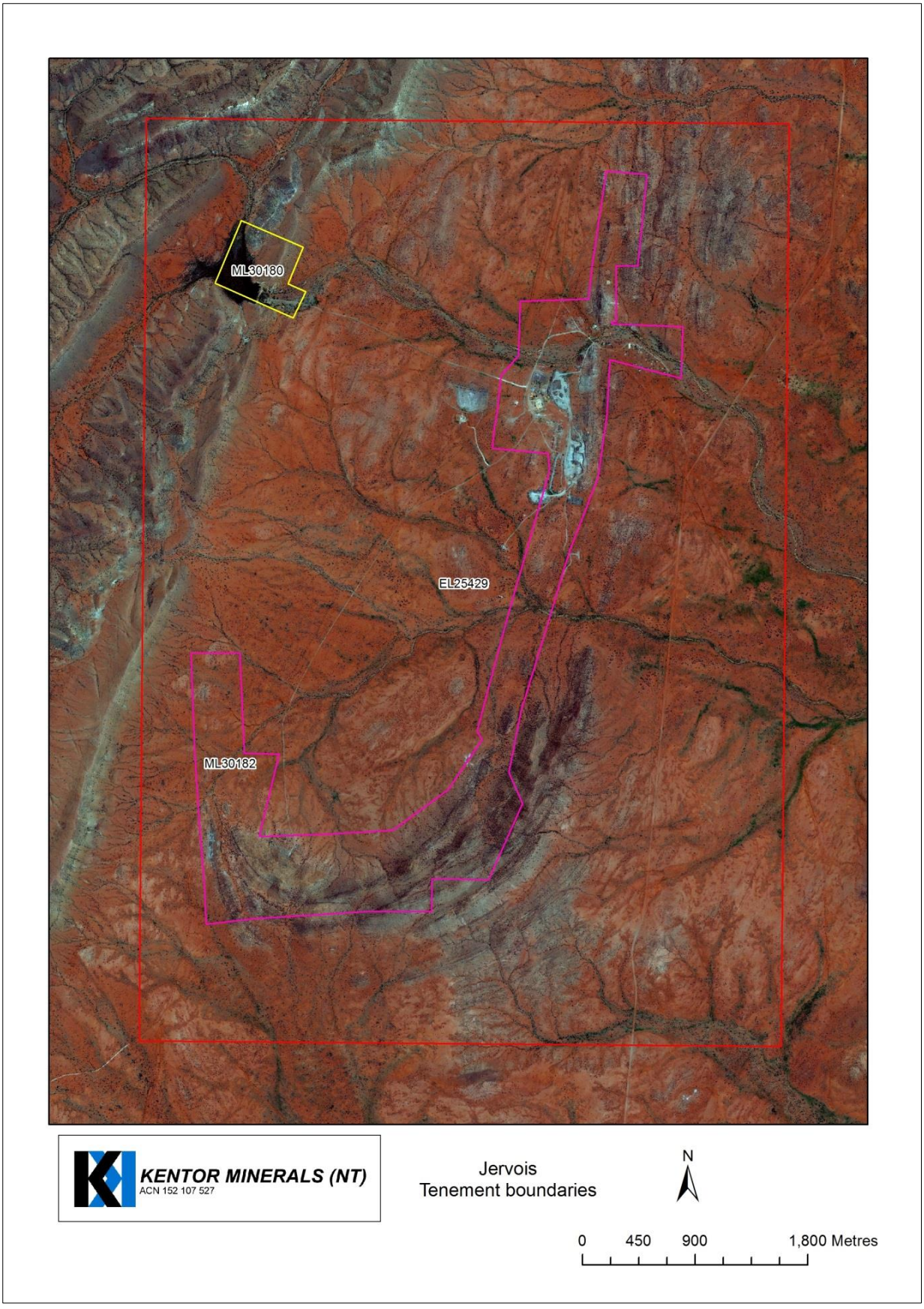

Figure 2. Jervois Project - EL25429

4.0 GEOLOGY

EL25429 lies on the Huckitta 1: 250 000 map sheet (SF 53-11), for which geological notes are available. The tenement is located mainly within the Palaeo-Proterozoic Bonya Schist on the north-eastern 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 prospective lithologies within the tenement have been identified as the Bonya Schist, Division 2 of Arunta Orogenic Domain (Freeman, 1986). This unit is made up of quartzo-feldspathic muscovite and sericite schists, ranging from pelitic to psammo-pelitic in composition, and has local occurrences of cordierite, sillimanite, garnet and andalusite. The mine sequence, in addition to these lithologies, also contains chlorite schist, garnet ¡Ó magnetite, quartzite, magnetite quartzite, calc-silicates, and impure marbles.

