KGL RESOURCES

30 June 2022 \ ANNUAL REPORT

KGL RESOURCES

Contents

Corporate Directory

Name of Company Secretary

Kylie Anderson

Address of Registered Office

KGL Resources Limited
Level 5, 167 Eagle Street
Brisbane 4000
07 3071 9003

Name and Address of Share Registry

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008

Securities Exchange Listing

Quotation has been granted for the unrestricted ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange.

Message from the Executive Chairman

Dear Shareholders

We are taking the opportunity this year to change our reporting date and as such it is only 6 months since our last Annual Report. However, a lot has happened in the time period. I returned as a director of the Company in March of this year and was pleased to accept the Executive Chairman role in May. In June Ferdian Purnamasidi and I were joined by new directors Jeff Gerard and Ian Williams. Since this time, we have taken the opportunity to re-focus the Company's efforts in relation to exploration and the completion of the Feasibility Study.

Operations on site over the past 2 years have been significantly impacted by COVID-19 restrictions with border shutdowns and limitations on remote area access placing a number of constraints on our activities. These restrictions started to ease in the last 6 months which has allowed us to complete a successful infill drilling program at Bellbird. This was the last drilling required for completion of the Feasibility Study and we are in the process of drawing that study to a close.

Drilling continues on site with an exploration focus on high priority targets identified for near mine extensions of existing resources (Reward Gap and East Lodes, Reward Marshall Deeps and Rockface).

The economic impact of the pandemic is becoming more and more evident. Global inflation, elevated fuel prices, labour shortages and supply chain restrictions are impacting all aspects of the Australian economy and in mining particularly creating uncertainty in operations and projects alike. Developing projects in this environment requires an experienced team of professionals with a strong track record in mine development hence the inclusion of Jeff Gerard and Steven Rooney.

The one constant has been that the long term outlook remains very positive with the ramping up of clean energy targets globally meaning that demand for copper will continue to increase. Copper is the most widely used metal in energy generation, transmission infrastructure, and energy storage. It is the next most used metal after aluminum and steel in the construction, telecommunications, transportation and automobile manufacturing sectors. Copper is considered a critical metal in the effort to decarbonize the global economy to achieve the goal of net zero emissions by 2050.

As always, I thank the Jervois stakeholders, in particular the Central Lands Council, Bonya community, Lucy Creek and Jervois Station pastoralists and the Northern Territory government for their ongoing support. I'd like to thank our employees for their contributions over the past 6 months in challenging times and look forward to making significant progress over the next 12 months in accelerating development of the Jervois Copper Project.

And to our loyal shareholders, I thank you for your patience, confidence and support of the Company.

Denis Wood
Executive Chairman
Brisbane

Dated: 28 September 2022

Operations Review

The Company has continued to progress the Jervois project development through the six-month period ended 30 June 2022 whilst managing the impacts of several macroeconomic challenges, including a slowdown in global economic growth, falling equity markets, and increasing global inflation which continue to affect pricing and availability of raw materials, equipment, contractors, and skilled labour.

The key milestones achieved during the period and after period end were:

- Finalisation of an offtake agreement with Glencore International AG (**Glencore**) providing significant benefits to the project in terms of reduced haulage and transport costs, allowing for mining and processing efficiencies, working capital efficiencies and a lower carbon footprint.
- Completion of resources updates, published on the ASX on 7 March 2022 and 14 September 2022 respectively, upon which the feasibility study mine plan will be based.
- Upgraded Jervois Project JORC Resources of **23.8Mt** for **481.2Kt Copper at 2.02% Cu, 19.3M oz Silver 25.3 g/t Ag** and **189.6 koz Gold 0.25 g/t Au**[1].
- Maiden JORC Measured Resource reported[1] with resource categories within Bellbird deposit's open pit mine design consisting of 85% Measured Resource, 14% Indicated and 1% Inferred.
- Continued exploration drilling program for potential near mine extensions and preparation for Downhole-Electromagnetic (**DHEM**) surveys planned for the latter half of this year.

FEASIBILITY STUDY

At the May 2022 Annual General Meeting, the Board updated shareholders on the Feasibility Study progress and the need for further drilling to improve the resource categorisation for inclusion in the feasibility mine plan. This work was completed in June and July 2022, with the Company recently upgrading the resources for the project[1]. The Company used the Feasibility Study delay positively to take advantage of incorporating the elements of the domestic offtake agreement with Glencore, executed in March 2022, into the mine plan that underpins the study. The Company continued to further refine and optimise operating and capital expenditures.

EXPLORATION

Exploration drilling during the period yielded further positive results, with a further 23-hole drill program reported on 28 July 2022.

Drilling was carried out to test 4 target areas: 1 Reward Gap and East Lodes 2. Reward Marshall Deeps 3. Reward South (including Reward Silver) 4. Reward North.

Some of the significant copper intersections from the 2022 drill program will be prioritised for inclusion in a planned DHEM survey program later this year.

A summary of the Reserves and Resources for the Jervois project can be found on page 4 of the Annual Report.

COPPER MARKET

Whilst in the first half of 2022 copper and other base metal commodities prices have dropped back off recent all-time highs, it is forecast by several market analysts that the world is due to face a massive copper supply deficit from 2025 for at least the second half of the decade, driven by global decarbonisation targets for achieving net zero emissions by 2050. The Board is convinced that the absolute essential requirement for copper to meet the growing global requirement for carbon dioxide emissions reduction will continue to support the investment proposition of the Jervois project.

Refer to the Directors' Report within the financial statements for more detail on the operational activities for the period ended 30 June 2022.

1 Resource update reported to the ASX on 14 September 2022

Resource Table

AS AT 28 SEPTEMBER 2022

RESOURCE			MINERALISED MASS	GRADE			METAL		
	AREA*	CATEGORY	(Mt)	Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (Moz)	Gold (koz)
Open Cut Potential > 0.5 % Cu*	Reward	Indicated	3.84	1.80	39.4	0.31	69.1	4.9	38.2
		Inferred	0.65	0.92	9.2	0.07	5.9	0.2	1.5
	Bellbird	Measured	1.23	2.53	15.1	0.14	31.2	0.6	5.6
		Indicated	1.26	1.45	9.1	0.17	18.2	0.4	6.8
		Inferred	1.02	1.24	10.6	0.12	12.7	0.3	4.0
	Sub Total		**8.00**	**1.71**	**24.8**	**0.22**	**137.1**	**6.4**	**56.1**
Underground Potential > 1 % Cu*	Reward	Indicated	4.78	2.12	42.6	0.45	101.6	6.6	69.2
		Inferred	4.32	1.56	19.6	0.20	67.3	2.7	27.8
	Bellbird	Indicated	0.33	2.33	19.8	0.14	7.8	0.2	1.5
		Inferred	2.84	2.09	12.3	0.11	59.1	1.1	9.7
	Rockface	Indicated	2.80	3.37	21.4	0.23	94.3	1.9	21.1
		Inferred	0.73	1.92	19.0	0.18	14.0	0.4	4.2
	Sub Total		**15.80**	**2.18**	**25.5**	**0.26**	**344.1**	**13.0**	**133.5**
Sub Totals		**Measured**	**1.23**	**2.53**	**15.1**	**0.14**	**31.2**	**0.6**	**5.6**
		Indicated	**13.01**	**2.24**	**33.3**	**0.33**	**291.0**	**13.9**	**136.9**
		Inferred	**9.55**	**1.67**	**15.7**	**0.15**	**159.0**	**4.8**	**47.1**
TOTAL			**23.80**	**2.02**	**25.3**	**0.25**	**481.2**	**19.3**	**189.6**

*Cut-off grades: 0.5% Cu above 200m RL, 1% Cu below 200m RL; Note: 200m RL is 150m below surface.

Due to rounding to appropriate significant figures, minor discrepancies may occur. Tonnages are dry metric tonnes.

Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.

Inferred resources have less geological confidence than Measured or Indicated resources and should not have modifying factors applied to them. It is reasonable to expect that with further exploration most of the Inferred resources could be upgraded to Indicated resources.

