

Kentor Minerals (NT) Pty. Ltd

(a wholly owned subsidiary of KGL Resources Ltd.)

EL25429

Jervois Project

Annual Report

for the reporting period

2 February 2015 to 1 February 2016

Project Name: Jervois
Map Sheets: Hukkitta SF53-11, 1:250,000
Commodities: Copper, Silver, Lead, Zinc
Licensee: Jinka Minerals Ltd.
Author: R. Lennartz
Date: March 2016

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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
 - 487 RAB / Auger drill holes for a total of 1,758.71 metres.
 - 73 RC drill holes for a total of 13,697 metres.
 - 3 RC drill hole collars with Diamond tails for a total of 1,687 metres.563 drill holes for a total of 17,142.71 metres
2. Resource Assessment
3. Pre-feasibility mining studies
4. Ground based geophysical surveys
5. 3DIP geophysical survey

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 2016.

Five hundred and sixty three holes drilled, for a total of 17,142.71 metres were completed on EL25429.

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.

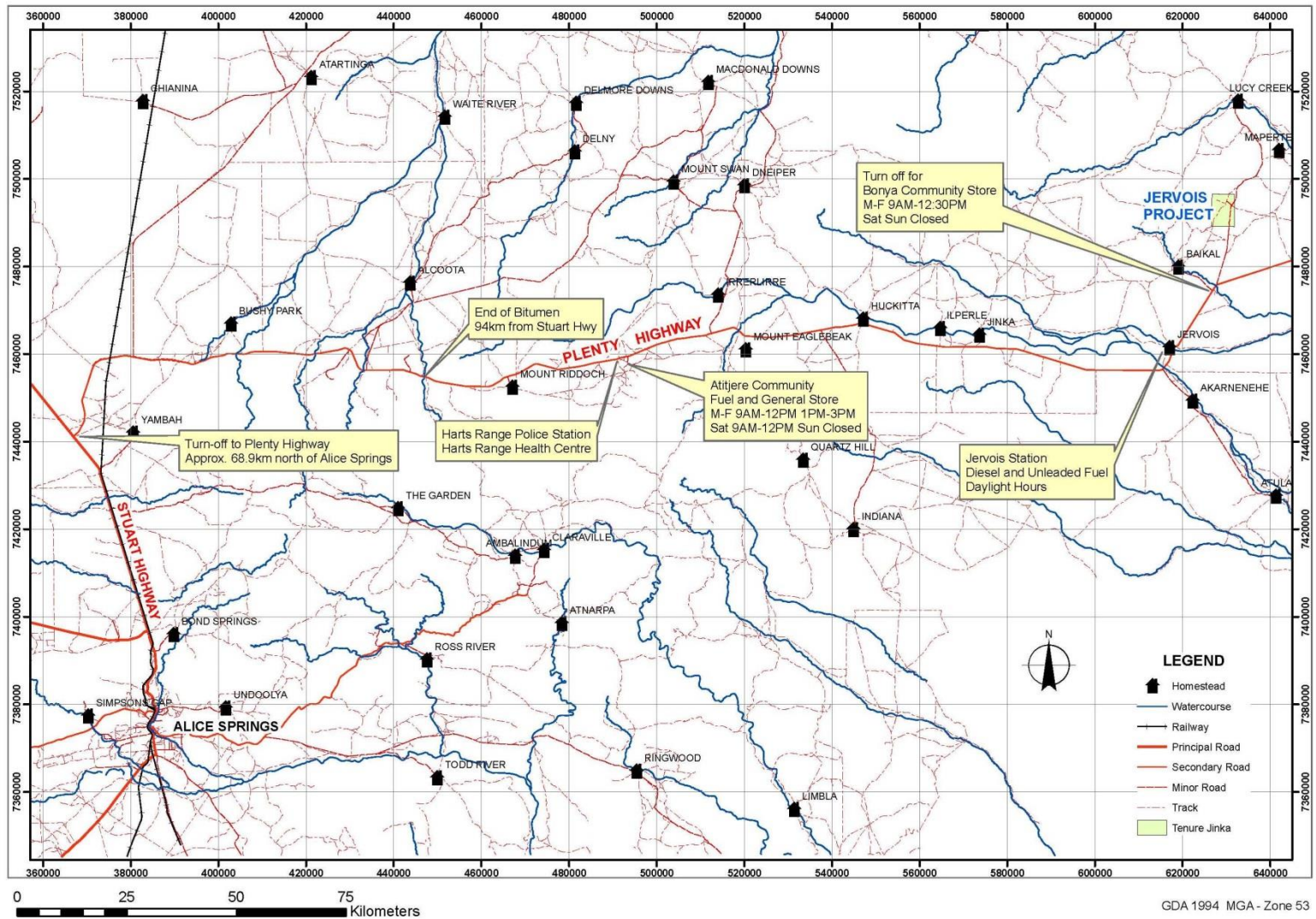


Figure 1. Jervois Project - EL25429 Location Plan

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.

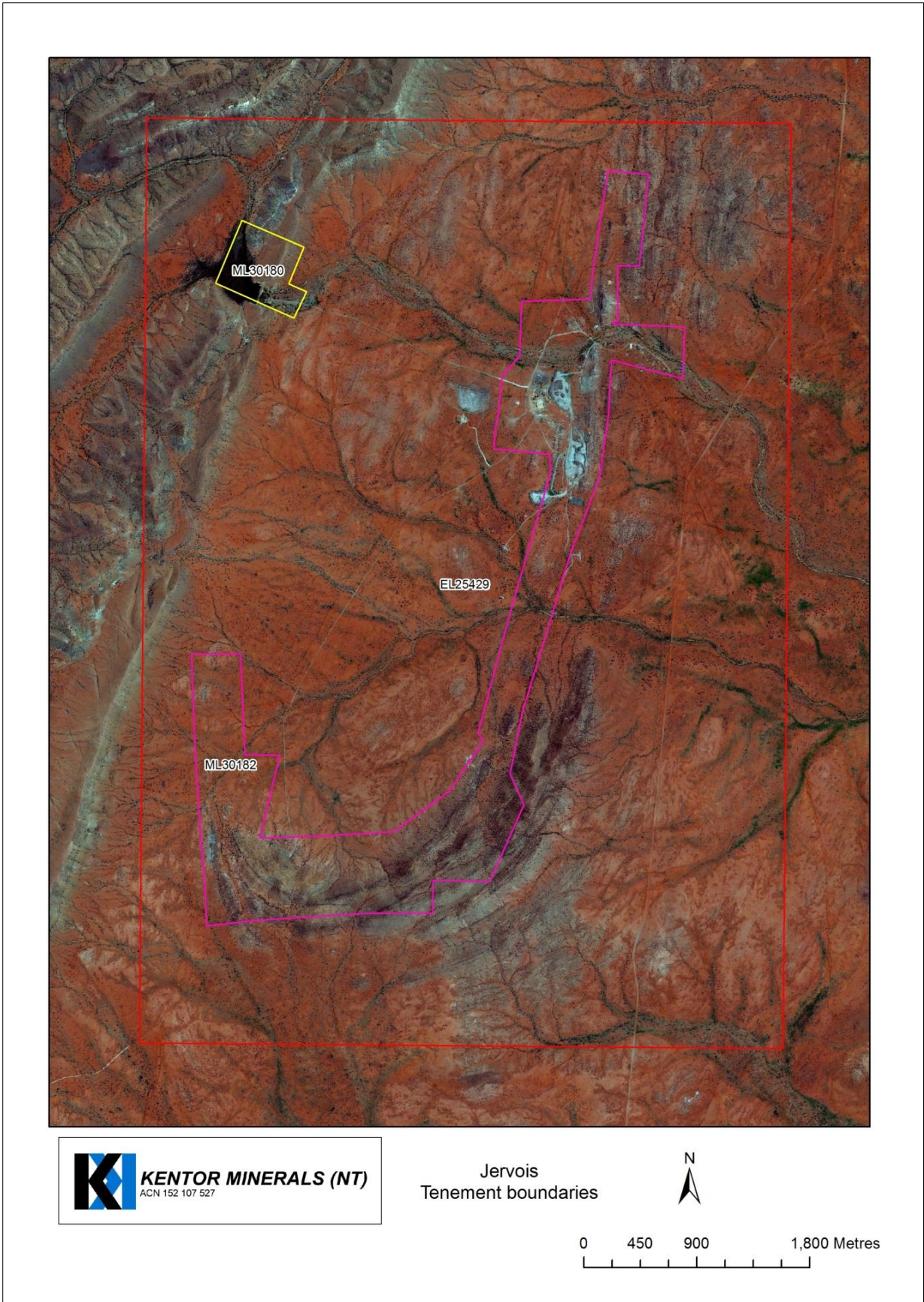


Figure 2. Jervois Project - EL25429

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 quartzofeldspathic 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, 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.

