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New Prospects Discovered at Yambah Project

Highlights

- **Two new base metal prospects discovered**
- **Copper and lead-zinc occurrences extend for over 500m**
- **Rock chips return assays of up to 1.5% Zn, 0.89% Pb, 0.58% Cu**
- **No previous exploration or drilling**

KGL Resources (ASX:KGL) is pleased to announce the discovery of two new base metal prospects at the Yambah Project. The Dawn and Emily prospects (Figure 1) were discovered during reconnaissance mapping on the Bald Hill tenement (EL28271).

At Dawn, the mineralized trend comprising gossans and ironstone hosted by limestone, calc-silicate and skarnoid units extends for over 500m. Rock chip results returned assays of up to 0.89% Pb, 0.15% Zn and 0.13% W. At Emily, ironstones, gossans and magnetite-quartzite units in marble and calc-silicate with malachite (copper) occurrences extend for 800m. Samples of marble and ironstone returned assays of up to 1.5% Zn, 0.58% Cu and 0.12% Pb.

Compilation of previous exploration has revealed that no previous exploration or drilling has been conducted to test these prospects.

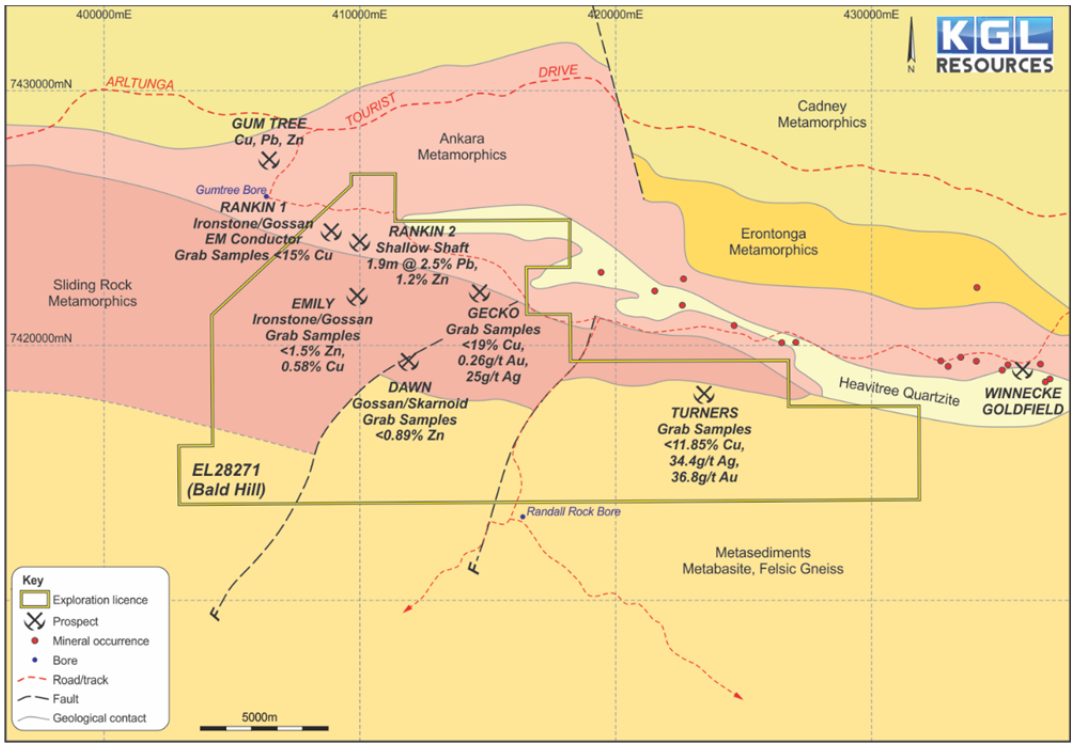

Figure 1 EL28271 (Bald Hill) showing location of base metal prospects

Background

The Yambah project comprises two Exploration Licences located 60km north and northeast of Alice Springs in the Strangways Metamorphics. The tenements were acquired by KGL from Mithril Resources in April 2015 because of similarity with the style and age of mineralisation at Jervois.

Previous exploration identified several base metal prospects that have been interpreted to be stratabound sediment hosted or volcanic associated massive sulphide.

The most advanced prospect is Red Rock Bore on EL28175 (Harry Creek) where drilling has previously taken place by Pasminco (Figure 2). Mineralisation is hosted by magnetite-quartzite that has a strike length of over 1km. The best intersection was 13.35m @ 3.3% Zn, 0.5% Pb from 131m in hole RRK031 including 1m @ 13.6% Zn from 132.3m.