COMPETENT PERSONS' STATEMENT

The information in this announcement that relates to Mineral Resource Estimates is based on data compiled by Ian Taylor BSc (Hons), a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Taylor is a consultant working for Mining Associates Pty Ltd who were engaged by the Company to carry out the mineral resource estimate. Mr Taylor has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Taylor consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

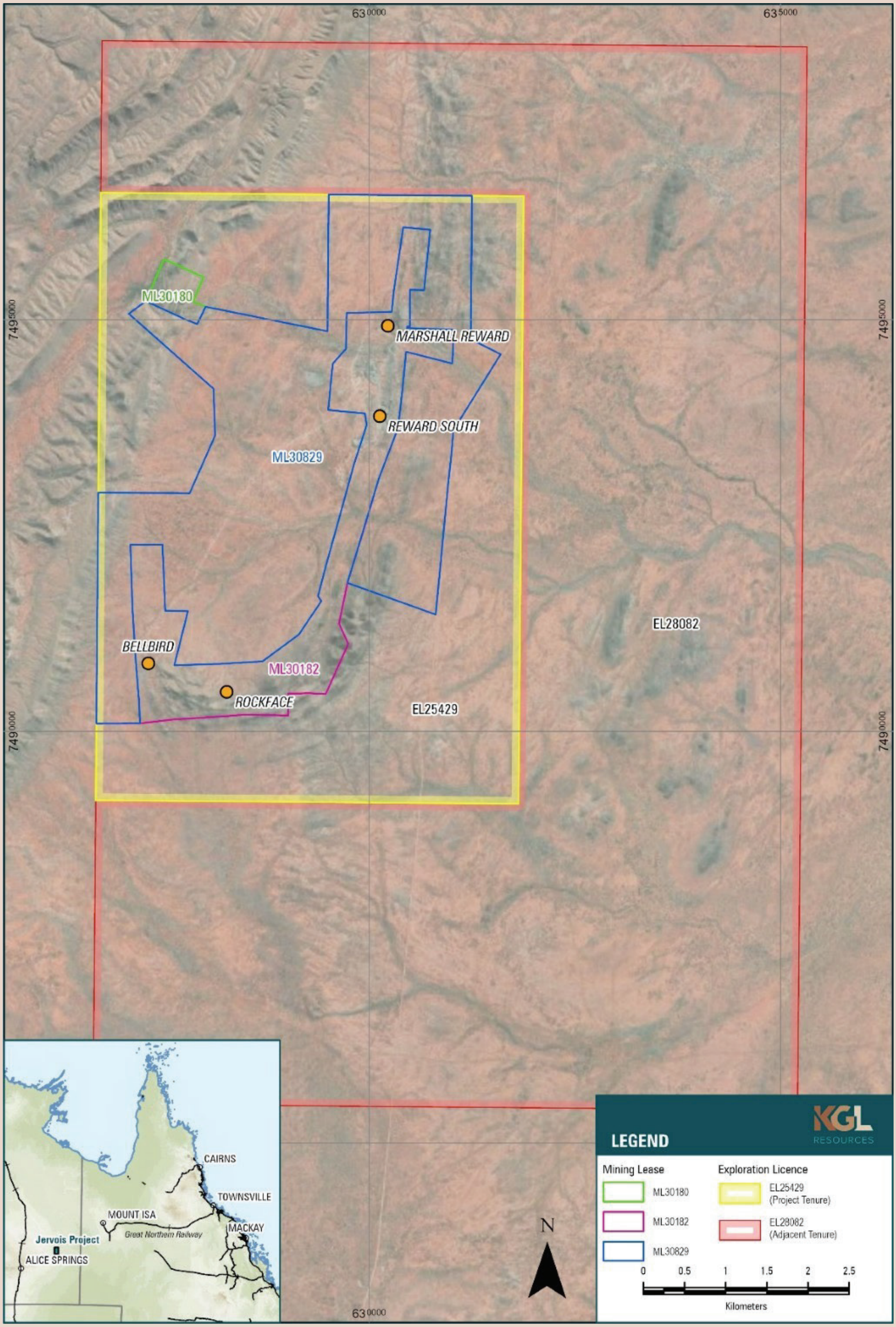
The information in this announcement that relates to Exploration Results is based on data compiled by John Levings BSc, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Levings is Principal Geologist for the Company. Mr Levings has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Levings consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Tenement Map and Holdings

The Company's current tenement holdings cover over 600km^2 including 19.5km^2 Jervois Mining Leases, 37.9km^2 Jervois Exploration Licences and 72.7km^2 Unca Creek Exploration Licence.

TENEMENT NUMBER	PROJECTS	BENEFICIAL HOLDING	EXPIRY
ML 30180	Jervois Project, Northern Territory	100%	27/01/2034
ML 30182	Jervois Project, Northern Territory	100%	25/03/2034
ML30829	Jervois Project, Northern Territory	100%	17/08/2032
ML 32277	Jervois Project, Northern Territory	100%	17/08/2032
EL 25429	Jervois Project, Northern Territory	100%	01/02/2023
EL 30242	Jervois, Northern Territory	100%	25/11/2022
EL 28340	Yambah, Northern Territory	100%	03/07/2023
EL 28271	Yambah, Northern Territory	100%	05/04/2023
EL 28082	Unca Creek, Northern Territory	100%	29/12/2023

JERVOIS PROJECT TENEMENTS



Sustainability

In March 2022, the Company published its inaugural annual Sustainability Report for the period 1 January 2021 to 31 December 2021 (**Reporting Period**). The Company intends to maintain the publication of this report annually, based on the calendar year's activities. The report's scope covered the activities and approach of KGL Resources Ltd (**KGL** or the **Company**), its key wholly owned subsidiaries, including Jinka Minerals Ltd and Jervois Operations Pty Ltd.

KGL is committed to building on our sustainability reporting platform set out in the report. Year-on-year we will collect, interpret, and publish data to support our progress being made against our sustainability objectives and targets. We will also align our sustainability and Environmental, Social and Governance (**ESG**) reporting approach with relevant international guidelines and frameworks that suit a company of our size as we advance in the construction and operational stages of our Project.

Progress during the last six months has included:

- Continued focus on health and safety, by monitoring, updating and maintaining effective controls managing the continuing disruption of COVID-19 at our operations. The health and safety of our people will always be our first priority. Our people are our most valuable assets and their safety and health is our greatest responsibility.
- Site visits and engagement of key local stakeholders has recommenced with pre-pandemic regularity, to help the Company identify those areas of sustainability that are important to them and our business, including the further refinement of our first set of high-level sustainability objectives, targets and performance measures.
- Reaffirming the Company's commitment to the employment of local people and businesses, with increases in local employees during the period following the relaxation of COVID-19 vaccination requirements.
- The development and delivery of a bespoke groundwater sampling trailer to aide the monitoring and reporting of environmental obligations under KGL's approved Mining Management Plan.
- The appointment of a Chief Operations Officer, with outstanding experience within the Northern Territory, to guide KGL through the next stages of construction and operation.

KGL continues to work towards embedding sustainability as a core practice of the business as it begins to transition from an explorer to a developer.

Corporate Governance Statement as at 30 June 2022

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

THE BOARD CHARTER

The over-riding responsibility of the Board, as set out in the Board Charter, is to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders, as well as its employees and its customers. The Board should work to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives at all times.

More specifically, the role of the Board is to provide strategic guidance for the Company and to effectively oversee management of the Company.

The Board Charter sets out the Board's responsibilities as:

- overseeing the Company, including its control and accountability systems,
- appointing and removing senior executives and monitoring their performance,
- determining and approving the levels of authority to be given to senior executives in relation to operational expenditures, capital expenditures, contracts and authorising any further delegations of those authorities by senior executives to the other employees of the Company,
- approval of corporate strategy, financial plans and performance objectives,
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance,
- monitoring occupational health, safety and environmental performance and compliance, and ensuring commitment of appropriate resources,
- evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of securities of the Company; and
- approving all financial reports and material reporting and external communications by the Company.

To effectively carry out its responsibilities, the Board delegates all other functions to the Executive Chairman.

Management, led by the Executive Chairman, is responsible for running the affairs of the Company under delegated authority from the Board and implementing the policies and strategies set by the Board. The Executive Chairman must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

A copy of the Board Charter can be found on the Company's website www.kglresources.com.au.

The Board Charter is reviewed at least every two years to ensure it is in line with the legislative and regulatory requirements and leading practice.

NOMINATION AND APPOINTMENT OF DIRECTORS

Before a director is appointed, the Board undertakes appropriate evaluations including in-depth interviews and reference checks. All members of the Board are given the opportunity to interview the potential appointee.

Where a director is standing for election or re-election, the Notice of Meeting including the Explanatory Memorandum, will set out information on the director including qualifications and experience, independence status and the recommendation of the rest of the Board on the resolution. A statement as to whether the Board supports the election/re-election of each director standing for election is provided.

Additionally, a detailed profile for each director is included in the Company's Annual Report.

For personal use only

TERMS OF APPOINTMENT FOR DIRECTORS AND EXECUTIVES

Each director executes a Letter of Appointment with the Company prior to appointment as a director. The Letter of Appointment covers the following key terms:

- Performance requirements in terms of Board meetings and matters under consideration,
- Key responsibilities and powers as detailed in the Board Charter,
- Conditions of continuing in the role of director,
- Membership of committees,
- Remuneration,
- Consideration of independence; and
- Ability to seek independent advice.

A separate Deed of Access, Insurance and Indemnity is executed by each director.

Details of each director's and key management personnel's employment terms and conditions are also provided annually in the Remuneration Report as part of the Directors' Report.

Each executive is employed under an employment agreement which sets out the employment terms, duties and responsibilities, remuneration details and the circumstances under which employment can be terminated.

COMPANY SECRETARY

The company secretary reports solely to the Board and communication between the directors and the company secretary is open and unfettered. The company secretary advises the Board and its committees on governance matters, attends and takes minutes at all Board meetings, communicates with the ASX and ASIC on all regulatory matters, monitors adherence to Board policies and procedures and retains professional advisors at the Board's request.

DIVERSITY POLICY

The Company believes in equal opportunities for all its people and recognises that its business benefits from the diversity of its people. The Company has a Diversity and Inclusiveness Policy and is committed to developing a diverse and inclusive workforce and providing a respectful environment free from discrimination.