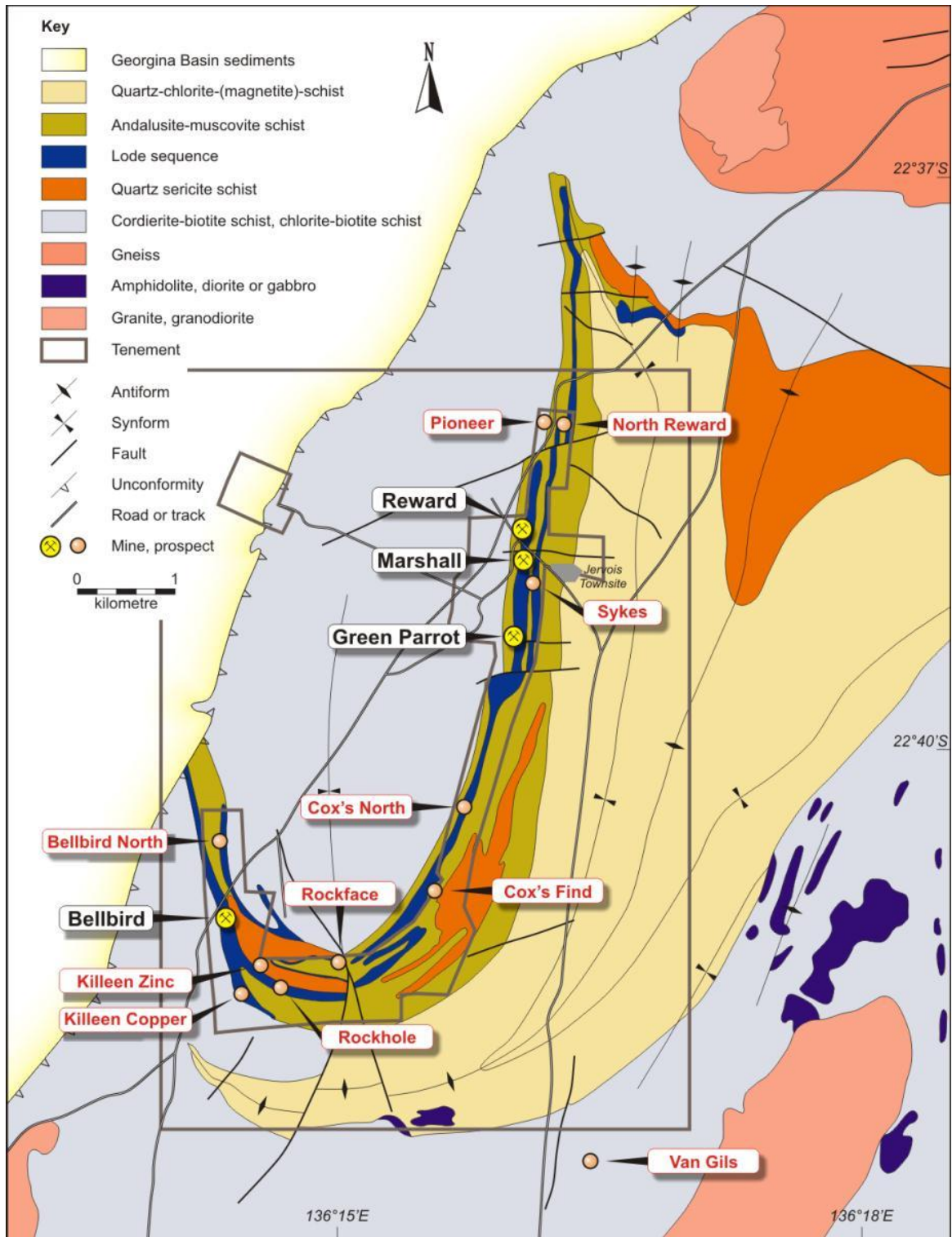


Figure 3. Jervois Project - Regional Geology

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 (eg 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 2014 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 563 holes were drilled for 17,142.71 metres. The drill hole program can be summarized as;

486 RAB / Auger drill holes - 1,758.71 metres.

73 RC drill holes - 13,697 metres.

3 RC drill hole collars with Diamond tails - 1,687 metres.

Expenditure on drilling on EL25429 for the year is estimated at approximately \$712,146.

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 RAB / Auger holes

Soil sampling of EL25429 confirmed known mineralisation and identified several new zones such as the Wren prospect that has narrow though continuous mineralisation for over 1,000m (Figure 4).

Some prospective areas have a veneer of transported cover of up to 5m and these areas were tested by RAB drilling to sample the base of transported cover and bedrock. Traverses of RAB drilling tested the northern extension of the Bellbird trend where previous drilling intersected copper mineralisation associated with several IP anomalies. At the Little Jay prospect a copper occurrence associated with prospective calc.silicate and banded iron formation has been exposed by trenching. RAB drilling also tested the southern extension of Green Parrot that is obscured by alluvium along a drainage channel.

Geological mapping of the project area is well advanced and will be supplemented by lithological information gained from the RAB drilling. The results of the mapping will be used to further enhance the 3D geological model for Jervois that was recently developed by the CSIRO.

All RAB drill hole collars and assays plus soil sampling locations and results are presented as part of the data package submitted in APPENDIX 1 on the accompanying hard drive.

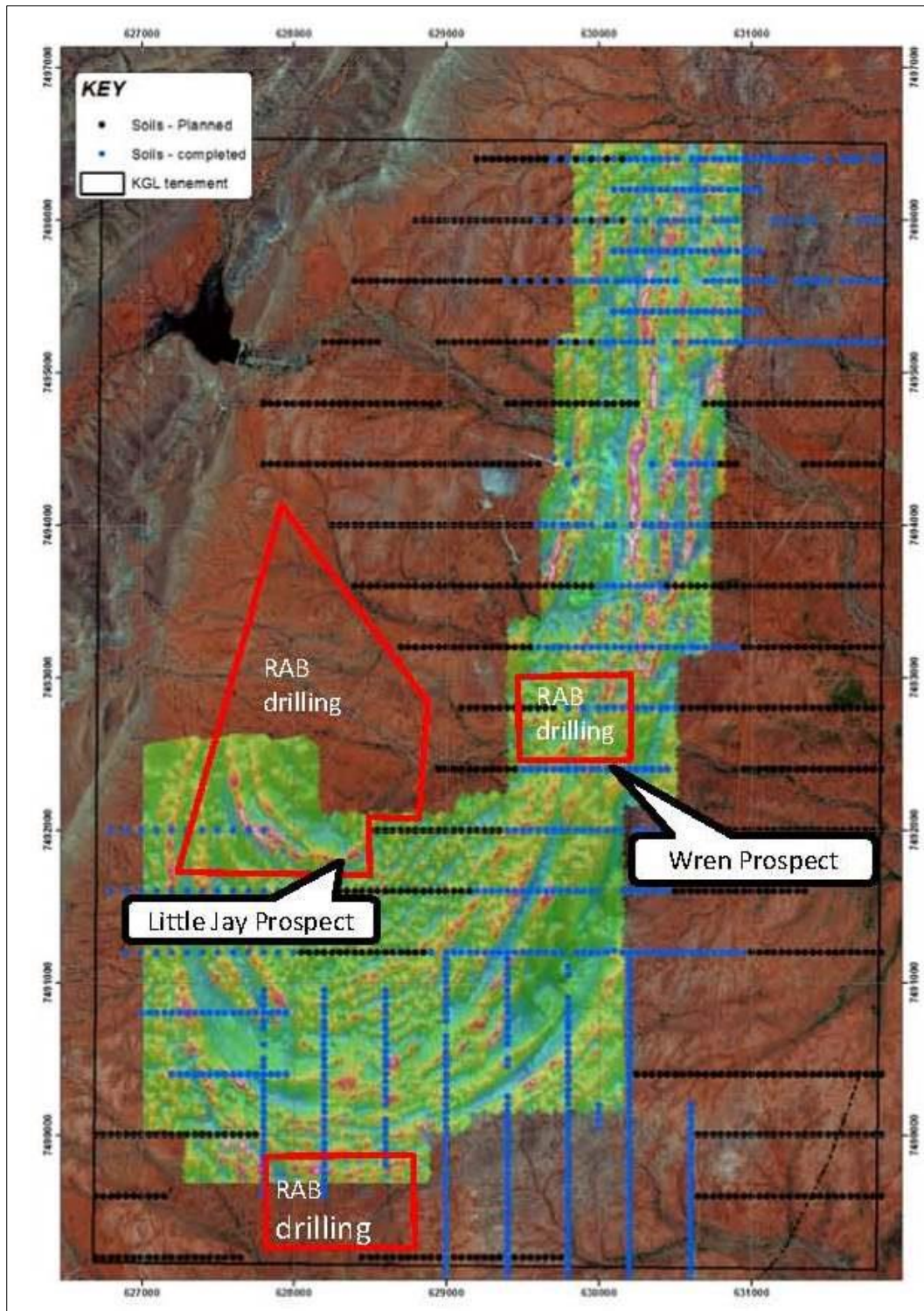


Figure 4. Soil Sampling and RAB drilling plan

6.1.2 RC DRILLING

The Reverse Circulation (RC) drilling at Jervois has continued to extend high-grade mineralisation.

A ~10,000m RC drilling program was commenced in early February at the Bellbird, Marshall - Reward and Green Parrot Resources. Particular emphasis was placed on targeting poorly drilled portions of these resources that have potential for high-grade mineralisation and are within the proposed open pits or close to planned underground mine development.

Marshall / Reward Prospect

Holes KJC121-3 were designed to extend the polymetallic mineralisation at Marshall-Reward. Marshall-Reward contains several lenses of lead-zinc-copper sulphide within the larger copper resource, including the high-grade massive sulphide lens intersected by hole KJCD048 that was reported in December 2013 (18m @ 0.88% Cu, 15.66% Pb, 3.77% Zn, 726g/t Ag, 0.61g/t Au from 287m).

The massive sulphide is associated with carbonate rocks and has been separated into discrete lenses during later deformation.

KJC123 was designed to extend the polymetallic zone at the northern end of the Reward open pit. The hole intersected a broad zone of moderate grade copper-lead-zinc that included a one metre interval of 22.4% lead. Consistently high silver grades were also recorded along the 19m interval that averaged 104.2g/t Ag.

Significant intersections from KJC123 include:

19m @ 0.6% Cu, 3.36% Pb, 2.26% Zn, 104.2g/t Ag, 0.11g/t Au from 235 m

Incl. 6m @ 0.96% Cu, 8.37% Pb, 4.64% Zn, 162.9g/t Ag, 0.16g/t Au from 235 m

At Marshall, KJC121 and KJC122 also intersected broad zones of polymetallic mineralisation with a high-grade zone within KJC122 of 5m @ 6.12% Cu, 0.2% Pb, 2.42% Zn, 31.4g/t Ag, 0.48g/t Au from 263 m that include a best copper grade of 14.15% Cu. The intersection is ~50m below the base of the current pit shell. Following completion of the mid-year resource update and re-optimisation the depth of the pit may be extended.

Significant intersections from KJC121 include:

4m @ 0.51% Cu, 7.91% Pb, 4.4% Zn, 163.3g/t Ag, 0.13g/t Au from 393 m.

