

31 October 2014

Quarterly Activities Report Period Ended 30 September 2014

Jervois Copper-Silver-Gold Project

- **More high grade near surface drill results strengthen plans for initial open pit mining**
- **Increase in overall Resource provides improved basis for sustained multi-metal operation**
 - **85% increase in Resource to 25.3 million tonnes**
 - **64% increase in contained copper to 280,000 tonnes plus additional exploration target of 50,000 to 150,000 tonnes***

Overview

During the quarter, KGL Resources Limited (KGL or the Company) reported very high grade near surface intersections from drilling at the Jervois Copper-Silver-Gold Project in the Northern Territory.

The drill results strengthened planning for initial high grade open pit development.

The Company announced an increase in the overall Resource at Jervois improving the basis for a sustained multi-metal mining operation. There was an 85% increase in the Resource to 25.3 million tonnes, a 64% increase in contained copper to 280,000 tonnes with an additional exploration target of 50,000 to 150,000 tonnes*, and a 150% increase in contained lead/zinc to 120,000 tonnes.

Illustrating the size of the mineralised system at Jervois and the potential for further significant extensions to the global Resource, the Company announced in October 2014 that the first deep diamond hole drilled at Jervois had intersected copper sulphide mineralisation 300 metres below the base of the Resource at Reward.

The pre-feasibility study currently under way is scheduled for completion in the current quarter.

The Company maintains a strong cash position of \$12.8m.

Jervois Copper-Silver-Gold Project, Northern Territory (KGL 100%)

The Company announced an increased total Resource, while drill results continued to produce very high grade near surface intersections and mineralisation remained open at depth and along the 12km strike length.

The updated Resource comprised (Table 1 & Table 2):

- 85% increase in Resource tonnes to 25.3 million tonnes @ 1.1% copper and 22.1 grams per tonne silver
- 64% increase in contained copper to 280,000 tonnes
- 61% increase in contained silver to 18 million ounces
 - An additional exploration target of 50,000 to 150,000 tonnes copper and 2 to 7 million oz silver*
- 150% increase in contained lead/zinc to 120,000 tonnes
- 63% increase in contained gold to 113,000 ounces

**The potential quantity and grade of the Exploration Potential 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.*

The new Resource exceeded the upper end of the range for Exploration Potential included in the 2012 Resource Update of 5-10 million tonnes containing 50,000 to 100,000 tonnes copper (Figure 1).