The Company believes that recruitment and promotion of people should be based on merit, regardless of race, gender or gender orientation, age, relationship or family status, disability, sexual orientation, nationality, political or religious beliefs, or any other factor not relevant to an employee's competence and performance. The Company is focused on eliminating bias in all its forms. No form of unlawful discrimination will be tolerated.

The Board has not set measurable objectives for achieving gender diversity however there has been progress made in recruiting women into what is considered a traditionally male dominated industry. With 20 full time employees, 10 are female, and 1 is non-binary.

Women occupy the senior positions of Chief Financial Officer, Group Human Resources Manager, Community, Environment and Cultural Compliance Manager and Company Secretary.

The Company is not a 'relevant employer' as defined under the Workplace Gender Equality Act.

A copy of the Diversity and Inclusiveness Policy can be found on the Company website www.kglresources.com.au.

BOARD EVALUATION

KGL is currently a small single project company. The Company is yet to develop a procedure for evaluating the performance of the Board as the outcomes related to the project align with the outcomes required of the Board. As the Company advances the development of the Jervois Copper project, consideration will be given to how best to structure a Board performance review.

SENIOR EXECUTIVE EVALUATION

As the Company advances the Jervois Copper project, consideration will be given to the appropriate structure of the executive roles within the Company. As positions are filled, the Board, in conjunction with the Remuneration Committee, will consider the processes for evaluating the performance of senior executives.

STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

NOMINATION COMMITTEE

The Board has a Remuneration Committee that considers matters of nomination as part of its function. The Committee is currently comprised of two independent directors.

The current Committee members are:

Mr Jeff Gerard (Chairman, Independent Non-executive Director),

Mr Ian Williams (Independent Non-executive Director).

The details of meetings held and attendances by Committee members can be found in the Directors' Report.

The Remuneration Committee Charter is listed on the Company's website under the Corporate Governance section.

BOARD SKILLS

Directors recognise the following skills as being either essential or desirable to the effective operation of the Board. An assessment is made as to whether these skills are required from the members of the Board or whether they are better sourced through a consultant. External consultants have been used on a limited basis.

The directors have undertaken an assessment of their skills against the following skills list subsequent to the end of the reporting period.

Skills required:

- Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company.
- Financial performance.
  - qualifications and experience in accounting and/or finance,
  - oversight of budgets and efficient use of resources,
  - analysis of financial statements,
  - critical assessment of financial viability and performance,
  - strategic financial planning capabilities, and
  - oversight of funding arrangements and accountability.
- Legal.
  - formal legal qualifications, and /or
  - understanding of the legal framework in which companies operate.
- Risk and compliance oversight.
  - ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
- Corporate governance.
  - knowledge and experience in best practice corporate governance, particularly in the context of listed company requirements, including Corporate Governance Guidelines.
- Major transactions.
  - experience at a board level of overseeing and managing large acquisitions, divestments, joint ventures etc.
- Financial/equity market experience.
  - experience in and understanding of the fundamentals and operation of financial/ equity markets.
- Experience at an executive level.
  - appointment and evaluation of the performance of senior executives,
  - oversight of strategic human resource management including workforce planning and employee and industrial relations; and
  - oversight of large-scale organisational change.
- Commercial and technical experience.
  - a broad range of commercial/business and technical experience.
- Metals industry experience.
  - a thorough understanding of the metal/ copper industry, including metals production, key stakeholders, geology and exploration, marketing and logistics.
- Mine development and operation experience.

  A thorough understanding of the issues involved in developing and operating a mine in Australia including:

  - knowledge of relevant mining legislation,
  - mine planning, design and feasibility experience,
  - safety and environmental issues,
  - native title requirements,
  - product processing, and
  - infrastructure requirements.

INDEPENDENT DIRECTORS

The Board currently has two independent, non-executive directors: **Mr Jeff Gerard** and **Mr Ian Williams.**

The Board is actively searching for an additional independent, non-executive director.

The composition of the Board sub-committees was recently reviewed and, at that time, the Board considered the independence of each of the directors on the sub-committees.

The length of service of all directors is disclosed in the Directors' Report.

CHAIRMAN AND CEO ROLES

Mr Denis Wood re-joined the Board in March 2022. On the resignations of Mr Simon Finnis and Mr Peter Hay in May 2022, Mr Wood became the Executive Chairman of the Board.

The Company is actively searching for a replacement CEO. On appointment, Mr Wood's role will revert to Non-executive Chairman.

DIRECTOR INDUCTION AND PROFESSIONAL DEVELOPMENT

New directors undergo an induction process which includes receiving a briefing from the Chairman and/or CEO of the Company, being provided with copies of all reports and announcements relevant to the Company's recent activities and developments and, when possible, a site familiarisation visit.

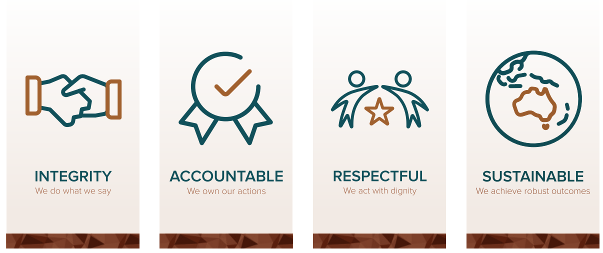
The current Board members have many years' experience, particularly in resources projects, and therefore come with a thorough understanding of what is required to perform their roles as directors. The Audit and Risk Committee, via the Chief Financial Officer (**CFO**), is regularly updated on developments in laws, regulations and accounting standards relevant to the Company.

INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

COMPANY VALUES

The Company has developed a set of guiding principles and norms that define the type of Company it aspires to be and outline its expectations of its directors, senior executives and employees in order to achieve that aspiration.

All policies and procedures use these values as the basis for development.



CODE OF CONDUCT

The Company's Code of Conduct outlines what is expected of everyone who works for KGL with respect to responsibilities to shareholders, employees, customers, suppliers, consumers and the broader community.

The Code of Conduct applies to everyone who works for the Company – directors, officers, employees and contractors – and covers business activities with all stakeholders in Australia and overseas.

The Code of Conduct is to be read in conjunction with the Company's policies and procedures and other relevant documents including employment contracts.

A copy of the Code of Conduct can be found on the Company's website www.kglresources.com.au.

WHISTLEBLOWER POLICY

The Company has introduced a comprehensive Whistleblower Policy that states the Company's commitment to doing business in an open and accountable way through supporting a culture of honest and ethical behaviour. The Company recognises that an important aspect of this is that individuals feel confident about reporting any concerns they may have about suspicious activity or wrongdoing in relation to business activities without fear of harm or reprisal.

The policy details the process that should be followed to enable the protection of the whistleblower as well as the reporting requirements for issues raised.

A copy of the Whistleblower Policy can be found on the Company's website www.kglresources.com.au.

ANTI-BRIBERY AND CORRUPTION

The Company has an Anti-bribery and Corruption Policy that details its commitment to a zero-tolerance for bribery and corruption in all business dealings in every country it operates in, or procures business or supplies from.

The policy details the objectives that KGL is accountable for and the accountabilities of its employees and contractors.

A copy of the Anti-bribery and Corruption Policy can be found on the Company's website www.kglresources.com.au.

SAFEGUARDING THE INTEGRITY OF CORPORATE REPORTS

AUDIT COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices,
- the Company's risk profile and risk policies,
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The specific responsibilities and functions of the Committee in relation to audit, as set out in the Charter, are:

- assessing whether the Company's external reporting is consistent with the information and knowledge of members of the Audit and Risk Committee and whether it is adequate for the needs of the Company's shareholders,
- assessing the management processes supporting external reporting,
- overseeing the development, implementation and review of the procedures for selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners,
- making recommendations to the Board about the appointment and removal of the Company's external auditor,
- assessing the performance and independence of the Company's external auditors, including confirming that provision of non-audit services by the Company's external auditors has not compromised the auditor's independence (if the Company's external auditor provides non-audit services),
- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes,
- monitoring, reviewing and assessing the propriety of related party transactions, and
- implementing comprehensive risk management systems across the Company.

The Committee is comprised of two directors, both of whom are independent.

The committee members are:
Mr Ian Williams (Chairman, Independent Non-executive Director),
Mr Jeff Gerard (Independent Non-executive Director).

The Committee meets with the external auditor without management present on general matters concerning the audit and the financial management of the Company. The Chair of the Audit Committee reports to the Board on the Committee's discussions, conclusions and recommendations.

The Committee reviews the performance of the external auditor, most regularly after the release of the annual financial statements, to ensure that the auditor has provided an efficient and effective audit. The Committee is responsible for recommending to the Board the removal of the auditor if, in its opinion, the auditor is not meeting the standards required by the Committee. The appointment of new auditors would also be recommended by the Committee. Partner rotation complies with the requirements of the *Corporations Act 2001*.

The qualifications and experience of the Committee members, and the number of meetings attended by each during the reporting period, is detailed in the Company's Directors' Report and/or on the Company's website.