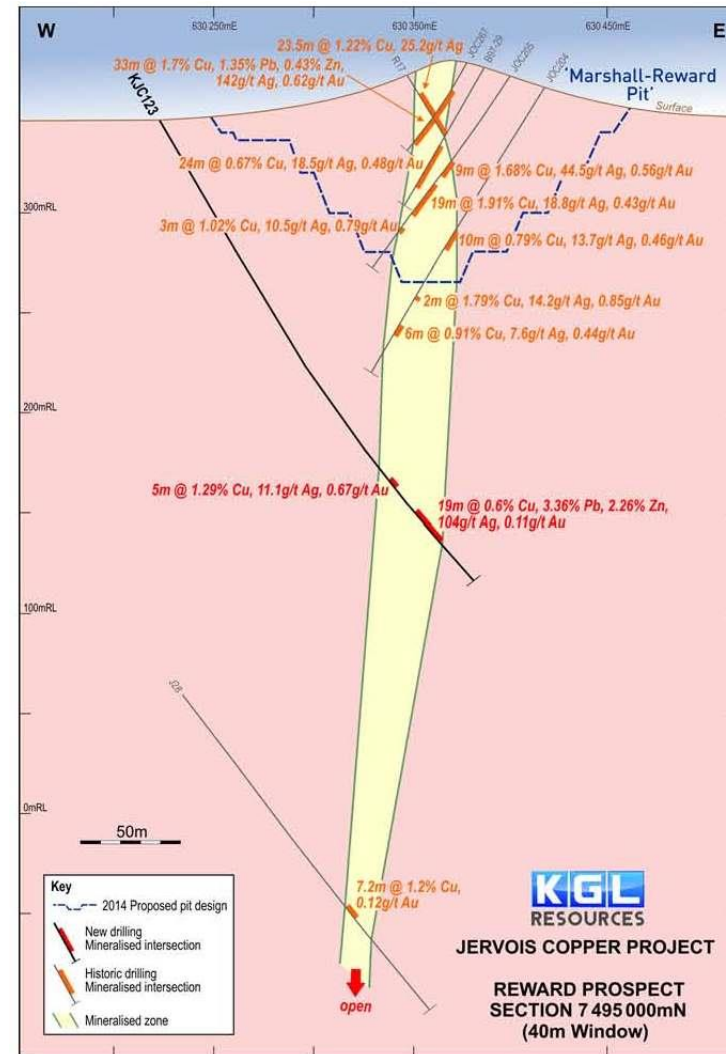
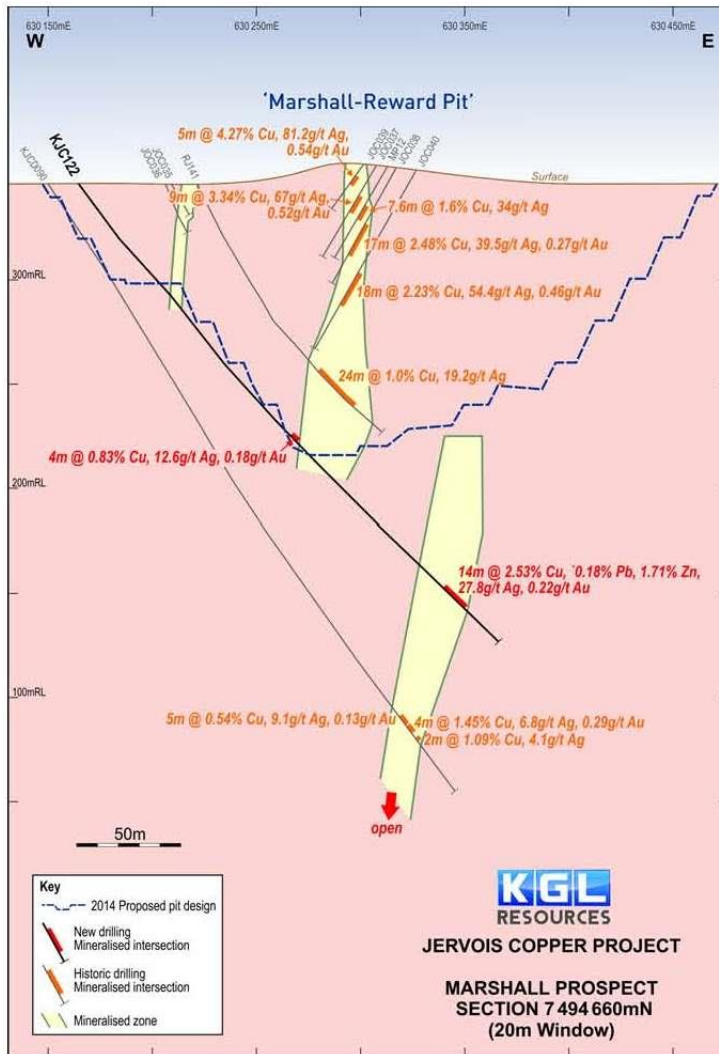


Figure 5. Marshall - Reward drill intercepts

Green Parrot Prospect

KJC129 at Green Parrot was drilled to follow up intersections in holes JOC222/223 drilled last year below the planned open pit shell. Two zones of mineralisation were intersected that are likely to result in a resource extension and deepening of the pit. The increase in gold and over 200g/t silver in both intervals at depth is particularly encouraging.

Significant intersections from KJC129 include:

- 11m @ 1.93% Cu, 2.61% Pb, 1.25% Zn, 218.1g/t Ag, 0.25g/t Au from 153 m including
- 4m @ 3.58% Cu, 4.61% Pb, 1.7% Zn, 393.8g/t Ag, 0.56g/t Au from 160 m
- 4m @ 3.44% Cu, 2.95% Pb, 0.74% Zn, 252.2g/t Ag, 1.76g/t Au from 177 m

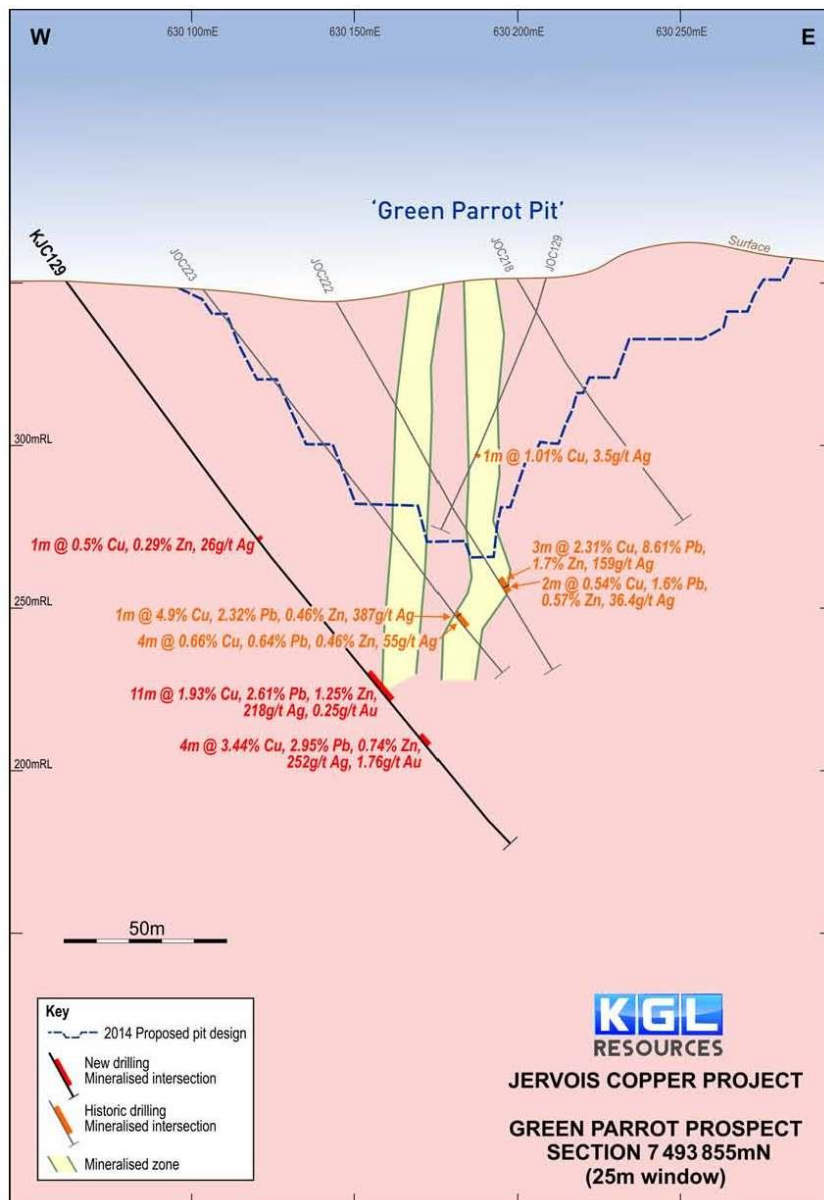


Figure 6. Green Parrot Prospect drill intercepts

Johannsen Prospect

A zone of supergene enriched copper was intersected in a mineralised trend parallel to the main Reward resource at the Johannsen prospect. Although mineralisation at Johannsen is less continuous, its close proximity to Reward is likely to have a positive impact on the pit shell design.

Drilling at the northern end of Reward in KJC114 intersected good mineralisation at depth, adjacent to existing designed UG development.