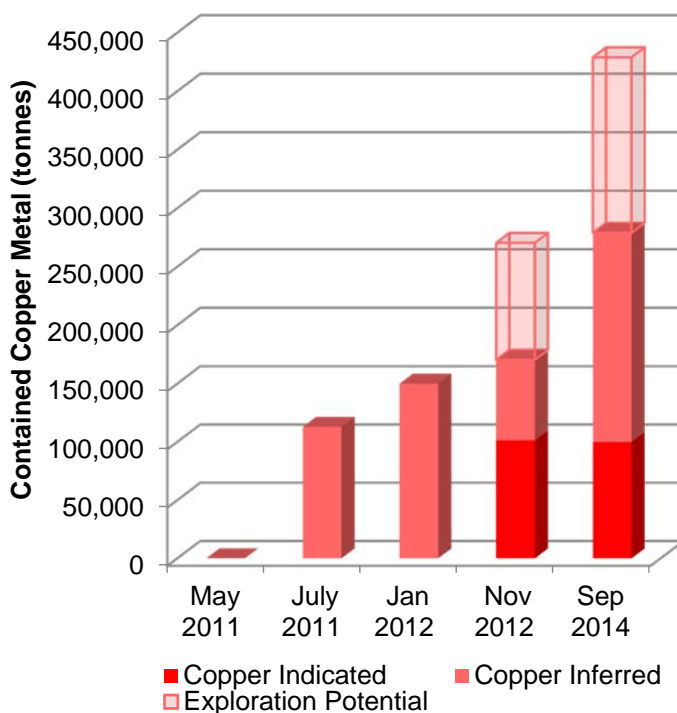


Figure 1. Growth in contained copper at Jervois

Table 1 2014 Jervois Resource Estimate

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	1.2	1.52	38.7			18	1.5			0.5
	Inferred	0.4	1.18	26.2			5	0.3			0.5
Reward Copper	Indicated	3.7	1.11	24.8			41	3.0			0.5
	Inferred	6.8	1.08	26.5			73	5.8			0.5
East Reward	Inferred	2.3	1.01	8.3			23	0.6			0.5
Bellbird	Indicated	3.2	1.21	7.8			39	0.8			0.5
	Inferred	4.0	1.25	7.8			50	1.0			0.5
Cox's Find	Inferred	0.7	0.87	2.8			6	0.1			0.5
Rock Face	Inferred	0.7	0.82	3.1			6	0.1			0.5
Green Parrot Cu	Inferred	0.2	1.49	44.3			3	0.3			0.5
TOTAL	Indicated	8.1	1.21	20.1			98	5.3			
	Inferred	15.0	1.10	16.9			165	8.2			
	TOTAL	23.2	1.14	18.0			263	13.4			

Jervois Lead/Zinc Resources	Category	Tonnes Mt	Copper %	Silver g/t	Lead %	Zinc %	Copper kt	Silver Moz	Lead kt	Zinc kt	Cut-off Cu%
Marshall-Reward Lead/Zinc	Indicated	0.3	0.71	63.7	6.33	0.94	2	0.6	18	3	None
	Inferred	0.5	0.58	75.7	7.09	1.18	3	1.3	38	6	None
Green Parrot Pb	Inferred	0.9	0.90	85.3	1.91	1.21	8	2.3	16	10	0.3
Bellbird North	Inferred	0.5	0.65	21.3	2.30	3.38	3	0.3	11	17	0.2
TOTAL	Indicated	0.3	0.71	63.7	6.33	0.94	2	0.6	18	3	
	Inferred	1.9	0.75	65.9	3.49	1.76	14	4.0	66	33	
	TOTAL	2.2	0.74	65.6	3.87	1.65	16	4.6	84	36	

2014 Combined	TOTAL	25.3					280	18.0	84	36	
2012 Combined	TOTAL	13.7					170	11.2	26	22	
2014/2012	% Variance	85%					64%	61%	225%	63%	

*These tables may contain minor rounding errors

Table 2 2014 Jervois Gold Resource Estimate (This is a sub set of the resource shown in Table 1.)

Jervois	Category	Tonnes Mt	Gold g/t	Gold koz	Cut-off Cu%
Marshall-Reward	Inferred	13.9	0.19	85	0.5
Bellbird	Inferred	7.5	0.12	28	0.5
TOTAL	Indicated				
	Inferred	21.4	0.16	113	
	TOTAL	21.4	0.16	113	

2014	TOTAL	21.4		113
2012	TOTAL	12.7		69
2014/2012	% Variance	68%		63%

**These tables may contain minor rounding errors*

Drilling has resulted in the Marshall-Reward resource being extended and a new parallel resource being discovered approximately 50 metres east of Reward at East Reward. Notable has been the intersection of a high-grade massive lead-zinc sulphide zone at Reward that resulted in a large increase in the global lead-zinc resource. Further evaluation of this sulphide lens is planned.

Drilling at Bellbird has exceeded expectations with the resource continuing to grow in both size and grade. Significantly drilling has not closed off the resource with clear targets for further drilling and a distinct north plunge revealed. A new mineralised trend was discovered at Bellbird East that has yet to be fully evaluated. Although narrow, the mineralisation is likely to be within the Bellbird pit.

The updated Resource also includes maiden resources for the Cox's Find and Rockface prospects that lie on the J-shaped trend between Marshall-Reward and Bellbird. The exploration success at these prospects highlights the potential along the entire 12km strike that has been poorly tested.