EXECUTIVE CHAIRMAN AND CFO DECLARATIONS

The Company requires the Executive Chairman and Chief Financial Officer to provide the Board with their written opinion stating:

- that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position of the entity in accordance with Section 295A of the *Corporations Act 2001*; and
- that this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

VERIFY CORPORATE REPORTS NOT AUDITED

Any periodic corporate reports that are released to the market are prepared or reviewed by the Company's CFO. In relation to the Quarterly Cashflow Report, the Executive Chairman and CFO make a declaration that:

- the financial records of the Company/disclosing entity have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*,
- the financial statements on which the Quarterly Cashflow Report is based are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

MAKE TIMELY AND BALANCED DISCLOSURE

CONTINUOUS DISCLOSURE OBLIGATIONS

The Board approved a Continuous Disclosure Standard (the **Standard**) that sets out what information must be disclosed, what exemptions may apply and the importance of confidentiality. The Standard is applicable to all directors and employees and details how to report potentially disclosable information. Personnel who are authorised to speak on behalf of the Company are approved by the Chairman and the Standard imposes restrictions on the content and timing of briefings.

The ASX Continuous Disclosure Policy is listed on the Company's website www.kglresources.com.au.

ADVICE OF MARKET ANNOUNCEMENTS

All directors receive a copy of the final version of all material market announcements both prior to the announcement being released to the ASX and after confirmation has been received from the ASX that the announcement has been released to the market.

COMPANY PRESENTATIONS

The Company regularly updates its corporate presentations used for investors, the annual general meeting and conferences, and provides the ASX with copies of this material prior to the presentations. Additionally, for annual general meetings, the Company provides a written transcript of the Chairman's address to these meetings.

RESPECT THE RIGHTS OF SECURITY HOLDERS

COMPANY DETAILS AND GOVERNANCE ON WEBSITE

The Company's website contains detailed information about its business and projects. Details of the Board members and executive team are also listed.

The investor page provides helpful information to the shareholder. It allows shareholders to view all ASX and media releases, copies of annual reports and quarterly activities and cashflow statements.

The website also contains the following corporate governance documents:

- KGL Resources Limited Constitution,
- Board Charter,
- Audit and Risk Committee Charter,
- Remuneration Committee Charter,
- Bullying and Harassment Policy,
- Diversity and Inclusiveness Policy,
- Environmental Policy,
- Mental Health and Wellbeing Policy,
- Privacy Policy,
- Securities Trading Policy,
- Whistleblower Policy,
- Workplace Health and Safety Policy,
- ASX Continuous Disclosure Policy, and
- Anti-bribery and Corruption Policy.

INVESTOR RELATIONS PROGRAM

The Company has not established a formal investor relations program and the Board considers this appropriate for the Company's stage of development. The Company takes the appropriate measures to keep shareholders informed about its activities and listens to issues or concerns raised by shareholders.

Information is communicated to the members through compliance with ASX Listing Rules and the *Corporations Act 2001* by way of the Annual Report, Half-Yearly Report, Quarterly Activities Reports, Appendix 5B Cashflow Reports, the Annual General Meeting and other meetings that may be called to obtain approval for Board recommendations. In addition to this the Company releases regular progress reports and presentations to ASX to keep members abreast of developments. The Company also maintains a website – www.kglresources.com.au – where all of the Company's ASX announcements and media releases can be viewed at any time.

PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

Notices of meeting sent to shareholders comply with the 'Guideline for Notices of Meeting' issued by the ASX. In relation to the Annual General Meeting (**AGM**), shareholders are encouraged to submit questions before the meeting.

The Chairman encourages shareholders at the AGM to ask questions or make comments about the Company's projects and the performance of the Board and senior management. The Chairman may respond directly to the questions or, at his discretion, refer the question to another director or executive.

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SECURITY HOLDER RESOLUTIONS

The Company held its Annual General Meeting in May 2022 and an Extraordinary General Meeting in June 2022 with all resolutions being decided by poll. It is the Company's intention to have all resolutions, not only those considered to be substantive, decided by a poll at future meetings.

ELECTRONIC COMMUNICATIONS

The Company's Share Registry provides shareholders with an opportunity to register an email address to receive electronic communication of information provided by the Share Registry e.g. advice on Entitlement Offers, Notices of Meetings.

Additionally, the Company provides a subscription service whereby subscribers can receive advice of ASX announcements after their release to the market.

RECOGNISE AND MANAGE RISK

RISK COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices,
- the Company's risk profile and risk policies,
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The responsibilities and functions of the Committee specific to risk, as set out in the Charter, are:

- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes,
- ensuring that management has implemented a structured and comprehensive risk management system across the Company,
- reviewing, and approving for recommendation to the Board, guidelines and policies governing the oversight and management of the Company's material business risks, including the processes by which management assesses, manages and controls the Company's exposure to risk; and
- monitoring material changes to the Company's risk profile.

The Committee is currently comprised of two directors both of whom are independent.

The Committee members are:

Mr Ian Williams (Chairman, Independent Non-executive Director),

Mr Jeff Gerard (Independent Non-executive Director).

The Committee, and more generally the Board, has reviewed the risk management framework provided by management.

RISK MANAGEMENT FRAMEWORK

The Board considers risks specific to each stage of development and a comprehensive risk assessment is undertaken at each stage. As the Company is rapidly changing, it is considered appropriate to assess risk at each stage of development and following each program.

A risk workshop has been undertaken and a detailed assessment and management strategy has been applied to each of the risk areas identified. The risks have been broadly divided into business risks, project risks and operational risks to enable detailed control mapping and accountabilities to be established.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit function and considers this appropriate for the size of the Company and the stage of its development.

The Audit and Risk Committee meets at least three times a year to receive and consider reports on, and monitor and discuss, known and emerging risk and compliance issues, including non-financial operational and other business risks.

In support of the functions of the Audit and Risk Committee, the Company's managers are directly responsible for risk management in their respective areas of accountability.

Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the directors and where appropriate, these risks are managed with the support of relevant external professional advisers. The Board receives monthly reports to ensure that management is appropriately addressing the risks to the Company. Specifically, a compliance register is presented in each monthly report detailing the major items that the Company must adhere to. The register provides specifics of actions taken to ensure compliance.

MATERIAL EXPOSURE TO ENVIRONMENTAL OR SOCIAL RISKS

The Company has this year prepared its inaugural Sustainability Report. Material environmental and social risks are dealt with as part of this report. It is the Company's intention to update the Sustainability Report on an annual basis.

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REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee. The Committee is comprised of two independent directors.

The current Committee members are:

Mr Jeff Gerard (Chairman, Independent Non-executive Director),

Mr Ian Williams (Independent Non-executive Director).

The Committee has oversight of:

- the integrity of the Company's remuneration practices,
- the Company's remuneration, including the remuneration of executives; and
- the Company's compliance with applicable legal and regulatory obligations.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities as they relate to remuneration. Specifically, these include, but are not limited to, overseeing:

- remuneration levels of the Board and senior management and recommending changes as appropriate,
- management incentive schemes including employee short-term and long-term incentives,
- the identification of material risks insofar as they relate to remuneration matters; and
- the review and recommendation of guidelines and policies for the management of material business risks.

The details of meetings held and attendance by Committee members can be found in the Directors' Report.

The Remuneration Committee Charter is presented on the Company's website under the Corporate Governance section.

REMUNERATION POLICIES AND PRACTICES

With a small number of executive roles, the Company takes an individual approach to setting the remuneration. Annually and, if required, more frequently, the Remuneration Committee receives a report on the employment conditions of staff, including the executives, referencing external salary surveys to ensure that the Company's employment conditions remain competitive. As the Company progresses the development of the Jervois Copper project and the number of roles increases, policies and practices will be established.

The responsibility of the Remuneration Committee in respect of performance reviews is to:

- review and recommend to the Board for approval the individual goals for executives,
- review and recommend to the Board for approval the Company goals; and
- assist the Board in relation to the performance evaluation of executives, including reviewing performance against pre-determined individual goals and the terms of their employment contracts and advising the Board of the outcomes of the performance reviews and any recommended actions.

The directors are paid a fixed remuneration per month.

Full details of payments to executives can be found in the Remuneration Report as part of the Directors' Report section of the Annual Report.

EQUITY BASED REMUNERATION RISK

The Company has a Securities Trading Policy. This policy strictly prohibits directors and employees from entering into any transaction that is designed to limit the economic risk of a holding in unvested KGL Resources Limited securities.

A full copy of the Securities Trading Policy can be found on the Company's website www.kglresources.com.au.

KGL RESOURCES

KGL RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

ABN 52 082 658 080

Financial Report

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

KGL RESOURCES

Financial Report Contents

Directors' Report

Your directors present their report on the consolidated entity (or **Group**) consisting of KGL Resources Limited and the entities it controlled at the end of, or during, the six-month period ended 30 June 2022. All amounts are in Australian dollars unless otherwise stated.

In January 2022, the Board resolved to change the financial year end of the Group from 31 December to 30 June to align the financial statements with the Group's taxation year-end. Accordingly, this financial report is for the six-month period ended 30 June 2022.

DIRECTORS

The following persons were directors of KGL Resources Limited (**Company**) during the whole of the financial period and up to the date of this report, unless otherwise stated.