Significant intersections from drilling at Johannsen Prospect include:

In KJC114 - 5m @ 0.88% Cu, 13g/t Ag, 0.32g/t Au from 244 m and

7m @ 1.4% Cu, 0.56% Pb, 28.5g/t Ag, 0.32g/t Au from 256 m

and

in GTD004 - 1m @ 2.3g/t Au, 8.1g/t Ag from 63 m

3m @ 4.1% Cu, 0.82% Pb, 0.3% Zn, 189.2g/t Ag, 0.29g/t Au from 64 m

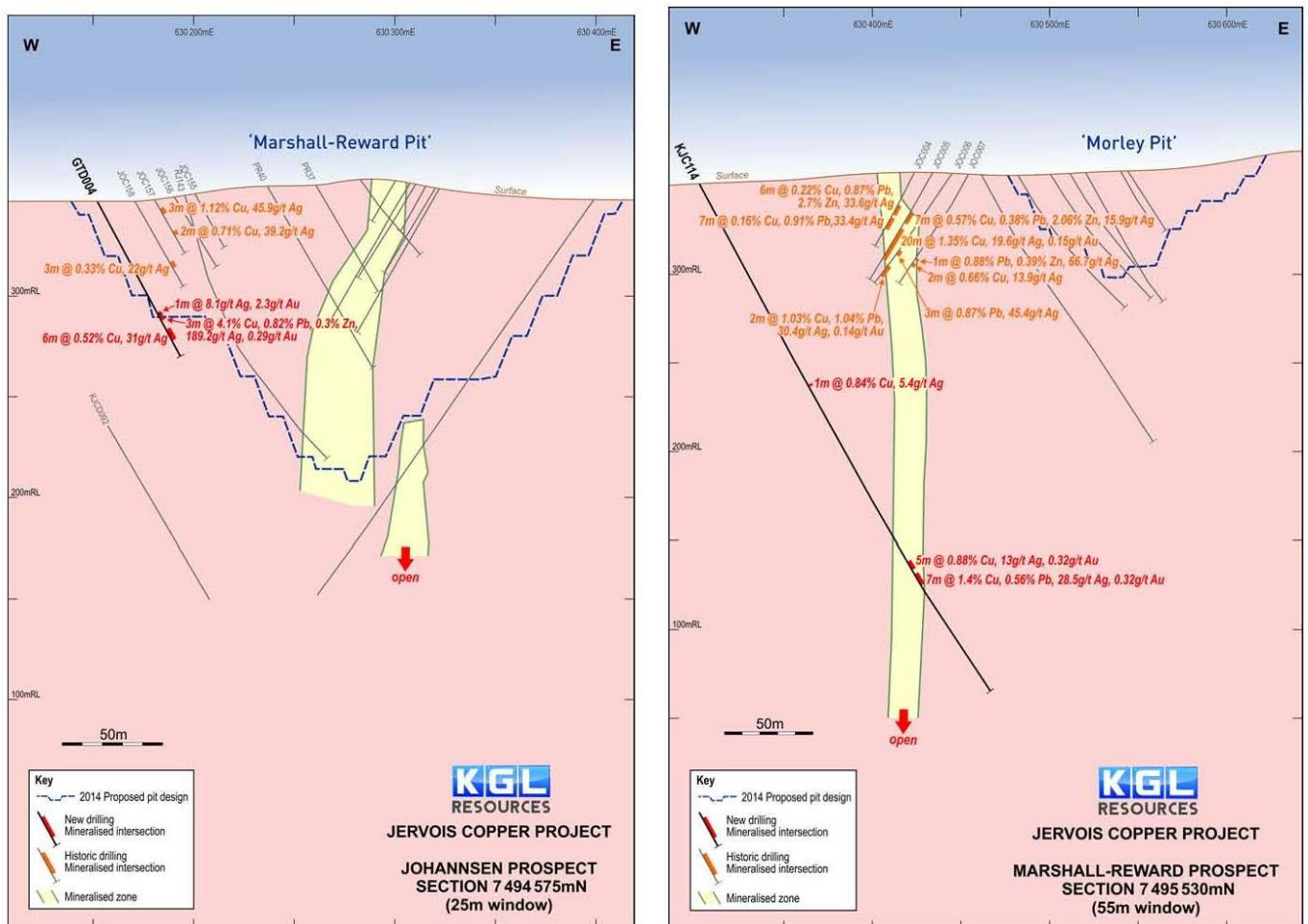


Figure 7. Johannsen Prospect drill intercepts

6.1.3 Diamond Drilling

Four holes of a ten hole, 3,500m drilling program designed to test the 3DIP targets at the Jervois project were completed. Drill targets have been a combination of chargeability and conductivity anomalies at Target A, Target X, Target F and at Bellbird East (Figure 8). The fifth hole in the program KJCD171 also intersected copper mineralisation in reverse circulation (RC) drilling, prior to switching to diamond core drilling at 250m due to high ground water flows.

At Target A, RC hole KJC167 was drilled to 232m to test a chargeability anomaly extending south along strike from the Bellbird resource. Between 75-102m the hole intersected several zones of malachite and chalcopyrite in altered sediments with a second zone of minor mineralisation intersected at 217-220m. A second hole is planned to test the peak of the anomaly further to the west.

At Target X, diamond hole KJCD168 was drilled to a depth of 710m to test a bedding parallel conductivity trend with a coincident chargeability anomaly. The hole intersected beds of strongly altered limestone (diopside-garnet skarnoid) at 417.7m to 425.7m and 458m to 468m. In the first interval of limestone there were veins and disseminations of fine grained bornite-chalcocite with minor fluorite-scheelite. The second interval contained predominantly veins and disseminations of fluorite-scheelite. Minor stringers and blebs of chalcopyrite associated with quartz veins were intersected at 476m and 477.5m below the limestone units.

Hole KJCD168 was drilled as part of the NTGS CORE (Creating Opportunities for Resource Exploration) cofunding program. The core was sent to Darwin for scanning with the NTGS multispectral Hylogger before it was cut and sampled for assaying. A separate report covering KJCD168 is currently being drafted.

KJC169 was drilled at the southern end of the Bellbird East prospect where previous drilling intersected lead-zinc-copper mineralisation along a fault zone bordering the Bellbird South open pit.

Bellbird East is delineated by a chain of isolated chargeability anomalies in the 3DIP survey. A well-defined zone of lead-zinc mineralisation was logged between 118-128m with quartz-epidote-garnet +/- chlorite alteration in schist that is interpreted to be an extension of Bellbird East prospect.

Hole KJC170 was drilled to test a conductivity anomaly at Target F. The conductive zone is located between the Rockface prospect and the Killeen copper trend further to the south. The 440m RC hole intersected multiple zones of minor disseminated and stringer chalcopyrite. An upper zone between 95-108m relates to the eastern extension of the Rockface resource. A second zone of disseminated chalcopyrite in garnet-magnetite altered sandstone centred on 366-383m is likely to be the down dip extension of the Killeen copper prospect.

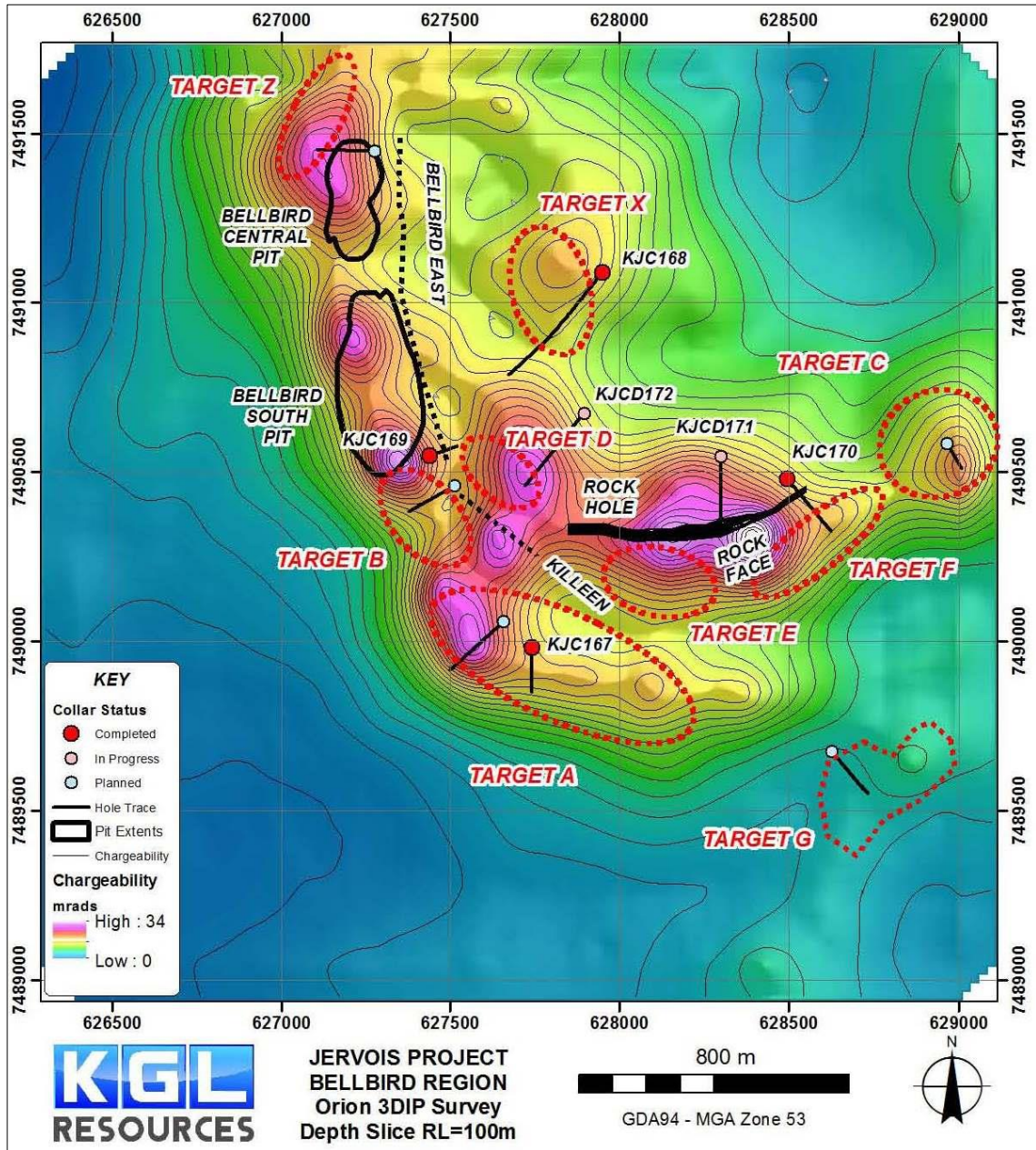


Figure 8. Orion 3DIP Survey with Diamond hole location

6.2 3DIP SURVEY

A dipole-dipole IP survey undertaken in the Bellbird region by Mount Isa Mines in 2000 using the MIMDAS system demonstrated that the known mineralisation generates good chargeability anomalies. This survey also identified several additional IP anomalies that were either poorly resolved or at the limits of detection for the configuration and equipment used.