The topography of the tenement is dominated by the Jervois Range, composed of Georgina Basin sediments to the west, and the "J Range," comprised of Bonya Schist, and includes the mine sequence. Peters et al (1985) recognised three deformation periods in the Jervois area, with refolding of the mine sequence resulting in the "J" shape of the Bonya Schist outcrop in the tenement area. Mineralisation in the area occurs mostly as stratiform/bound copper and/or lead-silver-zinc associated with variable garnet and calc- silicate alteration, although tungsten occurs as disseminated scheelite in calc-silicate rocks.

In brief, Kentor Minerals (NT) regards the copper-lead-zinc mineralisation as 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. In other words it occurred within a single stratigraphic horizon and is near-contemporaneous with the sediments that enclose it. In detail there may be several closely-spaced mineralised zones forming a package at more or less the same stratigraphic horizon representing episodic emission of fluids over a short period of time. In addition there is almost certainly a repetition of lithological units due to deformation, with concomitant deformation of the enclosed mineralised horizons. For example, we interpret the three mineralised zones commonly intersected during drilling in the Marshall-Reward area as being the same horizon, being the three limbs of an isoclinal fold. In contrast to the considerable areal extent of the copper mineralisation, the distribution of lead and zinc is spatially restricted at Jervois and these metals may have accumulated near points of discharge of metalliferous fluids.

In the Bellbird area mesoscopic and macroscopic folding have complicated the geometry of the stratigraphic sequence. Consequently the mineralised horizon is not everywhere easy to locate. Furthermore an interpreted fault in the Rockface area has apparently displaced the succession causing a substantial geological mismatch across the fault zone.