DIRECTOR	ROLE	CHANGES IN TENURE
Current Directors		
Mr D. Wood	Executive Chairman	Appointed 18 March 2022 [1]
Mr F. Purnamasidi	Non-executive Director	
Mr J. Gerard	Independent Non-executive Director	Appointed 31 May 2022
Mr I. Williams	Independent Non-executive Director	Appointed 14 June 2022
Former Directors		
Mr P. Hay	Independent Chairman	Resigned 31 May 2022
Mr S. Finnis	Managing Director and Chief Executive Officer	Resigned 20 May 2022
Mr D. Gately	Independent Non-executive Director	Resigned 31 May 2022
Mr S. Mallyon	Independent Non-executive Director	Resigned 21 March 2022

1 Following his resignation from the position of Executive Chairman on 30 August 2021, Mr Wood was reappointed to the Board on 18 March 2022 and resumed the position of Executive Chairman on 18 May 2022.

REVIEW OF OPERATIONS

Jervois Project Feasibility Study

In January 2022, the Company announced a delay to the expected publication of its Jervois Feasibility Study. It had been expected that the Jervois Feasibility Study would be completed in Q1 2022, however industry-wide challenges including COVID-19 related restrictions impacting site activities led to a delay in completing the Jervois mineral resource and ore reserve updates, subsequent finalisation of the optimised mine plan and, therefore, the completion of the Feasibility Study itself.

Whilst the initial delay to mid-2022 was disappointing, it allowed the Group to include high-grade November 2021 Rockface drilling results in the mineral resource update and has added to mineral resources for the study base case, assisting with the Group's goal of improving upon the Pre-feasibility Study mine life of 7.5 years to a minimum of 10 years.

In the latter half of the reporting period, the Company announced it would delay delivery of the Feasibility Study further, in part due to the continuing challenges of finalising the study in a highly volatile inflationary environment, and exacerbated by continued labour and material shortages, low contractor availability and an unfavourable downturn in global markets and macro-economic conditions, at least in the short term. Additional resource drilling was also identified as being required at the Bellbird deposit, in order improve the confidence of inferred resources, and enable them to be converted to indicated resources for the purpose of inclusion in the Feasibility Study mine plan.

The Group has sought to use the Feasibility Study delay positively and to take advantage of incorporating the elements of the domestic offtake agreement with Glencore International AG (**Glencore**), executed in April 2022, into the mine plan that underpins the study. Additionally, there have been further refinements to operating and capital expenditures.

REVIEW OF OPERATIONS (CONTINUED)

Offtake Agreement Executed with Glencore International AG

During the period, the Group finalised an offtake agreement with Glencore. This will provide significant benefits to the project in terms of reduced haulage and transport costs, allow for mining and processing efficiencies, working capital efficiencies and a lower carbon footprint.

Major terms include:

- Evergreen Agreement with minimum 5-year term from commercial production.
- Material will be delivered by the Group to Glencore's Mount Isa copper smelter.
- Benchmarked pricing for payables – copper, silver and gold.

The offtake agreement is evergreen and will continue beyond the minimum term until either party terminates it by giving 2 years' prior notice. The sale price for the copper concentrate is volume based and calculated by reference to the LME cash settlement price for copper, with silver and gold credits (subject to minimum 'payable' limits) and adjustments for penalties, treatment and refining charges and a freight credit. The offtake agreement is subject to other customary terms and conditions, including processes for assaying, weighing, sampling and moisture determination in relation to the concentrate, and contains relevant force majeure clauses. The current schedule, to be confirmed as part of the Feasibility Study, and Final Investment Decision has the Project in the development phase 1H 2023, however the offtake agreement is conditional upon finance being secured by no later than 30 September 2025, or commercial production by no later than 31 December 2025.

Establishing a new copper hub in this region of the Northern Territory will promote regional development in Northern Australia and have significant positive flow on effects in the local communities of Jervois, Alice Springs, Darwin and Mt Isa and provide further support for Glencore's Mt Isa copper smelter. Processing the copper domestically will also enhance Australia's security of supply which is becoming increasingly important for nations hoping to develop green energy industries and supply chains.

Exploration – Resource Upgrades

Activity throughout the period has included exploration of the highly prospective Jervois tenements, following up on DHEM (Downhole Electromagnetic) surveys, and additionally providing resource in-fill drilling data for potential reserve upgrades as part of the delivery of the project Feasibility Study.

The Group employed two drill rigs at the Jervois Copper Project (Jervois) from January 2022 to April 2022, with their initial focus on drilling targets at Cox's Find (Q1 2022).

From April to June 2022, one drill rig was demobilised from site, and the remaining rig concentrated on resource infill drilling at the Bellbird deposit, to improve the confidence in copper resources at Jervois for the purposes of completing the Feasibility Study and updating the Ore Reserve.

Labour shortages, interstate travel disruption and supply chain issues caused by COVID-19 have continued to increase the costs of completing the exploration program.

Following on from the 2021 calendar year in-fill drilling program, the Company delivered resource upgrades to existing resources across all three known resource deposits. These results, together with the detailed geological reports, were released to the market in January and February 2022 and are summarised in Figure 1 below.

The mineral resource estimates for Reward, Bellbird and Rockface were completed by experienced and independent consultants, Mining Associates Pty Ltd. The updated mineral resource estimates incorporated the results from drilling during 2021 along with drilling results from earlier times. The estimates were reported in the last Annual Report published 23 March 2022. Subsequent to period end, the resources for Bellbird were updated to reflect the latest RC drilling results, which were upgraded to include measured resources for the first time.

As at the date of this report, the total Jervois Mineral Resource is **23.8Mt @ 2.02% Cu, 25.3g/t Ag and 0.25g/t Au** (Indicated and Inferred) containing 481kt of copper metal, 19.3Moz of silver and 189.6koz of gold.

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Resource Upgrades (continued)

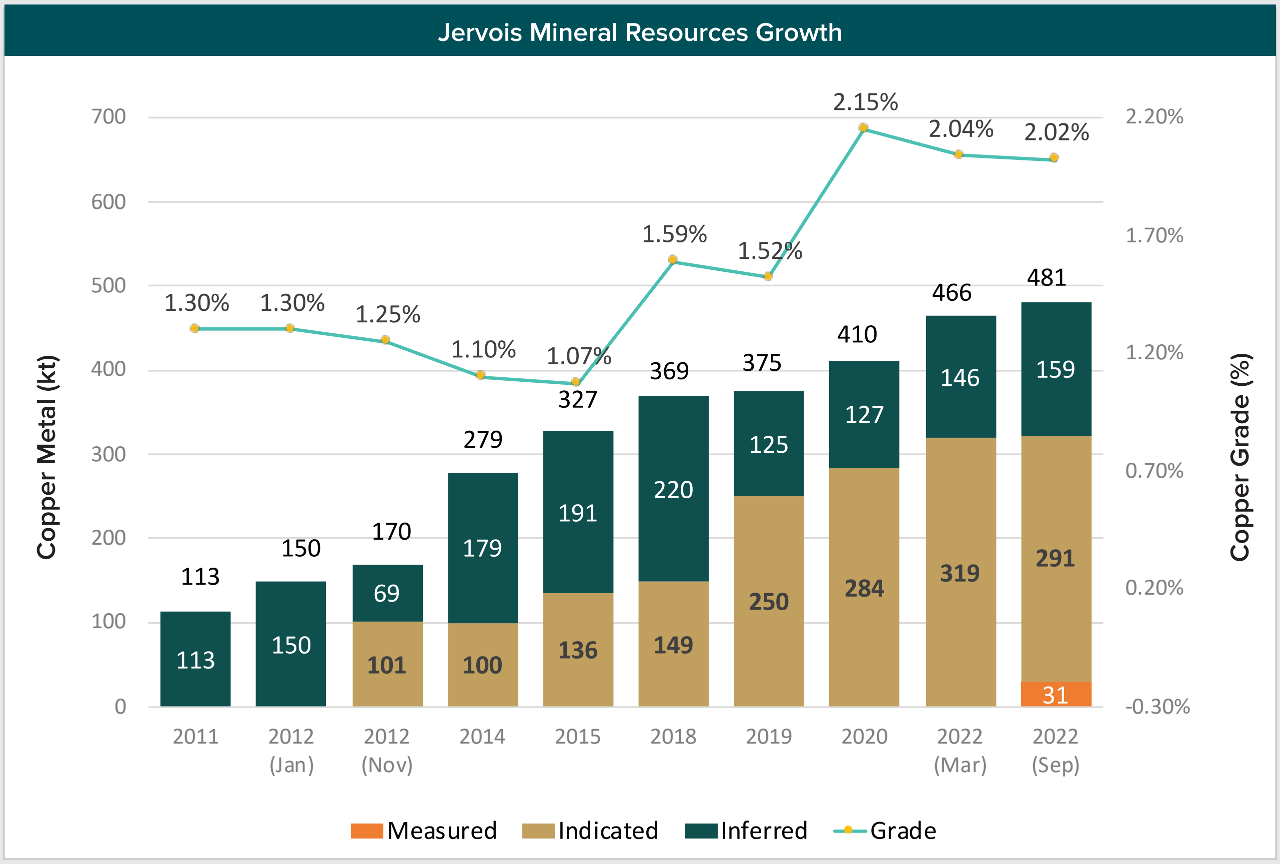


Figure 1: Resource development at Jervois Project 2011 – 2022

In late May 2022, it was determined that several more drill holes and supporting assay results were required at Bellbird to bring more resources from Inferred classification up to Indicated to enable inclusion in the Feasibility Study mine plan. The rig on site was re-directed to prioritise these targets for finalisation of the Feasibility Study.