Quantec Geoscience ORION 3D is a multi-parameter distributed ground geophysical survey system that acquires large volumes of highly accurate subsurface physical property information from surface to depths of up to 800 metres with IP Chargeability and DC resistivity and to depths in excess of 1500 metres with MT resistivity. The survey extended over a hybrid block approximately 2.6 km x 2.6 km using the ORION 3D DCIP & MT system with 100 m dipoles at the centre surrounded by 200 m dipoles (Figure 9).

The attached Figures 10-11 are horizontal slices taken at a constant depth above sea level through the modelled results for both resistivity and chargeability. The relative level (RL) at the surface varies with topography though is approx. 360mRL at the Bellbird deposit. The depth slice at 200mRL is therefore approx. 160m below the surface, 100mRL is approx. 260m beneath the surface and 0mRL is approx. 360m beneath the surface.

In the resistivity images (Figure 10) white/pink regions correspond to low resistivity/high conductivity. In the chargeability images (Figure 11) the white/pink regions correspond to areas of high chargeability.

Results from the 3DIP survey show that most chargeability anomalies are coincident with conductivity anomalies. This is particularly evident at each of the existing copper prospects at Bellbird, Bellbird East, Rockface and Rockhole. Killeen on the other hand is predominantly zinc mineralisation which as expected, displays a poor IP response.

New chargeability anomalies have been identified in the shallower 200m RL depth slice (Figure 11: Targets A-F – Figure 8). These targets fit with the stratiform nature of the mineralisation and are in most cases along strike or indeed parallel to existing mineral occurrences.

The strong responses at Target A and B (Figure 8) are significant because they are located along strike to the south of the Bellbird resource and the planned open pits in an area that is partially under transported cover and has been poorly drilled in the past. Calcsilicate altered limestone has been mapped along the trend at the surface with associated copper occurrences.

The coincident chargeability/resistivity anomaly at Rockface fits well with the mineralised wireframe outlined on the images. Target C (Figure 8) is located along strike to the east of Rockface and has not been drilled previously. Targets E and F are parallel to the Rockface and Rockhole prospects where geological mapping has located ferruginous schists with associated copper occurrences in an area with no previous drilling.

Target G (conductivity anomaly – Figure 8) is at the Chubko prospect where a single RC hole (KJC001) was previously drilled to test a target generated by geological mapping and rock chip sampling. This hole was drilled to the east of what is the main conductivity anomaly and intersected weak lead-zinc mineralisation.

New targets were also identified in the deeper 0m RL depth slices (Figure 10 - Targets X and Z). Both targets are well defined in the deeper depth slices but do not extend to shallower depth slices suggesting they may not have a surface expression.

Target X is a strong coincident conductivity and chargeability anomaly 1000m east of the Bellbird resource that could represent a new mineralised horizon or alternatively repeated stratigraphy due to folding that is evident in the resistivity depth slice (Figure 10) where three parallel, folded, conductive units can be observed.

Target Z is below and to the northwest of the Bellbird Central pit and could be a depth extension of the known resource located below previous drilling.

The strong response in the deep depth slice at Rockface and Rockhole suggests mineralisation may extend well below the depth of current drilling.

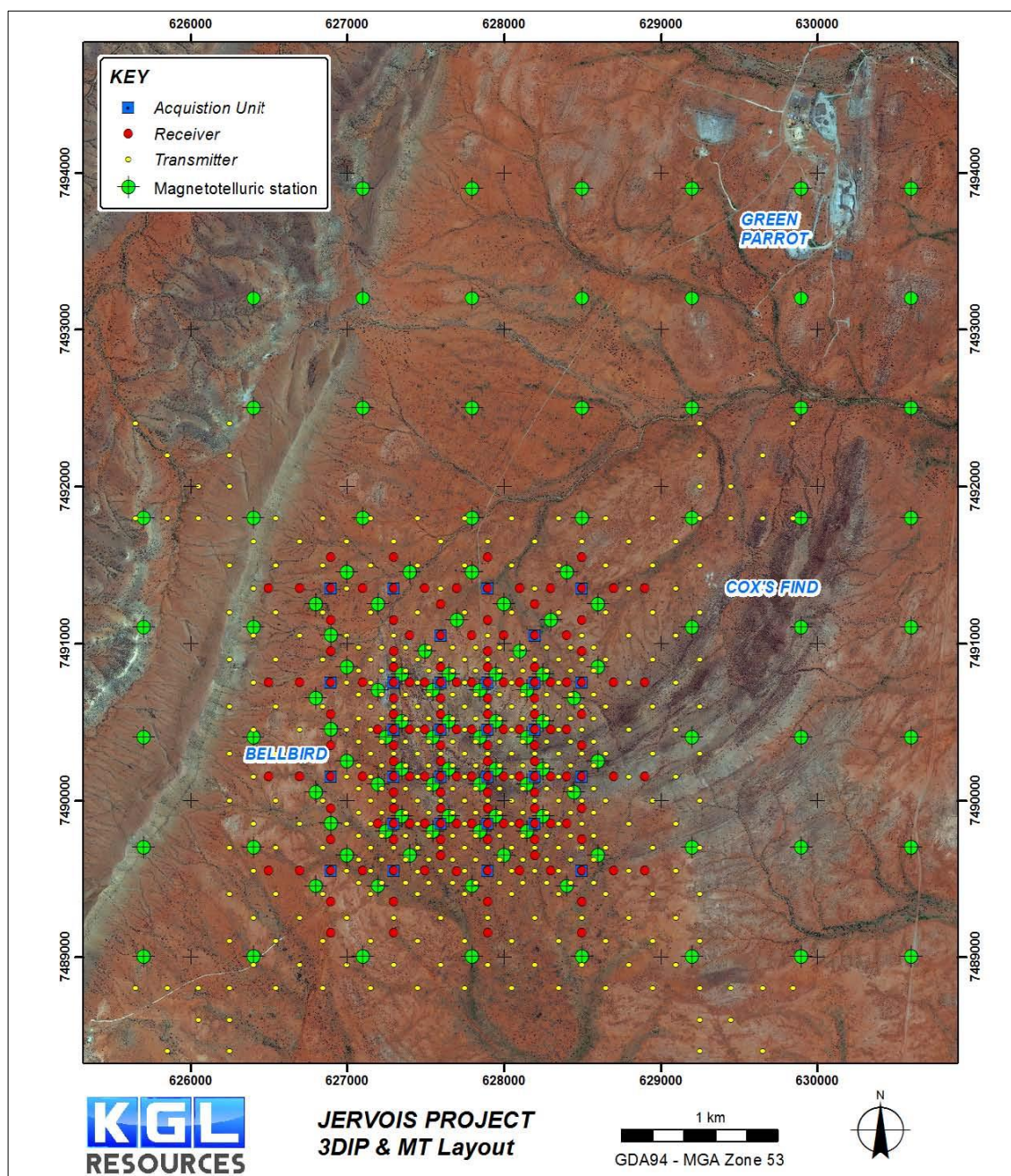


Figure 9. Jervois Project 3DIP & MT Layout

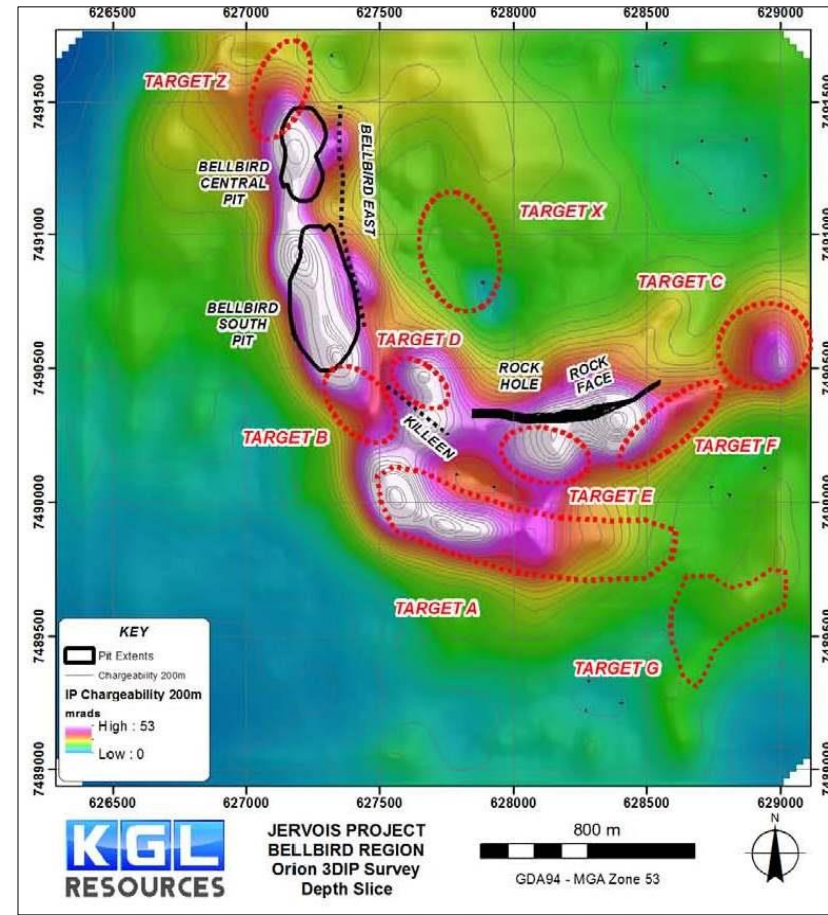
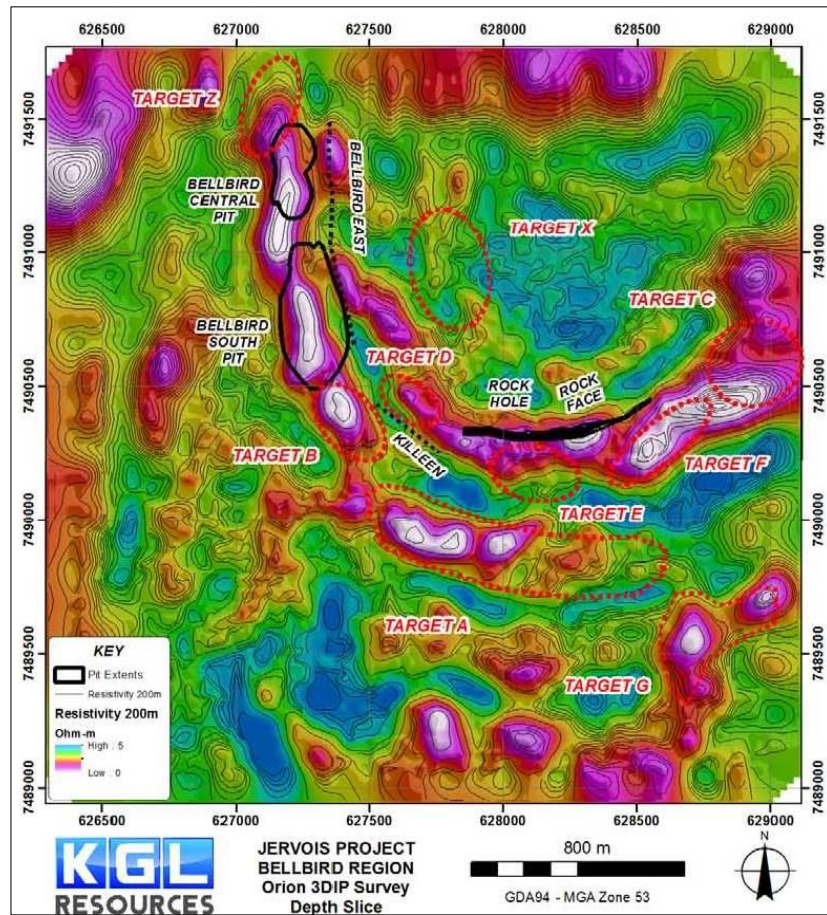