Mineralisation remains open in all existing deposits. Further prospects are currently being drilled and evaluated including Killeen, Morley and the recently identified mineralisation between Green Parrot and Cox's Find. These prospects have the potential to add further to the Resource base.

Shallow drilling – open pit potential at Marshall-Reward, Bellbird and Green Parrot

Shallow drilling at Marshall-Reward to the north and Bellbird to the south has revealed high-grade supergene enriched mineralisation in the transition zones. These enriched zones have improved the economics of the open pits and are being further evaluated by drilling that has recently been concluded.

The potential for open pit development at Green Parrot, near Marshall, was also indicated by very high grade intersections from shallow drilling.

Drilling at Green Parrot announced during the quarter included:

- 6m @ 8.55% copper, 15.08% lead, 10.95% zinc, 679.7 g/t silver and 4.87 g/t gold from 48m incl. 25.7 g/t gold within the interval (Hole JOC176)
 - including 3m @ 12.38% copper, 22.15% lead, 16.78% zinc, 963.3 g/t silver and 1.01 g/t gold from 49m
- 2m @ 31.5% copper, 5.96% lead, 1.77% zinc, 1240 g/t silver and 0.07 g/t gold from 23m (Hole JOC062)

Drilling at Reward announced during the quarter included:

- 7m @ 7.27% copper, 1.12% lead, 1.35% zinc, 140.2 g/t silver and 0.38 g/t gold from 8m (Hole JOC028)
 - including 2m @ 20.98% copper, 1.53% lead, 1.11% zinc, 302.5g/t silver and 0.77 g/t gold from 9m.

The highest copper grade for Jervois of 26% was reported at Reward (Hole JOC028) until it was exceeded with 31.5% at Green Parrot (Hole JOC062).

Drilling at Bellbird announced during the quarter included:

- 13m @ 5.75% copper, 23.2 g/t silver and 0.32 g/t gold from 20m (Hole JOC090)
 - including 3m @ 11.55% copper, 55.7 g/t silver and 0.52 g/t gold from 20m
- 7m @ 8.22% copper, 53.1 g/t silver and 0.23 g/t gold from 56m (Hole JOC082).

Lead-zinc drilling

Drilling near surface mineralisation at Reward, Bellbird and Green Parrot encountered very high grades of lead and zinc.

High grade silver-lead-zinc drilling results at Green Parrot are reported above.

Drilling at Reward announced during the quarter included:

- 18m @ 0.26% copper, 16.39% lead, 0.95% zinc, 279.1 g/t silver and 0.13 g/t gold from 33m (Hole JOC026)
 - including 6m @ 0.57% copper, 37.72% lead, 1.92% zinc, 551.5 g/t silver and 0.22 g/t gold from 39m incl. 50.7% lead within the interval

Deep drilling at Reward encountered additional silver-lead-zinc mineralisation including, at the northern end:

- 7m @ 5.07% lead, 0.29% zinc and 106.6 g/t silver from 498m (Hole KJCD075)

Drilling at Bellbird and Bellbird North announced during the quarter included:

- 11m @ 0.28% copper, 5.54% lead, 2.79% zinc, 38.6 g/t silver and 0.03 g/t gold from 30m (Hole JOC122)
- 10m @ 0.15% copper, 2.83% lead, 7.81% zinc, 44.4 g/t silver and 0.02 g/t gold from 46m (Hole JOC126)
- 2m @ 1.14% copper, 7.74% lead, 8.76% zinc, 82.4 g/t silver and 0.19 g/t gold from 44m (Hole JOC119)
- 2m @ 0.15% copper, 4.02% lead, 3.19% zinc, 51.9 g/t silver and 0.02 g/t gold from 12m (Hole KJD008)

Extension drilling

Drilling to extend resources at Marshall-Reward and East Reward continued to intercept significant copper mineralisation including:

