

# KGL Resources Limited Reviews Significance of Drill Results at Jervois Copper-Silver-Gold Project

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Brisbane, Australia (ABN Newswire) - Yesterday [KGL Resources Ltd.](#) (ASX:KGL) (KGL or the Company) released the latest of a series of high grade exploration drilling results at the Jervois Copper-Silver-Gold Project in the Northern Territory. Managing Director Simon Milroy reviews the significance of the high quality results and the Company's financial strength as it completes a new Resource Estimate and a pre-feasibility study of the project's development.

Q. Can you summarise the recent series of drill results for Jervois?

A. KGL have announced a series of consistently high grade copper/silver/gold intersections. Diamond drilling has extended the size of the main Marshall-Reward deposit in the north of Jervois where a new East Reward ore body has been found as well as extended mineralisation well to the north of Marshall-Reward.

Also in the north near Marshall-Reward, the drilling has defined a new trend at Morley and a northern extension to the Green Parrot mineralisation

In the south-west, drilling has extended the size of the Bellbird deposit.

The recent shallow holes have generally contained higher grade copper than expected along with healthy silver and gold grades.

We have also found a high grade silver lead zinc zone next to Marshall which was previously unknown.

Q. What does this mean for KGL's plans for Jervois?

A. Our plan since we acquired Jervois three years ago has been to increase the Resource, conduct feasibility studies and bring the project into production as soon as possible. The Resource currently stands at 170,000 tonnes copper and 11 million ounces silver contained in 13.5 mt @ 1.3% Cu and 25.8 g/t Ag, with additional gold, lead and zinc. As a result of the recent 30,000m drilling program, we expect to announce the new Resource later in August and then follow by announcing the results of a pre-feasibility study soon after.

We postponed the resource update by three months to allow additional drilling because the drilling results have been so exceptional - and not only for copper. SNL Metals and Mining ranked Jervois as recording the highest grade lead (19.6%) and second highest silver(732 g/t) intersections in the world in the March 2014 quarter.

The recent shallow drilling has produced phenomenal results - for example,  
12m @ 4.92% copper from 27m at Marshall (JOC047),  
2m @ 20.98% copper from 9m at Reward (JOC028),  
3m @ 11.55% copper from 10m at Bellbird (JOC090) and  
2m @ 31.5% copper from 23m at Green Parrot (JOC062).

It has also shown that the upper zones contain higher levels of precious metals than expected. This has caused us to change the planned processing method for this ore from heap leaching to flotation in order to maximise the recovery of the gold and silver.

The JORC resource was prepared under JORC 2004 and first announced 7 November 2012. The company is not aware of any new information or data that materially effects the relevant information in that announcement. All material assumptions and technical parameters underpinning the resource estimate continue to apply and have not materially changed.

Q. What is the potential for a greenfields project to be developed at Jervois in the Northern Territory?

A. Jervois is more brownfields than greenfields, considering the small scale production at the site going back 80 years. The project has an existing mineral lease as a result of previous mining on the site.

We have a high degree of confidence that the project will be developed into a mid-sized copper and multi-metal producer.

The pre-feasibility study is examining a 2 mtpa flotation plant producing copper concentrate with silver and gold credits and the possible production of separate lead and zinc concentrates. Good transport infrastructure is in place with the project linked by the Plenty Highway and Stuart Highway to Alice Springs. We are planning to truck the concentrate to Alice Springs and then rail to the port of Darwin or Adelaide for export.

Q. What stage is the permitting for the project at?

A. We have lodged our Notice of Intent for the project with the Federal and Northern Territory governments. The Environmental Protection Agency has given us the scope of work to be covered in the Environmental Impact Study. Base line monitoring has commenced.

The project is located on a Pastoral lease and as I mentioned before, we already have a granted mineral lease. An application has been made to the Aboriginal Areas Protection Authority for a site clearance certificate and the survey is under way.

The site has previously had extensive disturbance due to the past mining activities and already contains pits, waste dumps, process plants and tailings dams.

Q. Has KGL the financial capacity to meet the immediate needs of the Jervois project?

A. Yes. KGL is strongly placed with a cash balance as at 30 June of \$14.8M. It is worth noting that drilling and assaying and labour costs are currently very competitive in Australia, much reduced from a couple of years ago.

Q. The company has stated that a joint venture partner is being sought. How is that progressing?

A. We are looking for a partner to earn 30 to 40% of the equity in Jervois by funding the definitive feasibility study (which is planned to follow the pre-feasibility study) and more deep drilling (the major deposits at Jervois are open at depth), and by contributing to the construction cost of the project. KGL will retain majority ownership and control.

We have met with a number of interested parties and plan to progress talks after the Resource update and pre-feasibility study have been completed.

Q. What are the exploration plans for the rest of the year?

A. We have had such great success in the whole Marshall-Reward area in the north and in the Bellbird area in the south-west that we will be working to increase the extent and the quality of Resources there.

The recent shallow drill program was conducted on a line spacing of 80m over each of the deposits. We plan to bring the RC drill back to site in September and in-fill this program to a 40m line spacing. While on site, the rig will also be used to further define the recently discovered Morley trend and the Green Parrot extension to the north.

Given the high grade lead and zinc discoveries around the Marshall and Reward deposits, we also plan to test some of the known historical lead zinc prospects on the site including Green Parrot, Bellbird North and Killeen Zinc.

We are also planning a deep diamond hole under the Reward deposit which will be designed to intersect the plane of the currently known resource at a depth of approximately 700m below surface with a possible daughter hole intersecting at 1,000m below surface if the first hole is successful. This is a large step out but we believe that this is an important step to determining how large this system is.

## **JORC COMPLIANCE**

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.

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Hole	Date originally Reported	JORC Reported Under
JOC 28	29/07/2014	2012
JOC 47	18/07/2014	2012
JOC 62	18/07/2014	2012
JOC 90	21/07/2014	2012

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#### 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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