The Rankins prospect on EL2827 has exposures of ironstone/gossan over a strike length of 1km. One of the ironstones is coincident with a mid-time electromagnetic conductor that has not been drilled. Two holes drilled under a shaft sunk on an ironstone ridge by Central Pacific Minerals in 1971 returned a best intersection of 1.9m @ 2.5% Pb and 1.2% Zn with up to 20% magnetite-pyrite in drill hole PH NT 17-5.

Other prospects include Gecko and Turners. Grab samples at Turners contained up to 11.85% Cu, 34.4g/t Au and 36.8g/t Au (Sample ID 87112).

Figure 2 Malachite stained calc-silicate at Emily prospect

Figure 3 Calc-silicate/ gossanous ridge at Dawn prospect

Next Steps

Previous exploration companies have completed early stage exploration on the Yambah project, however significant potential remains for the discovery of a large stratabound sulphide deposit.

Reconnaissance level exploration is planned to progress the existing and new prospects to a drill ready status. Fieldwork will include detailed mapping, rock chip sampling and geophysical surveys. Reconnaissance level exploration will also be conducted with the aim of locating additional mineralised trends.

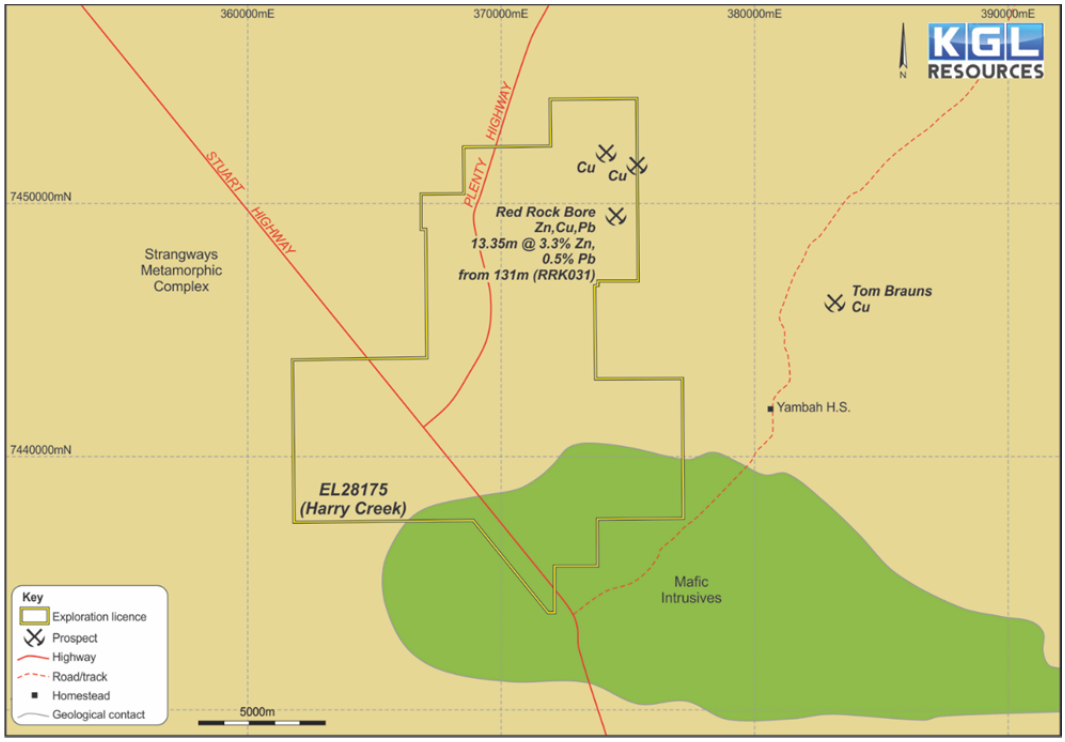

Figure 4 EL28175 (Harry Creek) showing the location of the Red Rock Bore prospect

For further information contact:

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About KGL Resources

KGL Resources Limited is an Australian mineral exploration company focussed on increasing the high grade Resource at the Jervois Copper-Silver-Gold Project in the Northern Territory and developing it into a multi-metal mine.

Competent Person Statement

The Jervois Exploration data in this report is based on information compiled by Martin Bennett, who is a member of the Australian Institute of Geoscientists and a full time employee of KGL Resources Limited.