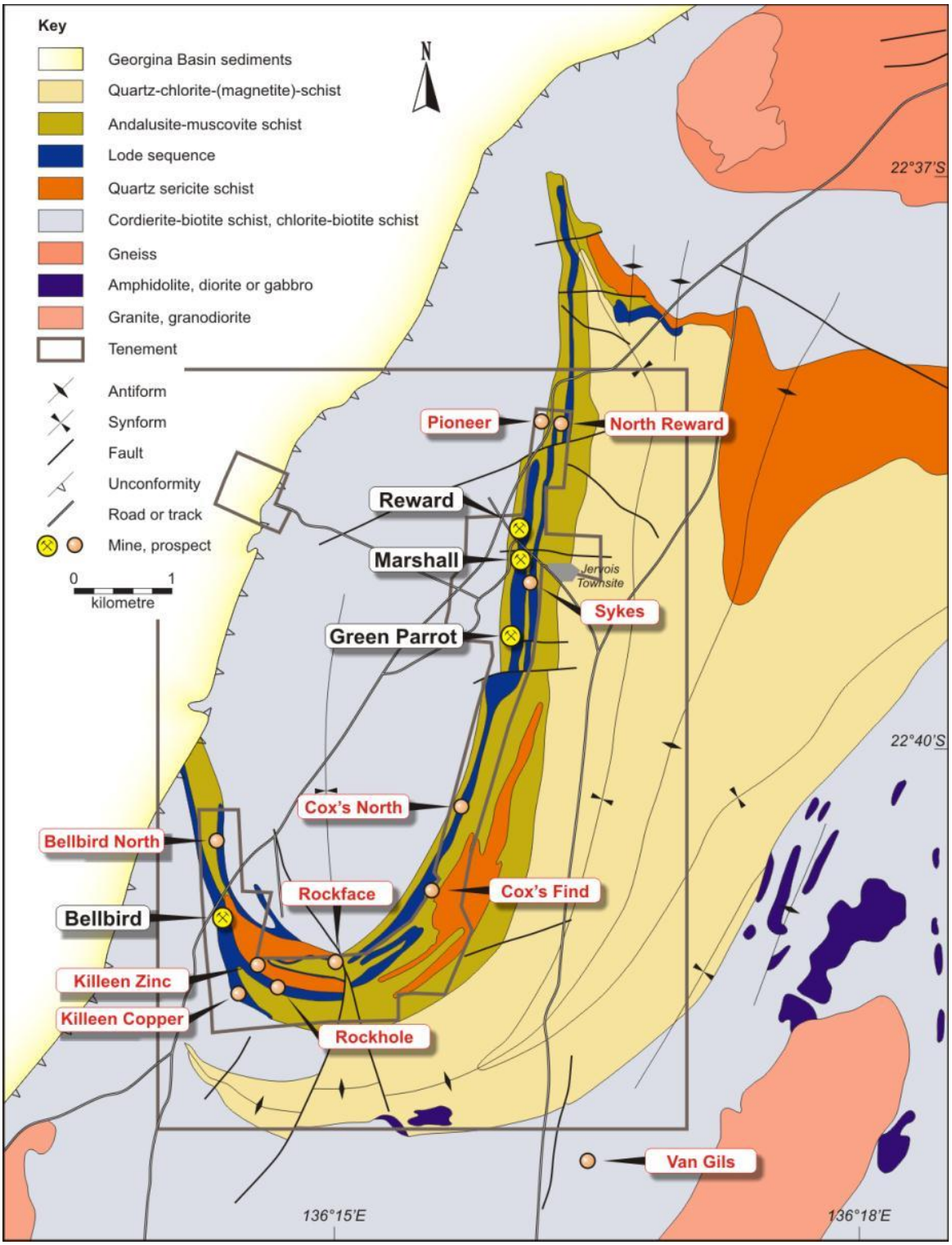

Figure 3. Jervois Project - Regional Geology

5.0 PREVIOUS EXPLORATION

Following the discovery of the Jervois mineralisation in the 1920s, some small-scale mining of the oxides took place and concentrates were transported to Mt Isa for treatment. Since that time, there has been episodic exploration (including one attempted mining operation) by a succession of companies. These have been described in some detail in previous annual reports (e.g. Cranley 2003) and in the Reward prospectus, so they are merely listed here:

1961 - 1965 New Consolidated Goldfields (Australasia) Pty Ltd
1969 - 1973 Petrocarb Mineral exploration (SA) Pty Ltd
1973 - 1974 Petrocarb Joint Venture with Union Corporation (Australia) Pty Ltd
1980 - 1983 Plenty River Mining Company NT Limited 1983 - 1984 Plenty River Mining - Anaconda Australia Inc. Joint Venture
1991 - 1996 Plenty River Mining - Poseidon Exploration Limited Joint Venture
1997 - 1999 Britannia Gold NL
1999 - 2002 MIM Exploration Pty Ltd
2010 - 2010 Reward Minerals Down-hole MMR (Magneto Metric Resistivity)
2011 - Kentor Minerals (NT). Resource Drilling

6.0 WORK DONE DURING THE YEAR

6.1 DRILLING

There was significant drilling undertaken on EL25429 during the reporting period. All drilling was designed to in-fill existing unknown areas of the resource, from the 2015 drilling program, to define the shallow/near surface extent of the mineralisation and to test target areas defined from a ground based geophysical survey program.

A total of 37 holes were drilled for 7227.82 metres. The drill hole program can be summarized as;

- 15 RC drill holes for a total of 1295.2 metres.
- 12 RC pre-collared holes with diamond tails for 5,873.27 metres
- 10 Diamond drill holes for 59.35 metres.

Reverse Circulation was undertaken on many of the diamond designed holes as a pre-collar activity. The pre-collar was determined to be barren of significant mineralisation by the application check using a Niton XRF unit.

Expenditure on drilling on EL25429 for the year is estimated at approximately $5.17 million.

All digital data related to drilling and geological logging is presented in APPENDIX 1 on the hard drive accompanying this Annual EL25429 Report.

6.1.1 RC DRILLING

An RC drilling campaign was proposed to test some of the identified gravity anomalies on EL25429.
Three holes at Green Parrot have been completed base on previous drilling results. These holes are targeted in to an area of historical drilling to verify the existing results and to provide additional density information. The verification of historical data is designed to facilitate an upgrade of the shallow open pit resources at Green Parrot.

Three RC drill holes were drilled at the Scarp Prospect, three RC holes were drilled at the Falcon Prospect, two RC holes were drilled at the Wren Prospect, Two RC holes were drilled at the Bellbird Prospect and two RC holes were drilled at the Rockface Prospect.
Follow up drilling is scheduled to define anomalous results from the RC program.