Exploration – Other

In early March 2022, the Company reported the results of several 'greenfield' exploration holes which were designed based on modelling built from existing and updated IP Surveys and DHEM surveys conducted between June and September 2021.

DHEM surveys were carried out in 16 holes with several highly prospective exploration targets identified for follow up. This program included 2 surveys at Rockface after encountering massive sulphides in the Rockface North lens at depth.

A total of 10 holes were drilled, totalling 4,769.1metres, to test anomalies identified during the 2021 IP program, and additional targets that required follow up drilling.

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Other (continued)

The IP modelling and interpretation define strong anomalies coincident with the known deposits of Reward, Rockface and Bellbird. Several other significant IP anomalies are evident, which were un-tested, or inadequately tested, by drilling. These anomalies include Cox's Find South, Reward North/Becana/Pioneer, Reward South, and Bellbird South and are displayed in Figure 2.

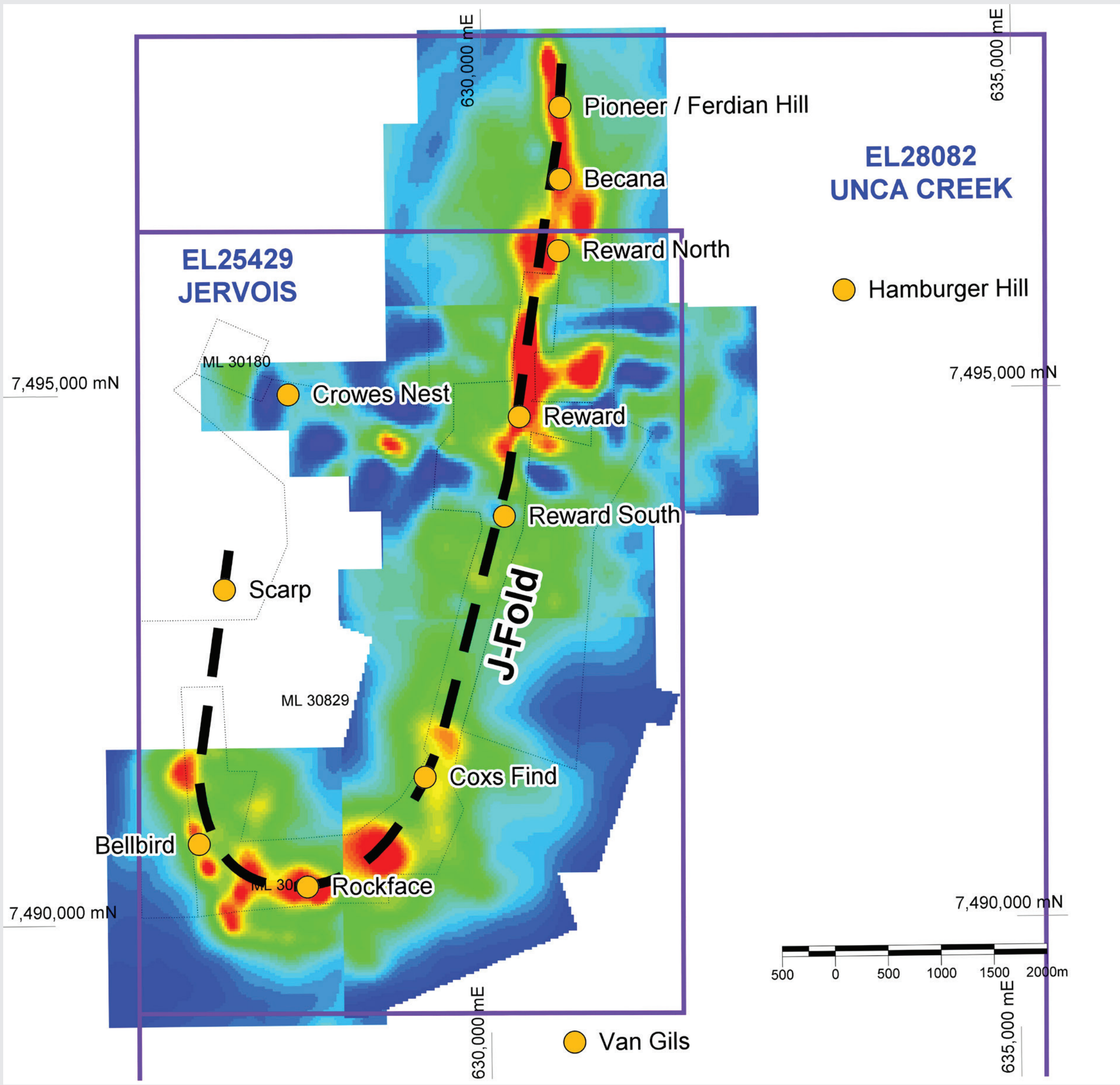


Figure 2: IP Chargeability depth slice at 100m RL (approximately 250m below surface). Warmer colours indicate higher chargeability

Assays returned from the drilling work above confirmed mineralisation at Cox's Find, where hole KJCD482 was drilled into a large IP anomaly and intersected chalcopyrite, pyrite and bornite mineralisation which assayed: at 2.53m (Estimated True Width) @ 1.92% Cu and 14.7 g/t Ag from 523m downhole. DHEM results from KJCD482 showed a large (700x500m), low conductance target correlated with the copper mineralisation at this depth. The Cox's Find South target is near the planned underground mine at Rockface.

At Reward South Silver, one hole, KJCD423X was extended and, along with 2 other nearby holes, surveyed by DHEM. Modelling and analysis of the DHEM defined strong conductors associated with intense silver and polymetallic base metal sulphide mineralisation in KJCD415 and KJCD416. The EM modelling indicates that the mineralisation may extend further up dip.

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Other (continued)

South of Reward, the IP response is very deep and consequently the strength of the anomaly is attenuated. This deep target has never been drilled but deeper intersections in the south end of Reward in KJCD434 lend encouragement to the prospectivity of this target, notably in KJCD434 where 3.31% Cu and 13.7 g/t Ag over 3.65m ETW from 495.13m was encountered.

At Bellbird South four exploration holes (including two deep holes KJCD484 and KJCD486) were drilled targeting Orion and MIMDAS (2001) IP anomalies. Zones of disseminated pyrite and occasional chalcopyrite intersected in the drilling are considered sufficient to explain the IP responses. The four holes were surveyed by DHEM, but no significant conductors were detected. The results of this work program downgrade the ranking of the Bellbird South target.

Work also continued on expanding the high-grade copper resource and mine life with high priority targets identified for near mine extensions of existing resources (Reward Gap and East Lodes, Reward Marshall Deeps and Rockface).

The most significant result at Reward East was an 11.21m intersection @ 1.71% Cu, 20.3 g/t Ag from 329.7m and 1.62m1 @4.86% Cu, 67.2 g/t Ag from 348.14m (Hole KJCD533). The most significant result at Reward Marshall Deeps was a 4.42m intersection @2.21% Cu, 19.9 g/t Ag and 0.14 g/t Au from 763.2m (Hole KJCD529).

The results of recent holes are important as they demonstrate an increased confidence in the Reward East Lode and a continuity of the copper mineralisation in the southern part of Reward enhancing prospectivity at depth. The recent results also enhance the prospectivity of nearby IP and gravity anomalies at depth and south of Reward Marshall Deeps.

The Jervois and Unca Creek deposits remain under-explored and highly prospective for high grade copper, gold and silver. Our understanding of the geological structures continues to grow and our focus going forward will be on identifying additional high grade near mine extensions to the current resource.

Capital Raising

On 13 April 2022, the Company announced a 1 for 6 non-renounceable entitlement offer for fully paid ordinary shares in the Company at an offer price of $0.37 per share to raise up to $24.2 million. The offer was not underwritten and was subject to a minimum raise of $9.9 million.

In total, the entitlement offer raised $23,041,369 before costs of $192,651. The proceeds will be used to complete work on the Feasibility Study. It will also add to working capital, strengthening the balance sheet as the Company moves towards a final investment decision in respect of the development of the Jervois Copper Project.

Board and Senior Management Team

There were a number of changes to the Board and to the senior management team in the period under review as the Group looked to renew and strengthen the Board's development and operations experience, ready for the Jervois project's development phase.

At the Board level, Denis Wood, who is well known to shareholders and has an extensive knowledge of the Jervois Copper Project, re-joined the Board as a non-executive Director in March 2022. In May 2022, following the resignations of Simon Finnis as Managing Director and Peter Hay and Denis Gately as independent non-executive Directors, Jeff Gerard joined the Board as an independent non-executive Director. In June 2022, Ian Williams also agreed to join the Board as an independent non-executive Director.

