

Quarterly Activities Report Period Ended 30 September 2023

26 October 2023

Building the project development team

- During the quarter, KGL Resources Ltd (“KGL”) announced the appointment of key executive positions: Mr. Nick Spencer as CEO and Mr. Chris Dippenaar as CFO.
- Mr. Spencer and Mr. Dippenaar will work closely with Executive Chairman, Mr. Denis Wood on the advancement of the Jervois project through to development and on financing options for the project.
- These appointments are being made as KGL progresses encouraging work on the optimisation studies at a time when analysts forecast a chronic shortage in copper over the next decade with copper considered critical for each nation’s energy and economic security and for the clean energy transition.

Progressing key project development activities

- KGL is progressing optimisation studies to improve key value drivers and financing options for the project as we move towards the important development milestones of Final Investment Decision (FID) and financing for the project.
- Based on this work, KGL signed a Letter of Intent with Macmahon Contractors to work toward the development of open pit and underground mining services at the Jervois Copper Project.

Drilling Results / 2023 Exploration Program

- Despite a slow start to the drilling program this year, due to wet weather and labour availability issues, this year’s current results were pleasing, confirming extensions to mineralisation at Rockface and Marshall and increasing confidence in the open pit resource at Reward.
- A new drilling contractor was appointed in July to address performance issues however, delays with drilling continue to be experienced due to an ongoing shortage of personnel and longer time being taken by laboratories to produce assay results from drilling activity undertaken during the quarter. We currently have 26 cores at the laboratory and 1,631 actual samples awaiting analysis.
- These delays have impacted on the timing of our goal to upgrade the resource classification for at least the first 2 years of planned production to JORC measured status which is now planned for 2024.
- Near term targets continue to be worked up based on drilling results and geophysics with a focus on expanding the resource and extending the mine life of this high-grade project.

Corporate

- Current cash & cash equivalent as at 30 September 2023 was \$18.7 M.

Federal Government Submission: Copper is a Critical Mineral

- During the quarter, KGL completed a submission to the Federal Government on why copper should be included in the list of Critical Minerals. Inclusion on the Critical Minerals List may provide the project with access to more supportive policy settings to encourage an accelerated development of this important high grade project as an important part of the country’s clean energy transition.

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Building the Project Development Team

During the quarter, KGL Resources Ltd (“KGL”) announced the appointment of key executive positions: Mr. Nick Spencer as CEO and Mr. Chris Dippenaar as CFO.

Mr. Spencer brings over 30 years’ specific experience in mining, mine development and funding and has a track record of successfully developing and operating mining projects. Additionally, he has worked in engineering services, logistics and the aerospace industry. He has worked in Australia as well as with multinational corporations in the UK, Middle East, Asia and India. Most recently, Nick served as the Managing Director of Galaxy Gold Mines, an Indian based firm developing a portfolio of gold projects in India and Tanzania.

Mr. Dippenaar has extensive international experience and has held executive and senior commercial and finance leadership roles with various publicly listed international mining companies, including BHP, Anglo American and Harmony Gold. His mining experience includes more than 20 years of commercial and finance leadership roles in open cut and underground operations, both for coal and hard rock mining, providing reporting, risk management, corporate governance, internal control and operational support.

Mr Spencer and Mr Dippenaar will work closely with Executive Chairman, Mr. Denis Wood on the advancement of the Jervois project through to development and on progressing financing options for the project.