6.1.2 Diamond Drilling

Diamond and RC pre-collar / diamond tails were designed to test the 3DIP targets at the Jervois Project. Drill targets have been designed based on a combination of chargeability and conductivity anomalies at the Rockface Prospect.
The diamond drilling program at Rockface is continuing to target Down-Hole Electromagnetic (DHEM) anomalies.
Diamond drill hole, KJCD197, was designed to test Conductors 3 and 5 (Figure 4).
KJCD197 intersected two significant zones of mineralisation within a broader down hole mineralised interval of 47.3m.
Disseminated to semi-massive and massive chalcopyrite-pyrite has been observed in a moderately to intensely altered garnet-magnetite host rock from approximately 530.8m to 578.1m. (Figures 5 & 6). This is approximately 70m down dip of the two mineralised intercepts in KJCD195.
Massive and semi-massive chalcopyrite-pyrite was observed from 535.4m to 543.5m, and is coincident with the position of Conductor 3.
From 543.5m to 553.7m mineralisation consists of veined chalcopyrite-pyrite.
From 553.7m to 556.0m, a zone of massive magnetite with trace disseminated chalcopyrite-pyrite sits between two main mineralised zones.
Vein style chalcopyrite-pyrite is evident again from 556.0m to 561.8m, followed by another zone of semi-massive, massive and veined chalcopyrite-pyrite from 561.8m to 573.1m. This second zone of intense mineralisation is coincident with the position of Conductor 5.