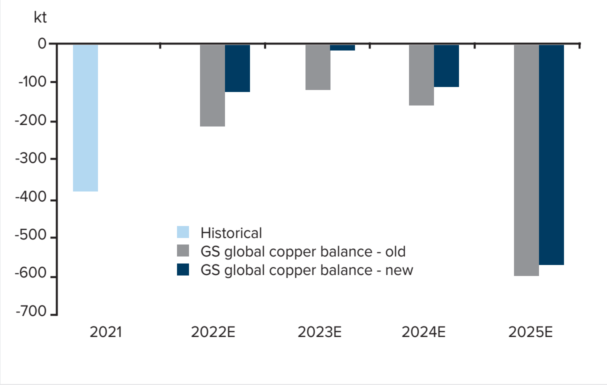
At the senior management team level, in May 2022 Simon Finnis, the Group's Chief Executive Officer since July 2021, resigned. At that time, Denis Wood, who had been instrumental in advancing the Jervois Copper Project over the preceding six years, stepped back into the position of Executive Chairman. Additionally, in May 2022, Steven Rooney joined the Group as Chief Operating Officer. Steven is a seasoned mining professional with a successful track record at senior operational levels at both open pit and underground mining operations, and multi-year experience in metalliferous mining and processing.

REVIEW OF OPERATIONS (CONTINUED)

Copper Market

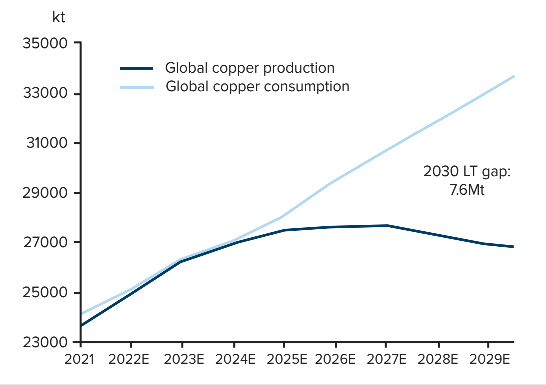
Whilst in the first half of 2022, copper and other base metal commodities have dropped back off recent all time high prices, it is forecast by several market analysts that the world is due to face a massive copper supply deficit from 2025 for at least the second half of the decade. This is due to rapidly growing demand for copper and a shortage of discoveries globally[1] with industry analysts forecasting that the global copper industry needs to spend more than $100 billion to build mines able to close what could be an annual supply deficit of 6.0 million tonnes over the next decade.

Goldman Sachs have made softening adjustment to the global copper balance on rising recession risks particularly in Europe



Source: Goldman Sachs Global Investment Research, ICSG

Long-term supply gap remains unsolved, with widening mid-term deficits



Source: Woodmac, Goldman Sachs Global Investment Research

The Board is convinced that the growing demand for copper and the absolute essential requirement for copper to meet the growing global requirement for carbon dioxide emissions reduction will continue to support the investment proposition of the project.

FINANCIAL REVIEW

For the six-month period ended 30 June 2022, the Group has recorded a loss after income tax of $1,676,050 (year ended 31 December 2021: loss of $2,325,072).

A total of $10,151,546 was capitalised to Exploration and Evaluation Assets during the period (year ended 31 December 2021: $16,114,231).

The Group's cash reserve as at 30 June 2022 was $23,271,256 (31 December 2021: $12,742,972) including $19,455,014 (31 December 2021: $8,500,041) in term deposits.

CAPITAL RAISING

On 13 April 2022, the Company announced a 1 for 6 non-renounceable entitlement offer for fully paid ordinary shares in the Company at an offer price of $0.37 per share to raise up to $24.2 million. The offer was not underwritten and was subject to a minimum raise of $9.9 million.

The entitlement offer closed on 5 May 2022 with the Company having received valid applications for 62,273,962 new ordinary shares representing approximately 95.2% of the 65.39 million shares offered to shareholders. The Company issued 55,773,961 new ordinary shares on 12 May 2022.

A further 6,500,001 new ordinary shares subscribed for by KMP Investments Pte Ltd (a related party of the Company) were approved for issue by shareholders at an Extraordinary General Meeting of the Company held on 28 June 2022. These new ordinary shares were issued on 28 June 2022.

1. Bold Baatar, Head of Rio Tinto's Copper Division

CAPITAL RAISING (CONTINUED)

In total, the entitlement offer raised $23,041,369 before costs of $192,651. The proceeds will be used to complete work on the Feasibility Study. It will also add to working capital, strengthening the balance sheet as the Company moves towards a final investment decision in respect of the development of the Jervois Copper Project.

MATERIAL BUSINESS RISKS

The Group's exploration and mining operations will be subject to the normal risks of mining and any revenues will be subject to numerous factors beyond the Group's control. The material business risks that may affect the Group are summarised below.

Future Capital Raisings

The Group's ongoing activities may require substantial further financing in the future, in addition to amounts raised pursuant to the entitlement offer completed in May 2022. The Group will require additional funding to bring the Jervois Copper Project into commercial production. Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price and debt financing, if available, may involve restrictive covenants which limit the Group's operations and business strategy. Although the directors believe that additional capital can be obtained, no assurances can be made, especially given the impact of the COVID-19 pandemic, that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Group's activities and could affect the Group's ability to continue as a going concern.

Exploration Risk

The success of the Group depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Group's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Group's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Group and possible relinquishment of the tenements. The exploration costs of the Group are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Group's viability. If the level of operating expenditure required is higher than expected, the financial position of the Group may be adversely affected. The Group may also experience unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Feasibility and Development Risks

It may not always be possible for the Group to exploit successful discoveries which may be made in areas in which the Group has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Group's. There is a complex, multidisciplinary process underway to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected. There is also a risk that, even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.

MATERIAL BUSINESS RISKS (CONTINUED)

Regulatory Risk

The Group's operations are subject to various Commonwealth, State and Territory and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that the Group will be successful in maintaining such authorisations in full force and effect without modification or revocation.

To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Group may be curtailed or prohibited from continuing or proceeding with production and exploration. The Group's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Group's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Group. It is also possible that, in relation to tenements which the Group has an interest in or will in the future acquire such an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Group to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected. The Group has a registered Indigenous Land Use Agreement with the traditional owners for its Jervois Copper Project.

Occupational Health and Safety

Given the Group's exploration activities (and especially if it achieves exploration success leading to mining activities), it will face the risk of workplace injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting any future mining activities of the Group can be dangerous. The Group has, and intends to maintain, a range of workplace practices, procedures and policies which will seek to provide a safe and healthy working environment for its employees, visitors and the community. Of particular concern will be operating and managing health and safety in an environment where COVID-19 remains a major concern.

Limited Operating History of the Group

The Group has limited operating history on which it can base an evaluation of its future prospects. If the Group's business model does not prove to be profitable, investors may lose their investment. The Group's historical financial information is of limited value because of the Group's lack of operating history and the emerging nature of its business. The prospects of the Group must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

Key Personnel

In formulating its exploration programs, feasibility studies and development strategies, the Group relies to a significant extent upon the experience and expertise of the directors and management. A number of key personnel are important to attaining the business goals of the Group. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Group to conduct its business and, accordingly, affect the financial performance of the Group and its share price. Recruiting and retaining qualified personnel is important to the Group's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

MATERIAL BUSINESS RISKS (CONTINUED)

Resource Estimate Risk

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Group's future plans and ultimately its financial performance and value. Copper and gold price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

Environmental Risk

The operations and activities of the Group are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, the Group's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Group attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Group's business, financial condition and performance.

Availability of Equipment and Contractors

Prior to the COVID-19 pandemic, appropriate equipment, including drill rigs, was in short supply. There was also high demand for contractors providing other services to the mining industry. The COVID-19 pandemic has only served to exacerbate these issues. Consequently, there is a risk that the Group may not be able to source all the equipment and contractors required to fulfil its proposed activities. There is also a risk that hired contractors may underperform or that equipment may malfunction, either of which may affect the progress of the Group's activities.

Fluctuations in Copper Price and Australian Dollar Exchange Rate

The copper mining industry is competitive. There can be no assurance that copper, silver and gold prices will be such that the Group can mine its deposits at a profit. Copper, silver and gold prices fluctuate due to a variety of factors including supply and demand fundamentals, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns and speculative activities. These fluctuations were exacerbated by the COVID-19 pandemic, the conflict between Ukraine and Russia, the inflationary outlook and forecast economic slowdown in 2022. Similarly, demand and supply of capital and currencies, forward trading activities, relative interest rates and exchange rates and relative economic conditions can impact exchange rates.

Climate Change Risk

The operations and activities of the Group are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Group operates.

The Company is working proactively to increase the level of renewal energy penetration at its Jervois project, and is considering a range to technologies that could be applied to the project for the benefit of all stakeholders.

MATERIAL BUSINESS RISKS (CONTINUED)

Macro-Economic Risks

In 2022, the world continues to recover from the COVID-19 pandemic, with global supply chains, labour and equipment shortages still being materially affected. China's retention of a COVID-19 elimination strategy in 2022 is also slowing the Chinese economy, which has flow on effects to the global economy, including Australia, given China is such a large global trading partner.