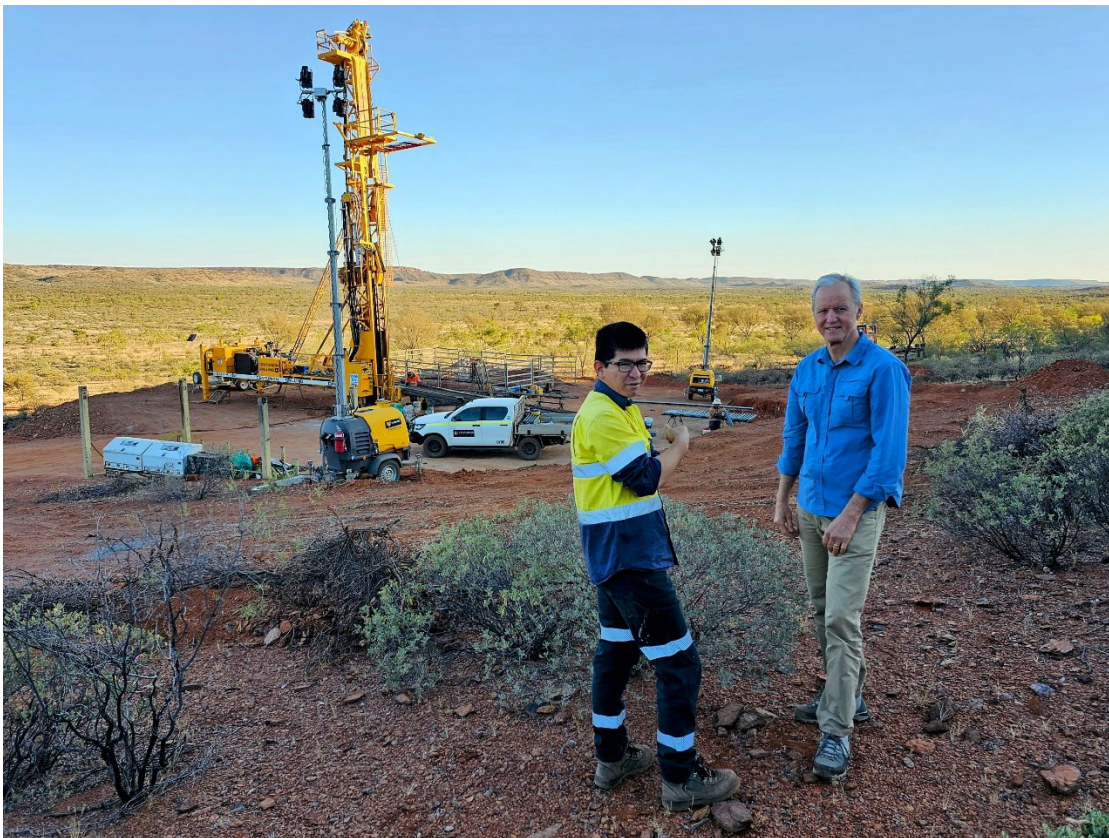


Figure 1. CEO, Nick Spencer on site with Exploration Manager, Atiqullah Amiri

These appointments are being made as KGL progresses encouraging work on the optimisation studies, at a time when analysts are forecasting a chronic shortage in copper over the next decade given copper’s critical role in the clean energy transition and in a nation’s energy and economic security.

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Progressing Project Development Activities

During the quarter, KGL continued to progress optimisation studies to improve key project value drivers including productivity improvements that will support project financing.

This includes potentially expanding the open pit mine plan and increasing the size of the mining equipment that results in higher and more efficient open pit mining rates. This will effectively delay the capital development of the underground mines whilst, smoothing capital expenditure and peak labour and accommodation requirements.

Based on this program of work, KGL signed a Letter of Intent with Macmahon Contractors to work toward the development of surface, underground mining and contractual arrangements that will form the foundations for an ongoing collaboration and mine optimisation between Macmahon and KGL.



Figure 2. KGL Executive Chairman, Denis Wood signs Letter of Intent with CEO and MD of Macmahon, Mick Finnegan

Proposed process plant configuration enhancements also reduces the amount of labour required on-site for construction and increases the annual processing rate from 1.6 Mtpa to 2.0 Mtpa. The optimised process plant work program has now moved to Front End Engineering Design (FEED) work.

We are continuing to work with key contractors and each level of government and the local community to ensure we can deliver a cost competitive project, on time and on budget, as we move the project along the development pathway towards FID.

Drilling Results / 2023 Exploration Program

Growing the high-grade copper resource and mine life at Jervois continues to be a key value driver for KGL shareholders.

The initial phase of the 2023 drilling program has been centered around three specific target areas:

- Rockface depth extensions
- Marshall Lode extensions

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- Reward Open Pit Resource Upgrade

Drilling is aimed at resource extensions at Rockface and Marshall Deeps and resource classification uplift to JORC Measured category at Reward open pit.

During the previous quarter, KGL announced assays from the first six holes of 2023 Jervois Drilling program received, confirming extensions to mineralisation at Rockface and Marshall, and increasing confidence in open pit resource at Reward.

The purpose of the infill drilling conducted within and around the intended Reward open pit is to increase the confidence in the mineral resource estimate to deliver a more robust mine plan and Resource to Reserve conversion. Mineral Resources for the Reward open pit are currently classified under JORC (2012) as Indicated and infill drilling is aimed at upgrading to Measured Resource status.

The in-fill drilling planned for 2023, for Rockface and Reward continues. We are currently waiting for the sample analysis to be completed to deliver an update to the Mineral Resources. Thus far, the findings from infill drilling at Reward are consistent with the current mineral resource model and have been a key driver in our decision to review options for prioritising mining of the Reward deposit and the potential to increase the size of the Reward open pit.