Mr. Bennett has sufficient experience which is relevant to the style of the mineralisation and the type of deposit under consideration and to the activity to which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Bennett has consented to the inclusion of this information in the form and context in which it appears in this report

The following rock chip sample results and drillhole results were originally reported by Mithril Resources Limited under ASX code MTH on the data indicated and using the JORC code specified in the table. David Hutton was the Competent Person for these announcements. 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/ Sample Date originally reported JORC code reported under

Sample ID 80337 23/10/2012 2004
Sample ID 87112 23/10/2012 2004

Hole ID	**From (m)**	**To (m)**	**Interval**	**True width**	**Cu (%)**	**Pb (%)**	**Zn (%)**
PH NT 17-5	36.57	38.1	1.52	0.98	-	3.8	1.6
	36.57	38.1	1.52	0.98	-	1.2	0.8
PH NT 17-5	*120 (Feet)*	*125 (Feet)*	*5 Feet*	*3.2 Feet*	*-*	*3.8*	*1.6*
	125 (Feet)	*130 (Feet)*	*5 Feet*	*3.2 Feet*	*-*	*1.2*	*0.8*
Hole ID	**From (m)**	**To (m)**	**Interval**	**True width**	**Cu**	**Pb**	**Zn**
RRK031	131.3	132.3	1	-	0.12	0.69	0.81
	132.3	133.3	1	-	0.08	0.14	13.60
	133.3	134.3	1	-	0.13	0.36	3.61
	134.3	135.2	0.9	-	0.05	0.19	2.72
	135.2	136.2	1	-	0.09	0.35	4.43
	136.2	137.2	1	-	0.03	0.86	6.71
	137.2	137.9	0.7	-	0.07	0.54	0.89
	137.9	139.4	1.5	-	0.13	0.21	0.45
	139.4	140.6	1.2	-	0.10	0.78	0.45
	140.6	141.6	1	-	0.10	0.92	1.85
	141.6	142.6	1	-	0.06	0.70	2.95
	142.6	143.6	1	-	0.08	1.23	0.51
	143.6	144.6	1	-	0.05	0.23	0.12

1 JORC CODE, 2012 EDITION – TABLE 1

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Diamond drilling, reverse circulation (RC) or open hole percussion drilling were used to obtain samples for geological logging and assaying. • Drill holes were sampled at 1m to 1.5m intervals and split to generate a sample of ~3kg. • Diamond core was cut with a diamond saw and generally sampled at 1m intervals with shorter samples at geological contacts. • Assay techniques are not specified.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Open hole percussion and diamond drilling.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No information available on historical drilling.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All drill samples were geologically logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Historical holes were generally sampled at 1m to 1.5m intervals. • Percussion hole sample splits (~3kg) were pulverized. • Diamond core samples were crushed and then pulverized. • Where stated sampling techniques were appropriate and representative of the whole sample.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Historical QAQC procedures are not stated.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Selected checks have been made on data by checking historical reports.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Selected checks have been made on historical holes. Drill sites were visited in the field and drill collars checked with a GPS.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Historic drilling at the Red Rock Bore prospect was at a spacing of 50-100m. • All other prospects have had reconnaissance drilling only with wide spaced holes.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Historical holes were drilled perpendicular to the strike of the mineralization at a default angle of -50 to -60 degrees. • There is no apparent sampling bias based on drill hole orientation.
Sample security	• *The measures taken to ensure sample security.*	• No information is available.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No information is available.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Yambah project comprises two exploration licences EL28175 (Harry Creek) and EL 28271 (Bald Hill). • The licences are located ~60km north of Alice Springs in the Northern Territory.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration has been conducted by a variety of companies. At Red Rock Bore a large drilling program was

Criteria	JORC Code explanation	Commentary
		conducted by Pasminco. • The Yambah project was previously held by Mithril Resources.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Yambah project covers rocks of the Strangways Metamorphic Complex, a thick package of complexly folded Palaeoproterozoic mafic and felsic granulites and metasedimentary rocks. • Three genetic models have been proposed for base metal mineralization in the Strangways Metamorphics. 1. Syngenetic mineralization associated with volcanic and volcaniclastic rocks, 2. Epigenetic Cu-Au mineralization, 3. carbonate replacement mineralization.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• N/A
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• N/A
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Figure 1 & 4
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• N/A
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey*	• KGL rock chip samples located with GPS.

Criteria	JORC Code explanation	Commentary
	results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Figure 1 & 4