Project overview

Jervois is the largest and most advanced high-grade copper project in the Northern Territory.

KGL Resources has secured most of the necessary licenses and approvals needed for mining, including granted mining licenses, and is in the final stages of gaining environmental approval.

The project’s October 2015 prefeasibility study forecasted a robust open cut and underground mining operation, offering a 35% IRR, a moderate $189.5 million pre-production capital cost and one of the lowest operating costs among the world’s probable new mines. These numbers were based on 21 000 tpa copper production and an 8.25 year mine life. However, subsequent optimisation work and the announcement of a higher quality mineral resource in 2018 have extended the forecasted mine life to 12+ years.

In 2018 the company announced a significant upgrade to the resource at Jervois, with higher copper and silver grades and an 18% increase in contained copper. The Indicated and Inferred Mineral Resource estimate now stands at 26.6 Mt at 1.47% Cu and 24.7 g/t Ag, containing 390 600 t copper and 21.1 Moz silver. 65% of the copper resource at Jervois is now in the indicated resource category.

Geology and exploration activity to date

The Jervois mineralisation is a metamorphosed massive sulfide deposit, contained within the Proterozoic Bonya Metamorphics (1790 Ma) which has been folded to form a J-shaped, near isoclinal and steeply north-plunging, synform.

Since 2011 KGL Resources has actively explored at Jervois, including extensively using state of the art down hole electromagnetic technology (DHEM) to identify drilling targets with consistent success.

Numerous prospects have been identified along the J-shaped outcropping structure, with the current mineral resource at Jervois based on only four of them – Rockface, Reward, Marshall and Bellbird. Drilling in 2017 and 2018 focused on expanding and infilling the resources at Rockface and Reward. Two drill rigs operated almost nonstop at Jervois throughout 2018, drilling 107 holes for 38 351 m.

While KGL’s primary focus remains on infill resource drilling at Rockface and Reward to increase confidence in the resource ahead of planned development, exploration drilling did take place in 2019 at the Amigo, Krak Ridge, Bellbird and Ma’a Salama prospects. All holes intercepted mineralisation, with results at Amigo showing similarities to the high-grade Rockface deposit.
Infrastructure

Located on a sparsely populated pastoral lease 360 km by road northeast of Alice Springs on the Plenty Highway, the project comprises the 19.5 km² Jervois mining leases and 127 km² of exploration licenses. Water is available from an on-site borefield as well as from a limestone aquifer 15 km from site. KGL Resources plans to transport concentrate by truck along the existing Plenty Highway to Alice Springs where it will be taken by the existing Adelaide to Darwin railway and railed to a port in Darwin or South Australia for export.

Project economics

- Jervois has a potential mine life of 12 to 15 years, producing up to 150 000 t of base metal concentrate per year. The concentrate will be transported to Darwin or Adelaide on existing rail infrastructure.
- Metallurgical testwork has confirmed good recovery and concentrate grade with more than 95% recovery at 25% concentrate grade.
- The project’s October 2015 prefeasibility study forecasted a 3.2 year payback based on $185 million pre-production capital costs and $807 million operating cashflow. An updated financial model, based on subsequent optimisation work and an enhanced mineral resource, is expected in 2019.

Project status and development timeline

- The project was awarded Northern Territory Government Major Project status in 2017.
- Agreements were signed in 2017 with Traditional Owners to cover the existing Jervois mining lease area.
- KGL Resources has been granted mineral leases and indigenous land use agreements are in place for Jervois.
- Environmental approvals are now the only major outstanding regulatory step, with all required information submitted and no issues arising that would prevent mine development.
- Subject to final approvals and financing, construction could begin at Jervois in 2019, with mining and commissioning in 2020.

Investment sought

KGL Resources is interested in either off-take agreements for concentrate from Jervois, or the sale of a minority interest in the Jervois project with an investment partner able to contribute to the capital cost of construction.

JORC Resource Estimates

The updated Resource reported on 20 August 2019:

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<tr>
<th>Category</th>
<th>Tonnes (Mt)</th>
<th>Cu (%)</th>
<th>Ag (g/t)</th>
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<th>Ag (Moz)</th>
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<td>TOTAL</td>
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