A second drilling contractor was appointed in July following the departure from site of the originally appointed contractor. The previous drilling contractor struggled to deliver the targeted performance due to maintenance and manning constraints. Drilling performance has improved dramatically. Drilling continues with two rigs on-site.

Industry delays continue with the laboratories to produce assay results due to staff shortages. We currently have 26 cores at the laboratory and 1,631 actual samples awaiting analysis.

Near term targets continue to be worked up based on drilling results and geophysics with a focus on expanding the resource and extending the mine life of this high-grade project

The potential to add considerable value by extending the mine life justifies our focused exploration program. Ongoing exploration success can add materially to the value of the project as it drives capital efficiencies, cashflow and IRR improvement. A robust market for copper may also provide KGL with additional production options in our mine plan.

Corporate

Current cash & cash equivalent as at 30 September 2023 was \$18.7M.

Federal Submission: Copper is a Critical Mineral

Governments are increasingly recognising that dependence on foreign sources of critical materials creates a strategic vulnerability for their economy and military in the face of adverse foreign government actions, natural disasters, and other events that could disrupt supplies.

With chronic shortfalls in copper forecast over the next decade and challenges in supply from the traditional low-cost markets of Chile and Peru, Australia has the opportunity to grow its critical minerals wealth and become an important player in developing secure, reliable and sustainable global supply chains for copper that are internationally competitive.

Many states in Australia including the NT have recognised Copper as a critical mineral. The Australian federal government is now reviewing the Critical Minerals list and in response KGL lodged a submission on why copper should be included in this list.

Mr Wood commented that, "KGL's Jervois Copper Project is well positioned with all necessary approvals and permits, to be one of the few projects that can be in production, subject to final investment decision, as the market is faced with a chronic shortfall in supply.

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Given the robust outlook for the copper market, we believe that the Jervois copper hub, a high-quality project in a Tier One jurisdiction, will play an important role in supporting jobs and new skills, local business opportunities and economic development activity in Northern Australia and provide a secure, reliable and sustainable supply of critical minerals to our strategic partners to meet their economic and national security and clean energy needs at a time when chronic shortages in this critical mineral could disrupt global supply chains.”

This announcement has been approved by the board of KGL Resources Limited.

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Tenements

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	Jervois Project, Northern Territory	100%
ML 30829	Jervois Project, Northern Territory	100%
EL 25429	Jervois Project, Northern Territory	100%
EL 30242	Mt Cornish, Northern Territory	100%
EL 28340	Yambah, Northern Territory	100%
EL 28271	Yambah, Northern Territory	100%
EL 28082	Unca Creek, Northern Territory	100%
ML 32277	Lucy Creek Borefield, Northern Territory	100%

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

Tenements subject to farm-in or farm-out agreements	Location	Beneficial Holding
Nil		

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

Related Party Payments

As reported in the quarterly cash flow report part 6.1, amounts paid to related parties of \$155k consist of directors' fees and expenses for the quarter.

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Forward Looking statements

- This presentation includes certain forward-looking statements. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target” and other similar expressions are intended to identify forward looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results and future expansion plans and development objectives of KGL are forward-looking statements that involve various risks and uncertainties. Although every effort has been made to verify such forward-looking statements, there can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. You should therefore not place undue reliance on such forward-looking statements.
- Statements regarding plans with respect to the Company’s mineral properties may contain forward looking statements. Statements in relation to future matters can only be made where the Company **has a reasonable** basis for making those statements.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KGL Resources Limited

ABN

52 082 658 080

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers – GST receipts	268	268
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(335)	(335)
	(e) administration and corporate costs	(1,024)	(1,024)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	190	190
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(901)	(901)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(24)	(24)
	(d) exploration & evaluation	(2,779)	(2,779)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – payment of security deposits	-	-
2.6	Net cash from / (used in) investing activities	(2,803)	(2,803)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(58)	(58)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings – lease payments	(42)	(42)
3.7	Transaction costs related to loans and borrowings – lease interest	(3)	(3)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(103)	(103)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22,514	22,514
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(901)	(901)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,803)	(2,803)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(103)	(103)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	18,707	18,707

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	6,674	15,514
5.2 Call deposits	12,033	7,000
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18,707	22,514

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	155
6.2 Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(901)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,779)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,680)
8.4	Cash and cash equivalents at quarter end (item 4.6)	18,707
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	18,707
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	5.08
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2023.....

Authorised by: Kylie Anderson on behalf of the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its Managing Director and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.