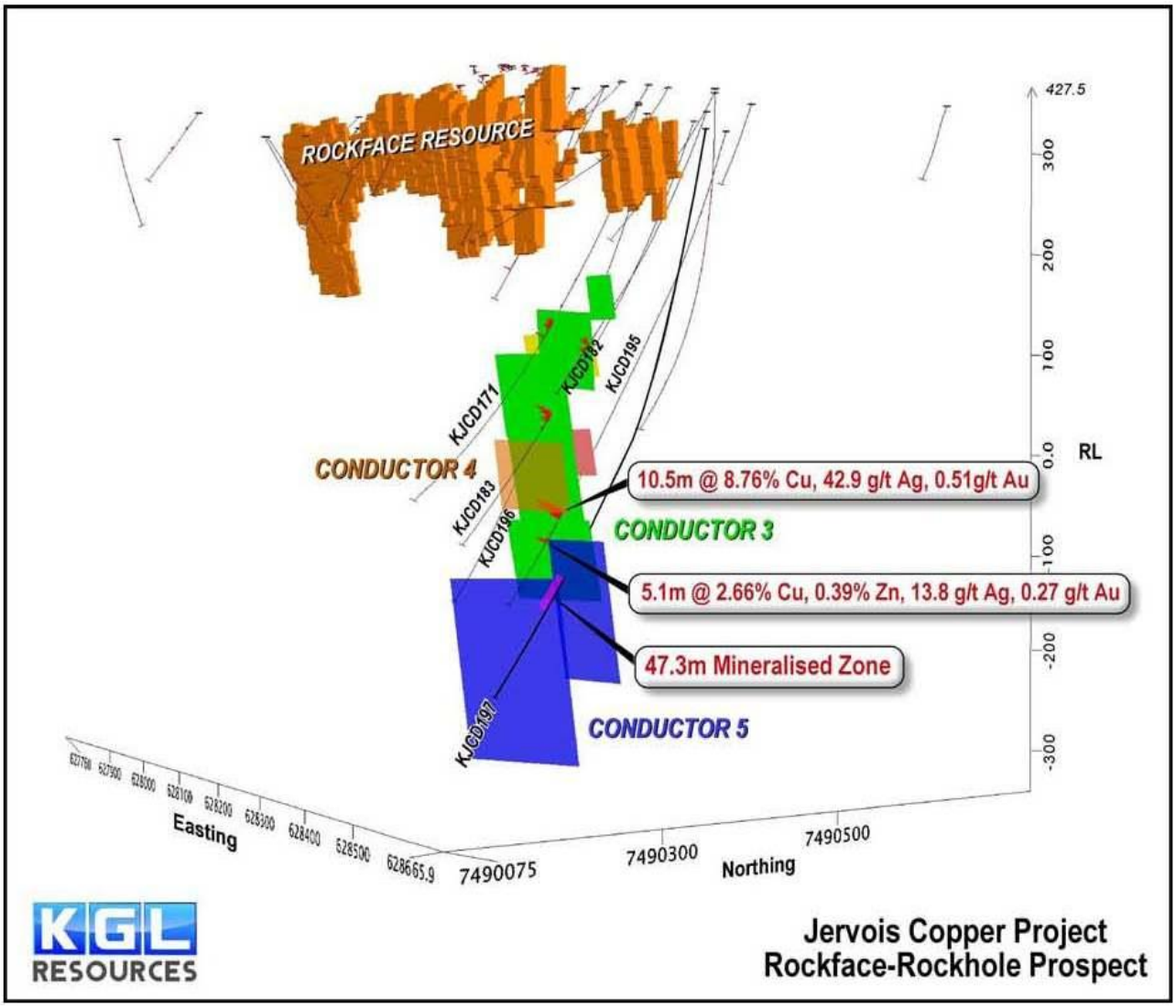

Figure 4. Rockface DHEM Conductors (looking north-west)

KJCD197 intersected Conductor 5 at -155mRL, approximately 30m below the top edge of the large anomaly that is modelled to extend down to -330mRL, being over 700m below the outcropping Rockface mineralisation. The modelled strike length of the two plates that comprise Conductor 5 is 260m.

The style of mineralisation in KJCD197 is similar to that observed in KJCD195-6, KJCD171 and KJCD182-3. Chalcopyrite occurs as fracture fill within the magnetite host rock, and grades into zones of semi-massive and veined chalcopyrite-pyrite. The magnetite chalcopyrite mineralisation is located at the sheared contact between a metamorphosed siltstone/mudstone sequence and a footwall meta-sandstone unit. The host rock is a moderately to intensely altered chlorite-garnet-magnetite assemblage.

Figure 5. Mineralised Core from KJCD197 (circa 536m) Conductor 3

Figure 6. Mineralised Core from KJCD197 (circa 566m) Conductor 5

6.2 DOWN HOLE ELECTROMAGNETICS

As a result of Down hole electromagnetic (DHEM) surveying, several new zones of extensive high grade mineralisation increasing with grade at depth at the Rockface prospect, have been discovered.

We have been further encouraged by the modelling of the latest DHEM surveys at Rockface which have increased the total DHEM conductor area to be explored by 20 per cent.

Based on the strong DHEM response at the Rockface prospect a re-examination of existing prospects at Jervois was undertaken to assess the potential for similar styles of mineralisation to that observed at Rockface.

Previous modelling of DHEM survey results at the Reward Prospect confirmed the presence of several conductors including one that coincided with some of the prospect's best zones of high grade copper mineralisation. This large conductor extends for 200m below existing drilling with two other smaller conductors located to the north where copper and lead mineralisation has been intersected previously.

With the benefit of knowledge gained at Rockface and the previous work that has been undertaken at Reward, further drilling of DHEM conductors is now planned at Reward. Extensions to high grade magnetite-chalcopyrite breccia will be targeted to help fully assess the potential of Reward.

Figure 7, shows the Reward Prospect drilling and holes that intersected and was adjacent to DHEM Conductors.

