

# KGL Resources Limited Chairman Addresses in Annual General Meeting

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Brisbane, Australia (ABN Newswire) - [KGL Resources Ltd.](#) (ASX:KGL) (OTCMKTS:KGOLF) provides the following addresses to be given at today's Annual General Meeting.

At our last AGM, which was held on the 8 August last year, John Barr, our previous chairman and our managing director Simon Milroy explained in some detail what had happened with our Murchison Project in WA earlier in the year and subsequent action that had to be taken. John also advised that, after operating in Kyrgyzstan for over 10 years we had disappointingly, finally decided to cease activities in that country and to dispose of our interests in the Andash Copper Gold Project there.

So, before I talk about the great progress we have made with our Jervois Project in the Northern Territory this year, let me first close off those two matters.

The sale of our interests in the Andash Project to [Robust Resources Ltd.](#) was finally completed on 23 August last year for which we received \$15 million cash.

You will recall that negotiations with the Administrators of our subsidiary, Kentor Minerals WA had concluded with us agreeing and signing a Deed of Company Arrangement (DOCA) on 11 July last year. Under the terms of that arrangement, KGL took back control of Company for an agreed payment of \$3 million to the creditors' fund.

Upon regaining that control we immediately commenced efforts to sell the Murchison Project and on 27 December announced that sale terms had been agreed with Canadian company [Monument Mining Ltd.](#) Finalisation of the sale was conditional on a number of remaining due diligence matters and Monument receiving Foreign Investment Review Board (FIRB) approval. The sale of Murchison Project assets and all associated tenements, for \$15 million cash, was eventually completed on 21 February this year. On the receipt of those funds we contributed a further \$1 million to the Murchison Project creditors' fund. This payment then completed all of our obligations under the Deed of Company Arrangement.

With the net funds from these two asset sales we have continued to pursue, in earnest, the detailed evaluation of our Jervois Project. Simon will give you a full presentation on what we have been doing since that date and the great progress we have made this year, after we have completed the formal business of this meeting. However, before he does that I would like to mention a few of the highlights.

First, let me say that, when we completed our initial Scoping Study on the Jervois Project we had, in our minds at least, that this project was solely a potential open cut and underground copper sulphide project.

Since commencing a major (approx. 20,000m) drilling program last September, designed to expand and upgrade the Project resources base, we have not only upgraded the then known copper deposits, but discovered new previously unknown copper lodes. We have currently also underway, a specific drilling program to evaluate whether there is a sufficiently large oxide copper resource near surface to support a potential early phase copper oxide heap leach operation.

In addition, we have also intersected, what we believe may be a series of very high grade lead/silver/zinc lodes occurring in a structure parallel to the copper deposit.

Let me remind you that in early February we announced that drillhole KJCD048 at the Marshall-Reward deposit, not only intersected a 57m zone averaging 0.51% Cu but then intersected a separate 18m thick zone averaging 732g/t Ag and 19.6% Pb.

A US based company, SNL Metals & Mining, recently published a report of the top-ranked assays for the March quarter covering mainly Australian and North American explorers and noted that these intersections were significantly the top silver and the world's best reported lead assays for the quarter.

And then on 21 March we also announced a 19m intersection at the East Reward deposit averaging 1.95% Cu.

These are all extremely encouraging results and the drilling program currently underway is designed, not

surprisingly, to test further all of these areas of those intersections. We await results with keen interest.

You will understand that with these sorts of results, we decided in March to extend the original drilling program and this has in turn led us to expand the initial Project Prefeasibility Study. Originally scheduled for completion mid-year, this is now scheduled for completion around the end of the September quarter. After which time we will fully evaluate the various opportunities for the Project. I do not need to tell you that the last few years have been difficult ones for the junior resources sector, not only here in Australia but globally. Even with the sorts of results that we have been announcing over the last few months and the fact that we now have in place a very comfortable level of funding, not only to complete the Prefeasibility Study for Jervois, but to further explore the alternative development options that may be open to us, our share price continues, disappointingly, to be well below what we believe to be the true value.

Let me also remind you that in addition to what we now call the Jervois Multi-Metal Project, we do also have an interest in the Savo Island Geothermal Project in the Solomon Islands. This project, is being managed and currently fully funded by Geodynamics Ltd under a farm in agreement to earn 70% interest in that project, reducing us to 30%. During the March quarter Geodynamics submitted an Environmental and Social Impact Assessment to Solomon Islands Department of Environment. The report highlighted significant social and economic benefits for the Solomon Islands, the city of Honiara and the local community on Savo Island. These will be through reduced reliance on imported diesel fuel, increased reliability of power supply, reduced end user prices and increased employment opportunities. Geodynamics is also continuing to engage with the Solomon Islands Electricity Authority in negotiations on a commercial Power Purchase Agreement (PPA). This is a pre requisite to the commencement of further drilling to define in greater detail the geothermal resource on Savo Island.

So in summary I can confidently say that, as we stand today, KGL is in a very sound position financially and very well placed to move forward with the Jervois Project and also, should we choose to do so, our participation in the Savo Island Geothermal Project.

With Jervois, our current strategy is that, following completion of the Prefeasibility Study we will actively move to seek a Project partner to provide the funding for the Definitive Engineering phase of the Project, leading in turn to an anticipated go ahead decision. We have in fact already commenced preliminary discussions with a number of parties who have shown interest in the Project. These range from companies who have indicated they may wish to take a direct interest in the development of Jervois, to those who may be purely interested in product offtake arrangements.

On the corporate front, although we are well funded to complete our plans this year, we have been taking a very close look at our costs and are working hard to make sure our expenditures are managed efficiently.

Since the sale of our WA gold assets and the Andash project in Kyrgyzstan, we have reduced our management team which is now fully focussed on Jervois. As you know our Board has two new directors. Both are very welcome additions and their particular areas of expertise and experience are very well orientated to the KGL's ongoing activities.

So to conclude, let me say again, that KGL is in a sound financial position with a good Management Team, a very united and supportive Board and involvement in two projects which both have exciting future potential.

Given this, it is very disappointing therefore that the junior resources market and KGL's share price in particular has not yet reflected that situation. One challenge that we fully recognise and intend to work hard at over the next year will be to correct that situation and return our share price back to a position where true value is fully recognised.

In closing, let me thank, my fellow directors for their continued support, Simon Milroy and his team for their continuing efforts on Jervois and overall and last but not least, you the shareholders for continuing to support us through what has been a transformation and refocus period for KGL Resources over the last nine months.

To view the release and the Jervois Copper Project presentation, please visit:  
<http://media.abnnewswire.net/media/en/docs/ASX-KGL-406856.pdf>

#### **About KGL Resources Limited:**

KGL Resources (ASX:KGL) is an Australian-based, emerging copper mining company listed on the Australian Securities Exchange. KGL Resources is focused on the development of the Jervois copper project in the Northern Territory.

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