Figure 10. Jervois 3DIP Survey Resistivity + Jervois 3DIP Survey Chargeability

All data related to the DHEM and the Orion 3DIP is included in APPENDIX 2 on the associated hard drive.

6.3 DOWN HOLE ELECTROMAGNETICS

Hole KJCD171 intersected intervals of disseminated mineralisation from 205m in garnet-chlorite altered sediments followed by 14m of massive magnetite-chalcopyrite from 253.5m to 267.5m. Garnet-chlorite schist and magnetite are typical of the host rocks for other sulphide resources within the project area. The sulphide intersection is deeper than any previous hole drilled at Rockface and well below the current Inferred resource boundary.

A Down Hole Electro-Magnetics (DHEM) survey was completed on KJCD171 to delineate the extent of the sulphide mineralisation and to identify off-hole conductors that may represent additional lenses of high-grade mineralisation.

Modelling of the DHEM by Newexco identified three good conductors. The hole pierced the top corner of Conductor 1 and 2 while Conductor 3 was not intersected and sits deeper beneath the hole, extending to 300m below the existing resource. (Figure 11)

Modelling of the DHEM by Newexco identified three good conductors. The hole pierced the top corner of Conductor 1 and 2 while Conductor 3 was not intersected and sits deeper beneath the hole, extending to 300m below the existing resource.

The average density of the high-grade zone in KJCD171 is 4.33 t/m³, which is considerably higher than most of the resource that is closer to 3 t/m³ implying a higher copper metal content per cubic metre of rock than elsewhere at Jervois given the same grades.

Detection of strong off-hole EM conductors extending below KJCD171 is driving a reassessment of the potential at Rockface. The width and grade of the mineralisation is better than in any previous drilling closer to the surface and in outcrop. Rockface appears to be improving with depth.

The 3DIP technique responded well to disseminated sulphides and we are seeing low-grade disseminated copper mineralisation in each of the chargeability anomalies targeted. The assay results from hole KJCD171 are the best intersection in this program to date though other drilling has intercepted high grades but narrow intercepts including:

- 2m @ 3.18% Cu, 11.8g/t Ag, 0.03g/t Au from 19 m (KJC167) Target A
- 4m @ 0.51% Cu, 1.09% Pb, 4.27% Zn, 16.4g/t Ag, from 119 m (KJC169) Bellbird East

All data related to the DHEM geophysics survey is included in APPENDIX 2 of the associated hard drive.

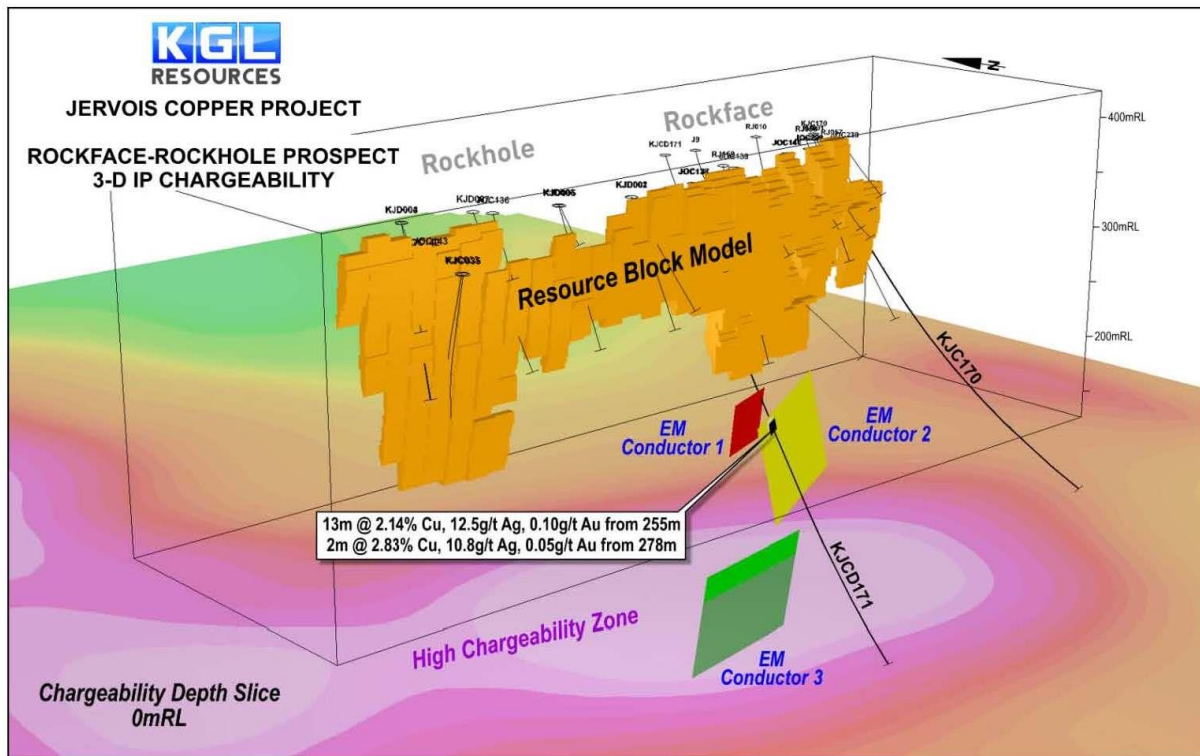


Figure 11. Jervois - Rockface-Rockhole Prospect DHEM conductors

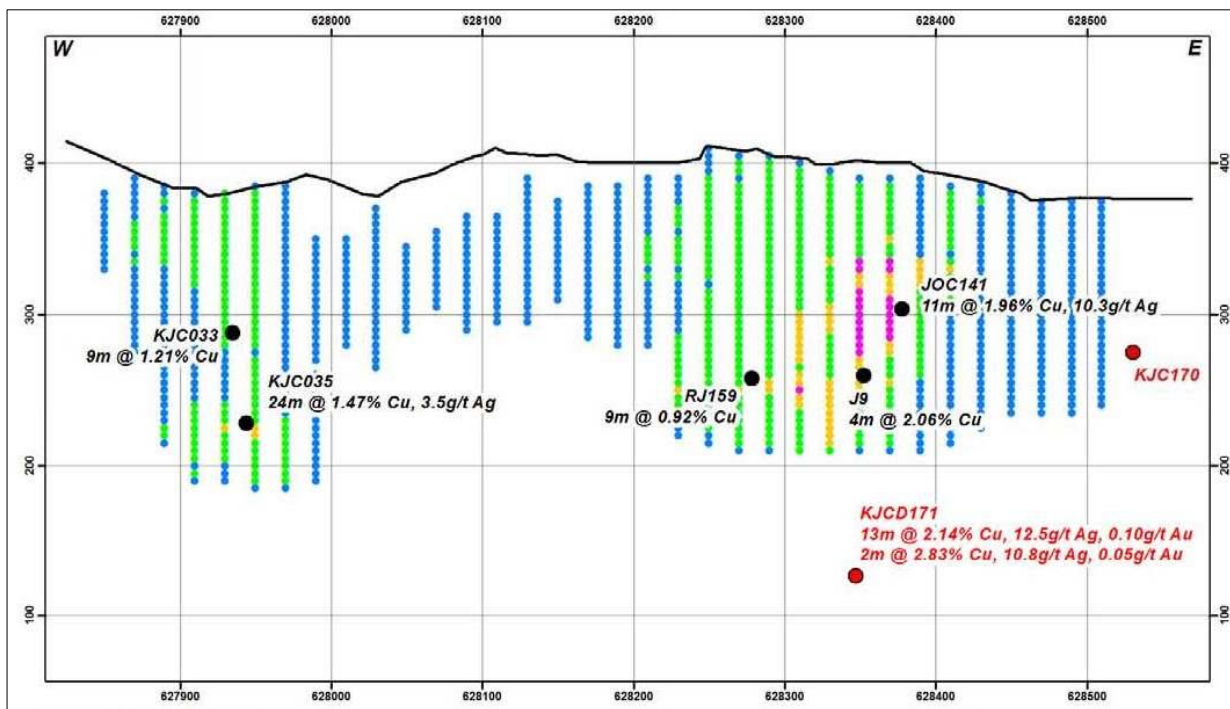


Figure 12. Jervois - Rockface-Rockhole long section

7.0 RESOURCE MODEL

H&S Consultants Pty Ltd (“H&SC”) was commissioned by KGL to complete updated mineral resource estimates for the Jervois Project. The target commodity is copper with subordinate silver, lead, zinc and gold.