- 35m @ 1.16% copper, 8 g/t silver and 0.15 g/t gold from 434m (Hole KJCD068)
 - including 3m @ 2.61% copper, 21 g/t silver and 0.67 g/t gold from 448m
- 4m @ 3.09% copper, 0.54% zinc, 28.2 g/t silver and 0.08 g/t gold from 485m (Hole RJ235 extended into East Reward)
- 3m @ 2.12% copper, 8.7 g/t silver and 0.06 g/t gold from 645m (Hole KJCD078 into Marshall)

Resource extension drilling at Bellbird intercepted further copper mineralisation with good widths and grades including:

- 7m @ 4.84% copper, 37.7 g/t silver and 0.18 g/t gold from 224m (Hole KJC100)

In a significant development announced in October 2014, the first deep diamond hole drilled at Jervois has intersected copper sulphide mineralisation 300 metres below the base of the current Resource at Reward. The intersection, at a vertical depth of 800 metres, indicates the potential for further extensions to the Resource. Assay results will be announced as they become available during the current quarter.

New prospects drilling

Drilling further defined new zones of mineralisation at Rockface, intersected a new zone at Morley, and intercepted narrow high grade copper at Cox's Find.

Drilling at Rockface announced during the quarter included:

- 11m @ 1.31% copper and 7.4 g/t silver from 8m (Hole JOC143)
- 11m @ 1.96% copper, 10.3 g/t silver and 0.1 g/t gold from 85m (Hole JOC141)

Drilling at Morley announced during the quarter included:

- 14m @ 2.01% copper, 7.7 g/t silver and 0.06 g/t gold from 17m (Hole JOC172)

Drilling at Cox's Find announced during the quarter included:

- 4m @ 3.4% copper, 12.6 g/t silver and 0.03 g/t gold from 127m (Hole KJCD085)

Work on the pre-feasibility study during the quarter included pit optimisation and mine design. Delays in completing the Resource estimate has meant that the PFS is now expected to be completed in the current quarter.

Pit optimisation, open pit and underground design are nearing completion and the mine scheduling is currently in progress.

Discussions are taking place with the Central Land Council regarding land access, future relationships with the local communities and benefits arising from the project including commitments to local indigenous employment and contracting opportunities.

Follow up drilling designed to upgrade the shallow resources from Inferred to Measured and Indicated and to test several new exploration targets at Rockface, Killeen and Bellbird East has recently been completed.

Bashkol (KGL 80%)

Tengri Resources are earning a 70% interest in the Bashkol project through the expenditure of \$7m. During the quarter Tengri Resources announced that diamond drilling at the Baskol project had intersected 2.7 metres grading 6.4 g/t gold and 7.7 g/t silver. Drilling is continuing at the site with two diamond drill rigs.

Savo (KGL 70% GDY 30%)

In the Solomon Islands, after receiving the environmental approval in June, efforts during the quarter focussed on securing a Power Purchase Agreement with the Solomon Islands Electrical Authority to underpin further exploration activities. Geodynamics (GDY) are funding and managing the activities on the Savo project.

Corporate

At the end of September 2014 KGL had a cash balance of \$12.8m.

The Company continues to seek a partner to take 30% to 40% equity in the Jervois project, to fund future deep drilling and the definitive feasibility study and to contribute to the capital cost of project construction. PriceWaterhouseCoopers Securities (PWC) have now been appointed to assist KGL with engaging a project partner for Jervois.

Outlook

The Company plans to complete the pre-feasibility study on Jervois in the current quarter.

The discovery of copper sulphide mineralisation 800 metres below the base of the Reward deposit by the first deep diamond hole drilled at Jervois is being followed by downhill electromagnetic surveying.

Assay results are still to be received for both the deep hole at Reward and from the recent RC drilling programme which was designed to upgrade resources within the planned pits, identify additional open pit copper resources and to test some of the lead and zinc targets at Jervois.