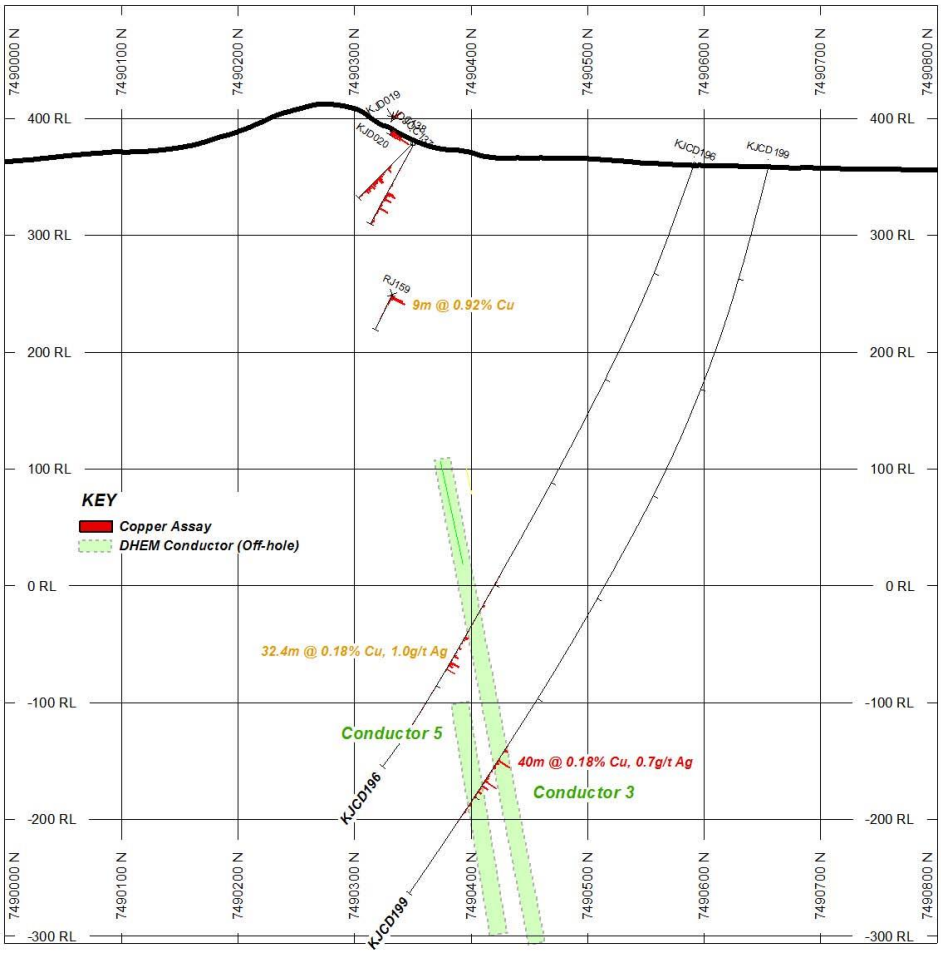

Figure 7. Reward Prospect drilling

7.0 PETROLOGY REPORT

The mineralisation at Rockface is associated with shearing and hydrothermal alteration. The alteration and mineralisation occurred relatively late during the latter stages of S2 development, the main penetrative foliation through the area. Alteration accompanies successive overprinting/reactivation of the S2 foliation, progressively becoming more localised toward the main shear zone which was the primary structural conduit hosting massive magnetite alteration and the subsequent mineralisation.
To understand the mineralogical characteristics of rock types at the Jervois Project, several rocks were sent for petrographic examination.
Descriptions of the rock types were compiled to be used by site geologists in order to have a consistent logging format.
Petrographic descriptions are presented in the documents contained in APPENDIX 3.

8.0 METALLURGICAL TEST WORK

Metallurgical test work on the Rockface mineralisation confirms good recovery and concentrate grade.
Table 1. represents the overall grade of the mineralised elements tested from the Rockface core intervals.

Composite	COPPER %	IRON %	SULPHUR %	GOLD %	SILVER %
Rockface 171,182,183 Composite	2.05	51.2	3.28	0.16	8

Table 1. Metallurgical test work grade results

The metallurgical floatation work that was undertaken on the Rockface composite sample, prepared from three core sample sources, showed that the sample responded well to the flow sheet and reagent scheme developed as part of the prefeasibility study.
The study as presented in Figure 8, indicates that a recovery of 94% Cu was achievable.
Full analytical results and reports are presented as part of APPENDIX 4