A total of five deposits comprise the Jervois Project, namely Marshall-Reward (including Reward East and Sykes), Green Parrot, Bellbird including Bellbird North, Rockface and Cox’s Find. The current round of work involved updated resource estimates for most of the lodes including Marshall, Reward, Reward East (two lodes), Sykes (maiden resource), Green Parrot (two lodes), Bellbird (four lodes) and Bellbird North.

The new resource estimates are based on 15,187 one metre composites from the drilling data. Elements modelled included copper, silver, lead, zinc, gold, sulphur, iron, bismuth, cobalt, tungsten, uranium and acid soluble copper. Composite extraction for modelling, used mineral wireframes designed to a nominal 0.1% copper cut-off (and anomalous silver and/or lead) under limited geological control, including lithochemical interpretation (where available). Extrapolation of the wireframes beyond the limiting drillholes was generally <25m in strike and <100m in dip. Modelling consisted of Ordinary Kriging using the Micromine or GS3M software with the modelled data loaded into Surpac block models.

Modelled gold grades have been included as part of the Marshall-Reward and Bellbird (including Bellbird North) resource estimates. The amount of historical gold data is limited and as a result, the gold resource estimate is classed as Inferred. A global gold Inferred Resource for the two deposits stands at 21.4Mt at 0.16 g/t totalling 113,000 oz for a copper cut-off of 0.5%.

Exploration Potential* exists peripheral to the new resource estimates within the current interpreted mineral wireframes. The Exploration Target for the combined Bellbird and Marshall-Reward zones for a 0.5% Cu cut-off is of the order of 4 – 8 Mt at 0.8 – 1.2% Cu, 7 – 15 ppm Ag for 40,000 to 100,000 tonnes of copper and 1.5 – 3.5Mozs of Ag (Table 2). The lodes are open at depth, and there are additional possibilities along strike from the deposits based on isolated drill hole information and from interpretations of the geophysical surveys.

* The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

All data related to the Jervois Resource update is included in APPENDIX 4 of the associated hard drive.

Jervois Copper Resources	Category	Tonnes Mt	Copper %	Silver g/t	Lead %	Zinc %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Marshall Copper	Indicated	1.4	1.45	35.6			20.1	1.6			0.5
	Inferred	0.3	0.90	20.2			2.5	0.2			0.5
Reward Copper	Indicated	5.0	1.14	25.3			57.1	4.1			0.5
	Inferred	7.6	1.02	22.2			78.0	5.4			0.5
East Reward	Inferred	2.0	0.82	7.1			16.9	0.5			0.5
Bellbird	Indicated	4.1	1.22	7.7			49.9	1.0			0.5
	Inferred	4.3	1.29	8.5			55.9	1.2			0.5
Cox's Find	Inferred	0.7	0.87	2.8			6.0	0.1			0.5
Rock Face	Inferred	0.7	0.82	3.1			6.0	0.1			0.5
TOTAL	Indicated	10.5	1.21	19.8			127.0	6.7			
	Inferred	16.2	1.06	14.6			172.1	7.6			
	TOTAL	26.7	1.12	16.6			299.1	14.3			
Jervois Lead/Zinc Resources	Category	Tonnes Mt	Copper %	Silver g/t	Lead %	Zinc %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Reward Lead/Zinc	Indicated	0.5	0.74	70.7	6.8	0.9	3.6	1.1	33.6	4.4	None
	Inferred	0.8	0.51	90.9	8.6	1.2	4.1	2.3	69.4	9.4	None
Green Parrot Lead/Zinc	Indicated	0.5	0.99	64.0	0.9	0.6	5.1	1.1	4.7	3.2	0.3
	Inferred	1.4	0.81	78.0	1.8	0.9	11.1	3.4	24.4	12.8	0.3
Bellbird North	Inferred	0.7	0.57	17.9	1.7	2.5	3.8	0.4	11.3	16.7	0.2
TOTAL	Indicated	1.0	0.87	67.3	3.8	0.8	8.7	2.2	38.3	7.6	
	Inferred	2.8	0.67	67.6	3.7	1.4	19.0	6.2	105.1	38.9	
	TOTAL	3.8	0.72	67.5	3.7	1.2	27.7	8.4	143.4	46.5	
2015 Combined	TOTAL	30.5	1.07	23.0			327	22.6	143	47	
2014 Combined	TOTAL	25.3	1.10	22.1			280	18.0	84	36	
2015/2014	% Variance	21					17	26	72	30	

**These tables may contain minor rounding errors*

Table 1. Jervois Resource Update

8.0 GEOTECHNICAL STUDIES

Ground conditions influencing wall stability in proposed open pit mining at KGL Resources Limited (KGL) Marshall-Reward and Bellbird South deposits have been investigated using:

- Current geological interpretations
- Review of the Jervois site
- Inspection of selected geotechnical cores
- Structural geological data obtained from geotechnical cores
- General geotechnical data obtained from geotechnical cores
- Laboratory measurement of physical properties of representative samples of country rocks
- Experience in geotechnical assessment and review in similar geological and geotechnical settings.
- Assessment and analysis of future open pit wall stability has used:
 - i) Current interpretations of geological and geotechnical conditions
 - ii) Structural geological assessment
 - iii) Results of laboratory testing of physical properties of country rocks in which future pit walls will be developed
 - iv) Kinematic stability analysis
 - v) Limit equilibrium analysis
 - vi) Experience-based assessment of expected pit wall conditions.
 - i) Ground Conditions
 - ii) Ground conditions in weathered and transitional ground at Jervois vary from very poor to good.
 - iii) Ground conditions in fresh rock are generally good.
 - iv) Wall stability in future mining will be governed largely by structural geological conditions, even in weathered ground.

Unfavourably oriented foliation and fractures could have a significant adverse influence on local wall stability within Marshall-Reward and Bellbird South. Theoretical potential for block sliding is evident on all walls. Theoretical potential for toppling failures exists for eastern and western walls.

All data related to the Geotechnical studies is included in APPENDIX 5 of the associated hard drive.

9.0 PFS STUDY

The Pre-Feasibility Study for the Jervois Project showed strong economics of KGL's Jervois Copper-Silver Project.

- Low C1 cash cost of US\$0.88/lb over mine life
- 3.2 years payback
- A\$807M operating cash flow

KGL Resources Limited (KGL) was pleased to announce the results of the completed Pre-Feasibility Study (PFS) of KGL's 100% owned Jervois Copper-Silver Project in the Northern Territory.

The initial PFS, announced in December 2014, found Jervois to be technically and commercially feasible. Work since then has enhanced the project significantly.

The additional studies now show Jervois to be:

- a conventional copper flotation project with strong economics
- with a C1 (cash) cost of US\$0.88/lb and C3 (including depreciation, amortisation and royalty) cost of US\$2.13/lb

Recent exploration successes at Rockface, Green Parrot and Bellbird East offer the potential for additional high grade, relatively shallow resources that could feed into the early part of the mine schedule and further enhance the Project's economics.

The Jervois Project is forecast to produce a total of 754,000 tonnes of copper concentrate at a grade of approximately 23% copper and 283 g/t silver over an initial life of 8.25 years*. This equates to an annual average production of 21,000 tonnes of contained copper and 1 million ounces of contained silver. The Jervois Project will also produce approximately 179,000 tonnes of bulk concentrate at a grade of 43% lead, 17% zinc and 1,069 g/t silver over the LoM.

The PFS is based on an Indicated and Inferred resource of 30.5Mt containing 327,000 tonnes of copper, 22.6Moz silver, 143,000 tonnes of lead and 47,000 tonnes of zinc (Table 1).

Key Life of Mine (LoM) Highlights	
Resource – Copper	26.7Mt @ 1.12%Cu, 16.6g/tAg
– Lead/Zinc	3.8Mt @ 0.72%Cu, 3.7%Pb, 1.2%Zn, 67.5g/tAg
LoM*	8.25 years
Average Annual Production	21,000t Cu
LoM C1 Cash Cost	US\$ 0.88/lb
LoM C3 Cash Cost	US\$ 2.13/lb
Copper Price**	US\$ 3.25
Silver	US\$ 19.94 / oz
Gold	US\$ 1,269 /oz
FX – Exchange (A\$:US\$)	1A\$:0.7US\$
Gross Revenue (net TC and RC's)	A\$ 2,392m
Operating Cash Flow	A\$ 807m
Pre-Production Capital Costs	A\$ 189.5m
Deferred Capital Cost (Year 2)	A\$ 26.7m
NPV (10% Discount rate)	A\$ 248m
Payback Period	3.2 years
IRR	35%

Table 2. PFS - Key Project Metrics

*The LoM schedule is derived from a mining inventory of which 56.5% is Indicated Resources and 43.5% is Inferred Resources, the LoM mining inventory does not constitute an Ore Reserve. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

** The commodity prices were based on the mean value of the long term (beyond 2020) forecast price of each metal from a number of international banks and investment firms as compiled by Concensus Economics Prices were quoted in nominal US dollars, metal prices in real US dollars will be accounted for through the application of a discount rate.

* The Mineral Resources underpinning this production target have been prepared by a competent person in accordance with the requirements of Appendix 5A JORC Code. The mining inventory on which the production target is based is derived from 56.5% Indicated Resources and 43.5% Inferred Resources. The above figures do not constitute an Ore Reserve. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Sections of the pre-feasibility report (Report) have been compiled with information provided by the following companies:

- Geology KGL
- Mineral resource H&S Consultants
- Mining Aurelia Mining Consulting
- Metallurgy Minelogix
- Process plant Lycopodium
- Process plant infrastructure Lycopodium
- Tailings management and related infrastructure Knight Piésold
- Environmental, social and permitting KGL
- Transport and marketing Solutions Development & KGL
- Capital and operating cost estimates Lycopodium

All data related to the Pre-feasibility studies is included in APPENDIX 3 of the associated hard drive.