JORC Compliance Statement

The Jervois Resources information was first released to the market on 15 September 2014 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'

The information that relates to Bashkol Exploration Targets and Exploration Results is based on data compiled by Adriaan van Herk, Doctorandus Geology and was first reported on AIM on 09/09/2014.

The following drill holes were originally reported on the date indicated and using the JORC code specified in the table. Results reported under JORC 2004 have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported.

Hole	Date originally Reported	JORC Reported Under
JOC 62	18/07/2014	2012
JOC 176	14/08/2014	2012
JOC 028	29/07/2014	2012
JOC 026	29/07/2014	2012
JOC 90	21/07/2014	2012
JOC 82	09/08/2014	2012
KJCD 75	29/07/2014	2012
JOC 122	21/07/2014	2012
JOC 126	21/07/2014	2012
JOC 119	04/08/2014	2012
KJD 008	04/08/2014	2012
KJCD 068	29/07/2014	2012
RJ 235	08/08/2014	2012
KJCD 078	08/08/2014	2012
KJC 100	11/08/2014	2012
JOC 143	01/08/2014	2012
JOC 141	01/08/2014	2012
JOC 172	08/08/2014	2012
KJCD 085	13/08/2014	2012

Mining Tenements Acquired and Disposed during the quarter.*	Location	Beneficial Holding
Nil		

Tenements subject to farm-in or farm-out agreements	Location	Beneficial Holding
AP1602	Bashkol, Kyrgyz Republic	80%
PL-01/12	Savo Island, Solomon Is	75%

Tenements subject to farm-in or farm-out agreements acquired or disposed of during the quarter	Location	Beneficial Holding
Nil		

Tenements

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	Jervois Project, Northern Territory	100%
EL 25429	Jervois Project, Northern Territory	100%
ELA 30242	Jervois Project, Northern Territory	100%

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

KGL Resources

ABN

52 082 658 080

Quarter ended ("current quarter")

30 Sept 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a)exploration and evaluation	(1773)	(7,614)
(b) development	-	-
(c) production	-	-
(d) administration	(474)	(1,522)
(d) office closure	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	181	273
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D Refund	-	-
Foreign Exchange differences	-	-
Net Operating Cash Flows	(2,066)	(8,863)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) purchase options	-	(26)
(c) other fixed assets	-	(42)
(d) disposal Costs	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	3	14,854
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Deed of Company Arrangement (KMWA)	-	(1,000)
Net investing cash flows	3	13,786
1.13 Total operating and investing cash flows (carried forward)	(2,063)	4,923

+ See chapter 19 for defined terms.

30/09/2014

Appendix 5B
Mining exploration entity quarterly

1.13	Total operating and investing cash flows (brought forward)	(2,063)	4,923
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital raising costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,063)	4,923
1.20	Cash at beginning of quarter/year to date	14,805	7,819
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	12,742	12,742

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current Quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	52
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Remuneration and expenses paid to executive and non-executive directors for the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

In the quarter Robust Resources invested \$488,753 in CJSC Kentor re the Bashkol Joint Venture.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash inflow/(outflow) for next quarter

	\$A'000
4.1 Exploration and evaluation	(1,423)
4.2 Investment/Development	
4.2 Deed of Company Arrangement	
4.3 Deposit Interest	56
4.31 Operations Costs	
4.4 Admin	(603)
4.5 Asset Disposal	
4.6 Capex	(10)
Total	(1,980)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	685	424
5.2 Deposits at call	12,057	14,379
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter	12,742	14,803

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions			
7.3	+Ordinary securities	140,040,563		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through share consolidation			
7.5	+Convertible debt securities <i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	4,299,842	Unlisted Options	Exercise price	Expiry date
7.8	Issued during quarter				
7.9	Expired during quarter				
7.10	Decrease through consolidation				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does ~~not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:  Date: 31/10/2014.....
(~~Director~~/Company secretary)

Print name: ...Kylie Anderson.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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