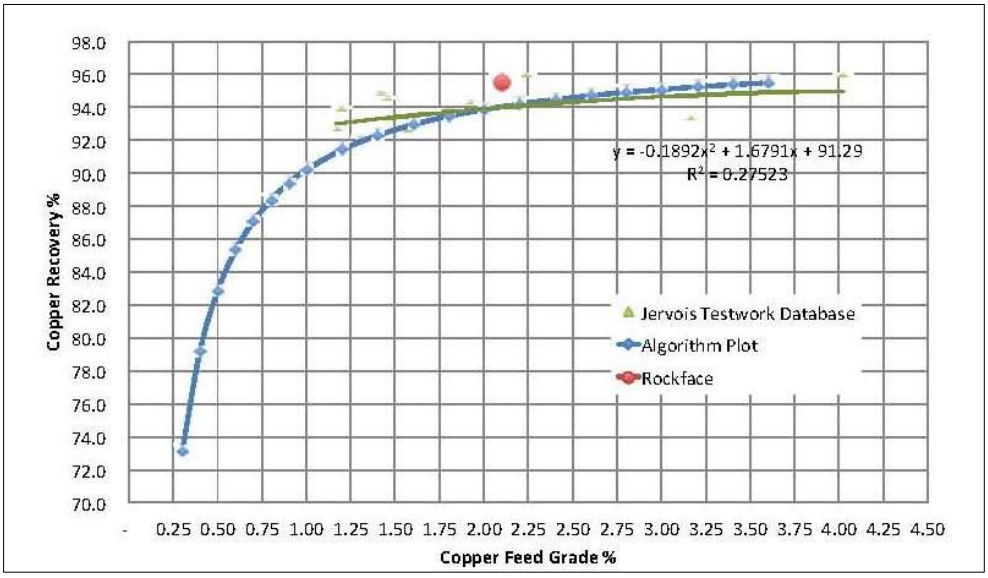

Figure 8. Copper Feed Grade vs. Copper Recovery - Sulphide Ores

9.0. SIGNIFICANT INTERSECTIONS

Hole 1D	*Easting (m)*	*Northing (m)*	*RL (m)*	*Dip*	*Azimuth*	*BOX' (m)*	*Total Depth (m)*	*From (m)*	To (m)	*Interval* (m)	*ETW (m)*	*Cu %*	*Pb %*	Zn %	*Ag g/t*	*Au g/t*
KJCD195	628283	7490649	358.8	-70.0	8173.8	n/a	598.0	478.4	488.9	10.5	7.5	8.73	0.05	0.06	42.9	0.51
								513.6	518.7	5.1	3.7	2.66	0.08	0.39	13.8	0.27
KJCD196	628217	7490591	361	-69.5	165.2	n/a	583	451	483.4	32.4	22.7	0.18	0	0.01	2.70	0.01
KJCD197	628286	7490619	360	-77.5	176.4	n/a	669.9	346	346.6	0.6	0.4	0.83	0	0.01	2.7	0.01
								470.4	471	0.6	0.4	0.63	0.03	0.14	13.7	0.01
								535.4	544.8	9.4	6.6	11.53	0.03	0.03	56.6	0.87
								544.8	553.7	8.9	6.2	1	0.02	0.13	7.3	0.09
								558	573	15	10.5	7.11	0.03	0.08	29.4	0.89
KJCD198	628350.0	74906650.0	358.56	-76.3	171.8	n/a	688	441	442	1	0.6	0.01	1.19	2.16	14.1	0.01
								449.85	455.8	5.95	4.0	4.94	0.04	0.16	28.9	0.45
								455.8	457	1.2	0.8	0.11	1.19	0.65	17.1	0.01
								516.75	518.75	2	1.3	0.59	0.03	0.01	1.2	0.03
								669	670	1	0.6	0.68	0.01	0.02	1.3	0.01
KJCD199	628220.1	7490655.3	359.27	-75.5	172.0	n/a	699.80	561	601	40	28	0.18	0.01	0.03	0.7	0.01
							including	562.2	563.1	0.9	0.6	1.53	0.01	0	3.2	0.01
							including	583.65	584.1	0.45	0.3	1.6	0	0.02	4.7	0.07
								615	617	2	1.4	0.1	0.16	0.8	5.1	0.01
KJCD201	628298.2	7490660.5	358.8	-77.0	169.39	n/a	744.9	544.9	545.6	0.7	0.4	0.80	0.01	0.11	4.0	0.01
								619.0	619.9	0.9	0.7	0.88	0.01	0.03	2.5	0.04
								645.65	655.7	10.05	7.5	8.99	0.14	0.12	45.5	0.60
KJCD203	628293.2	7490629.6	359.9	-70.0	171.53	n/a	549.7	435	463	28	23.2	5.08	0.07	0.06	22.4	0.22
							including	436	450	14	11.6	8.89	0.12	0.06	38.5	0.38
								465	465.86	0.86	0.7	0.79	0.01	0.05	2.9	0.02

ETW = Estimated true width
BOX = Base of oxidation

Table 2. Significant Intersections

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Cranley, N J, 2005: Technical Report EL 9518 “Jervois” Northern Territory; Annual Report for the year ending 2nd October 2005

Cranley, N J, 2006: Technical Report EL 9518 “Jervois” Northern Territory; Annual Report for the year ending 2nd October 2006

Thom, R, 2004: Technical Report EL 9518 “Jervois” Northern Territory; Annual Report for the year ending 2nd October 2004

APPENDIX 1 DRILL HOLE DATA– on submitted memory stick

APPENDIX 2 DHEM GEOPHYSICAL DATA on submitted memory stick

APPENDIX 3 PETROLOGY REPORT on submitted memory stick

APPENDIX 4 METALLURGICAL ANALYSIS REPORT – on submitted memory stick