7.0. 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	
KJC114	630302	7495531	352	-60	84	55	328	133	134	1	0.5	0.84	0.11	0.07	5.4	0	
								244	249	5	2.6	0.88	0.08	0.17	13	0.32	
								256	263	7	3.7	1.4	0.56	0.11	28.5	0.32	
KJC115	630354	7495440	354	-63	90	85	262	87	90	3	1.9	0.65	0.6	0.29	32.6	0.11	
								92	94	2	1.2	0.03	2.04	0.33	16.9	0.02	
								117	118	1	0.6	0.65	0.07	0.08	16.1	0.11	
KJC116	630367	7495490	355	-65	86	96	286	95	103	8	3.4	0.09	1.47	0.15	9.6	0.02	
								103	115	12	5.9	0.51	0.04	0.04	4.7	0.14	
								237	242	5	2.9	0.76	0.01	0.03	12.6	0.12	
								244	249	5	2.9	0.79	0.01	0.03	7.3	0.07	
								256	257	1	0.6	2.83	0.01	0.11	44	0.17	
KJC117	627438	7490694	367	-65	245	40	364	20	22	2	0.9	1.39	0.42	0.31	9.5	0.01	
								54	55	1	0.5	0.86	0.02	0.2	2.9	0.01	
								234	237	3	1.3	0.78	0.01	0.02	6.7	0.05	
								240	241	1	0.4	0.64	0.03	0.03	4.7	0.09	
								249	250	1	0.5	0.5	0	0.02	1.4	0.02	
								251	253	2	0.9	1.15	0.02	0.02	2.5	0.04	
								269	270	1	0.4	0.65	0.01	0.02	1.3	0.01	
KJC118	630129	7494870	348	-59	85	39	412	347	350	3	2.1	2.62	0.04	0.04	11.9	1.2	
KJC119	630228	7494899	346	-64	85	4	298	232	237	5	2.2	0.76	0.1	0.06	6.9	0.24	
								242	243	1	0.4	0.52	0.04	0.02	3.2	0.11	
								246	250	4	1.7	0.49	0.02	0.05	3.5	0.21	
KJC120	630160	7494630	346	-59	91	9	346	265	266	1	0.4	0.49	0.01	0.06	3.6	0.31	
								280	281	1	0.4	0.2	0.04	0.1	3.9	0.77	
								317	319	2	1.3	1.47	0.01	0.05	27.3	0.13	
								368	369	1	0.6	0.7	0.03	0.04	4.3	0.04	
KJC121	630099	7494620	347	-61	85	33	436	386	388	2	1.2	1.34	0.1	0.02	2.2	0.16	
								393	397	4	2.4	0.51	7.91	4.4	163.3	0.13	
								397	401	4	2.4	0.13	0.37	0.63	21.1	0.17	
								401	405	4	2.4	0.11	0.23	2.48	21.5	0.03	
								160	164	4	2.5	0.83	0	0.03	12.6	0.18	
KJC122	630164	7494660	346	-51	88	9	280	247	248	1	0.6	0.74	0.01	0.03	3.7	0.12	
								252	253	1	0.6	1.21	0.04	0.02	14.4	0.12	
								255	257	2	1.3	0.74	0.01	0.02	5.3	0.05	
								259	261	2	1.3	0.09	0.32	0.26	44.9	0.04	
								263	277	14	8.9	2.53	0.18	1.71	27.8	0.22	
KJC123	630223	7495000	346	-59	88	13	280	Including	263	268	5	3.2	6.12	0.2	2.42	31.4	0.48
								214	219	5	3.0	1.29	0.01	0.04	11.1	0.67	
								231	232	1	0.6	0.21	2.9	0.73	5.4	0.03	
								235	254	19	12.6	0.6	3.36	2.26	104.2	0.11	
KJC126	630126	7494431	349	-67	86	3	532	Including	235	241	6	3.9	0.96	8.37	4.64	162.9	0.16
								432	433	1	0.4	0.63	0.01	0.04	4	0.06	
								454	458	4	1.6	0.77	0.01	0.04	4.1	0.12	
								494	499	5	2.0	0.99	0.03	0.09	7.8	0.07	
								502	516	14	5.6	0.93	0.04	0.12	7.5	0.06	
Including	504	508	4	1.6	1.62	0.06	0.18	12.4	0.08								

Hole ID	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		
KJC127	630127	7493980	353	-55	88	19	136	80	85	5	3.5	0.65	0.5	0.18	63.5	0.04		
KJC129	630061	7493860	350	-54	88	31	220	99	100	1	0.6	0.52	0.01	0.29	25.8	0.07		
								153	164	11	6.7	1.93	2.61	1.25	218.1	0.25		
								Including		160	164	4	2.5	3.58	4.61	1.7	393.8	0.56
								177	181	4	2.6	3.44	2.95	0.74	252.2	1.76		
GTD002	630473	7494716	346	-55	298	83	92	21	22	1	0.6	8.11	0.01	0	23.5	0.26		
								24	28	4	2.3	0.65	0	0.02	1.8	0.03		
GTD003	630225	7494901	346	-58	89	44	180	177	178	1	0.5	0.6	0.02	0.1	5.8	0.74		
GTD004	630152	7494564	346	-58	60	26	162	63	64	1	0.6	0.04	0.07	0.16	8.1	2.3		
								64	67	3	1.7	4.1	0.82	0.3	189.2	0.29		
								75	81	6	3.4	0.52	0.05	0.09	31.5	0.05		
GTD005	630427	7494904	347	-72	137	40	81	75.5	76.2	0.7	0.3	1.31	0.02	0.02	2.9	0.06		
GTD007	627381	7490676	365	-58	298	46	135	106.5	107.5	1	0.5	1.91	0.01	0.01	3	0.08		
								118.5	122.5	4	2.1	0.83	0.01	0.01	3	0.03		
KJC130	630435	7494560	349	-61	266	25	96	12	17	5	2.4	1.18	0.07	0.01	3	0.09		
								33	35	2	0.9	0.69	0	0.05	1	0.03		
								49	50	1	0.5	0.59	0	0.02	1.4	0.06		
KJC131	630436	7494559	350	-56	263	44	178	10	11	1	0.6	0.7	0.02	0.01	0.9	0.05		
								13	16	3	1.7	0.77	0.08	0.02	1	0.06		
								57	59	2	1.2	1.22	0.03	0.01	7.6	0.06		
KJC132	630212	7495380	350	-65	84	21	408	376	382	6	3.9	1.47	0.11	0.09	22.9	0.53		
KJC133	630048	7493750	348	-61	83	54	252	224	241	17	6.7	0.5	0.47	0.46	47.4	0.02		
KJC134	630397	7495595	357	-55	88	49	82	46	48	2	1.2	0.9	0.67	0.2	9.5	0.02		
								51	52	1	0.6	0.67	0.2	0.21	45.4	0.42		
								60	61	1	0.6	0.72	0.07	0.16	3.9	0.06		
								63	66	3	1.9	1.07	2.73	0.37	41.9	0.1		
KJC135	630376	7495595	356	-56	91	22	165	99	100	1	0.6	0.64	0.07	0.12	8.2	0.1		
KJC136	630376	7495345	352	-50	270	34	34	15	18	3	1.9	0.41	10.52	0.56	74.8	0.1		
								including		16	17	1	0.7	0.61	23.5	0.81	141	0.14
								24	26	2	1.3	0.65	0.16	0.07	3.1	0		
KJC137	630423	7495520	358	-55	269	33	34	15	19	4	2.3	0.36	1.91	0.16	22.7	0.03		

Hole 1D	Easting (m)	Northing (m)	RL (m)	Dip	Azimuth	BOX' (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	ETW'(1m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t	
KJC138	630390	7495346	353	-49	270	36	58	11	13	2	1.3	0.21	0.83	0.59	31.4	0.07	
								34	37	3	2.0	0.07	7.76	10.29	86.6	0.06	
								Including		35	36	1	0.02	14.55	25.4	164	0.09
KJC139	630464	7495520	356	-59	268	39	118	82	85	3	1.7	0.18	7.57	0.19	309.8	0.25	
								90	92	2	1.1	0.58	0.07	0.1	6.6	0.07	
								94	98	4	2.3	0.11	1.26	0.13	11.4	0.03	
KJC140	630405	7495346	353	-52	269	41	82	57	61	4	2.8	0.24	5.03	6.91	48.2	0.04	
KJC142	630444	7495520	357	-57	268	36	70	39	42	3	1.6	0.79	1.68	0.68	55.3	0.07	
								56	62	6	3.3	0.87	1.96	0.28	74.5	0.34	
KJC144	630376	7495276	356	-50	269	34	34	15	18	3	1.9	1.66	0.19	0.18	20.9	0.34	
KJC145	630455	7494710	346	-56	268	24	52	5	9	4	2.0	0.69	0.26	0.01	1.2	0.16	
								20	22	2	1.1	0.56	0.04	0.01	1.7	0.07	
								24	26	2	1.1	1.65	0.02	0.02	0.7	0.04	
								28	30	2	1.1	2.05	0.01	0.03	1.5	0.07	
KJC146	630389	7495276	355	-50	271	32	52	32	39	7	4.5	0.72	0.09	0.19	10	0.09	
								46	47	1	0.7	0.78	0.03	0.43	3.9	0.01	
KJC147	630404	7495276	354	-50	270	52	70	55	58	3	2.1	0.83	0.1	0.19	10.1	0.21	
KJC167	627740	7489978	363	-59	175	42	232	19	21	2	1.3	3.18	0.02	0.03	11.8	0.03	
KJC169	627438	7490548	368	-56	62	30	147	119	123	4	3.1	0.51	1.09	4.27	16.4	0	
KJC170	628496	7490480	366	-66	125	42	439	368	369	1	0.9	0.5	0	0.03	1.5	0	
KJCD171	628331	7490510	363	-68	167	37	502	255	268	13	10.0	2.14	0.02	0.08	12.5	0.1	
								269	270	1	0.8	0.71	0.01	0.05	5.3	0	
								278	280	2	1.5	2.83	0	0.07	10.8	0.05	

Table 3. Significant Intersections

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- Cranley, N J, 2003: Technical Report EL 9518 "Jervois" Northern Territory; Annual Report for the year ending 2nd October 2003
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APPENDIX 1 DRILL HOLE DATA and GEOLOGICAL LOGGING – on Hard Drive

APPENDIX 2 GEOPHYSICAL 3DIP DATA on Hard Drive

APPENDIX 3 PRE-FEASIBILITY STUDY REPORT on Hard Drive

APPENDIX 4 RESOURCE REPORT on Hard Drive

APPENDIX 5 GEOTECHNICAL REPORT on Hard Drive