Inflationary pressures for appropriately skilled labour and capital items are being seen across many industries, including mining. Current domestic and international inflation is at levels not since the 1970's and 1980's, triggering rising interest rates globally; a situation that has been driven by post pandemic issues and by spiking energy prices, triggered by the recent conflict between Ukraine and Russia. The negative economic outlook has affected world capital markets, with major global indices reducing by up to 20% in the first half of 2022 (S&P 500: 20.6%). These conditions are expected to persist in the short term.

Australia now has unrestricted international borders, however further disruptions may be experienced as the pandemic moves into the endemic phase, with waning vaccine effectiveness and possible new COVID-19 variants, which could cause subsequent disruptions to businesses nationwide.

SHARES UNDER OPTION

At the date of the report, the unissued ordinary shares of the Company under option are as follows:

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NO. OF OPTIONS
Options issued 23 June 2021	22 Jun 2026	–	458,000
Options granted 4 May 2022, issued 11 August 2022	10 Aug 2027	–	480,000

During the six-month period ended 30 June 2022, no shares were issued on exercise of options and no shares relating to the exercise of options have been issued since the end of the financial period. Holders of options do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

DIVIDENDS

No dividends in respect of the current six-month period have been paid, declared or recommended for payment.

ENVIRONMENTAL REGULATION

The Group's operations in the Northern Territory are subject to significant environmental regulations under Northern Territory legislation. The Group is also subject to certain environmental obligations under the Commonwealth *Native Title Act 199*3. There have been no breaches by the Company or its subsidiaries.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Access, Insurance and Indemnity with each of the directors and the company secretary, indemnifying them against certain liabilities and costs to the extent permitted by law.

The Company has also agreed to pay a premium in respect of a contract insuring the directors and officers of the Company. Full details of the cover and premium are not disclosed in this report as the insurance policy prohibits the disclosure.

NON-AUDIT SERVICES

No amounts have been paid or are payable to the auditor for non-audit services provided during the six-month financial period. Refer to Note 24 of the financial statements for further information on the remuneration of auditors.

OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF BDO AUDIT PTY LTD

There are no officers of the Company who are former audit partners of BDO Audit Pty Ltd.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

OTHER CORPORATE INFORMATION

Principal Activity

The principal activity of the Group during the financial period was the exploration and development of the Jervois Copper Project in the Northern Territory.

Employees

The Group had 20 employees as of 30 June 2022 (31 Dec 2021: 19 employees).

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

MR DENIS WOOD

BACHELOR OF SCIENCE (GEOLOGY)

EXECUTIVE CHAIRMAN:
Appointed 28 Jul 2015
Retired 30 Aug 2021
Reappointed 18 May 2022

NON-EXECUTIVE DIRECTOR:
Appointed 18 March 2022

Mr Wood is an Australian and international mining industry director, executive and professional metallurgist and geologist with more than 45 years' experience. Following a 13-year career as a metallurgist with BHP and a further 8 years with CCI Holdings, where he reached the position of Managing Director, Mr Wood moved to Chicago to join a multinational company which supplied a complete range of services to the mining industry.

On his return to Australia, Mr Wood held multiple directorships of Australian based resource companies including executive directorships with Australian Premium Coals and Talbot Group.

Special Responsibilities:

- Executive Chair of the Board from 18 May 2022.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- 42,019,437 ordinary shares.

MR FERDIAN PURNAMASIDI

BACHELOR OF COMMERCE

DIPLOMA OF BUSINESS MANAGEMENT

NON-EXECUTIVE DIRECTOR:
Appointed 26 Apr 2016

Mr Purnamasidi is an executive at the Salim Group and a representative for KMP Investments Pte Ltd, a subsidiary of Salim Group. He is responsible for managing the Salim Group's investments in Australia. The Salim Group is a diversified multinational business group which owns various interests in mining, food products, agribusiness, retail, automobile, banking and financial and property sectors.

Mr Purnamasidi is also the Managing Director of Mach Energy Australia Pty Ltd which owns the world-class Mt Pleasant coal operation in the Hunter Valley region, New South Wales.

Special Responsibilities:

- None.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- 753,847 ordinary shares.

INFORMATION ON DIRECTORS (CONTINUED)

MR JEFFERY GERARD

GRADUATE OF CAPRICORNIA INSTITUTE OF ADVANCED EDUCATION (CIAE)

GRADUATE OF AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS (GAICD)

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 31 May 2022

Mr Gerard has over 40 years' experience in the resources industry, both domestically and abroad, in various technical, operational, commercial and executive management roles. His wide-ranging career has included roles as Chief Operating Officer for Xstrata Coal's operations in the Americas and Xstrata Coal South Africa. Following Glencore's 2013 merger with Xstrata, Mr Gerard served as Chief Development Officer for Glencore Coal and then as CEO of TSX-listed Katanga Mining, a subsidiary of Glencore, and as head of Glencore's assets in the Democratic Republic of Congo.

Following his retirement from Glencore in 2020, Mr Gerard established a management consulting business providing services to domestic and international companies in the areas of business strategy, technical evaluations, funding, investment and divestments.

Special Responsibilities:
- Chair of the Remuneration Committee.
- Member of the Audit and Risk Committee.

Other Current Directorships of ASX Listed Companies:
- Atrum Coal Limited.

Former Directorships of ASX Listed Companies in Last Three Years:
- None.

Interests in Shares and Options:
- None.

MR IAN WILLIAMS

GRADUATE OF SYDNEY UNIVERSITY (ECONOMICS AND LAW) AND OXFORD UNIVERSITY (POLITICS, PHILOSOPHY AND ECONOMICS)

GRADUATE OF AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS (GAICD)

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 14 June 2022

Mr Williams is an experienced non-executive director and strategic adviser to companies in the energy and resources sectors. Mr Williams has been involved in every aspect of the Australian mining industry including government legislative and regulatory frameworks, project tenements, project approvals, infrastructure, commercial contracts, joint ventures, management arrangements, off-take and marketing arrangements, project financing and mergers and acquisitions.

Mr Williams was a corporate partner of international law firms Herbert Smith Freehills and Ashurst. He has been Vice-President of the Australia Japan Business Co-operation Committee since 2006 and represented both Australia and Japan in rugby union.

Special Responsibilities:
- Chair of the Audit and Risk Committee.
- Member of the Remuneration Committee.

Other Current Directorships of ASX Listed Companies:
- New Hope Corporation.
- Lindsay Australia Limited.

Former Directorships of ASX Listed Companies in Last Three Years:
- None.

Interests in Shares and Options:
- None.

INFORMATION ON DIRECTORS (CONTINUED)

MR PETER HAY

BACHELOR OF ENGINEERING (MINING)

BACHELOR OF COMMERCE

INDEPENDENT CHAIRMAN:
Appointed 30 Aug 2021
Resigned 31 May 2022

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 02 Nov 2017

Mr Hay has a Bachelor of Engineering (Mining) and Bachelor of Commerce. With over 30 years' experience in the mining industry, he has held senior positions in some of Queensland's largest resource companies, including General Manager of Pan Australian Mining Limited, Managing Director of Sedgman Limited and Joint Managing Director of Macarthur Coal Ltd. Mr Hay has extensive experience as a non-executive director of companies including Sedgman Limited and Aston Resources Limited.

Special Responsibilities:
- Chair of the Board of Directors until 31 May 2022.
- Member of the Audit and Risk Committee until 31 May 2022.
- Member of the Remuneration Committee until 31 May 2022.

Other Current Directorships of ASX Listed Companies:
- None.

Former Directorships of ASX Listed Companies in Last Three Years:
- KGL Resources Limited. Resigned 31 May 2022.

Interests in Shares and Options:
- 3,233,500 ordinary shares.

MR SIMON FINNIS

MASTER OF BUSINESS AND TECHNOLOGY

MANAGING DIRECTOR:
Appointed 30 Aug 2021
Resigned 20 May 2022

CHIEF EXECUTIVE OFFICER:
Appointed 05 Jul 2021
Resigned 20 May 2022

Mr Finnis has over 30 years of global mining experience across a range of roles. Most recently, Mr Finnis held the position of Managing Director and Chief Executive Officer of Metro Mining Limited (ASX: MMI). He has held a number of managerial and operational roles in mining in Australia and internationally including Chief Executive Officer of Grande Cote Operations (Senegal, West Africa) during its development and operational phases and Managing Director of Cloncurry Metals Limited (renamed Global Resources Corporation Limited).

Special Responsibilities:
- Chief Executive Officer until 20 May 2022.

Other Current Directorships of ASX Listed Companies:
- None.

Former Directorships of ASX Listed Companies in Last Three Years:
- Metro Mining Limited. Resigned 5 July 2021.
- KGL Resources Limited. Resigned 20 May 2022.

Interests in Shares and Options:
- None.

INFORMATION ON DIRECTORS (CONTINUED)

MR DENIS GATELY

BACHELOR OF ARTS

BACHELOR OF LAWS

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 13 Dec 2021
Resigned 31 May 2022

Mr Gately is an experienced energy and resources lawyer. He has spent the majority of his legal career with Minter Ellison, serving as head of its National Resources and Energy Industry Group, and serving as a member of its national board for nine years and as Brisbane Managing Partner for six years until his retirement in 2010. He has led transactions in minerals and oil and gas operations and development projects, both domestic and international, as well as having extensive experience in associated infrastructure.

Mr Gately has previously served as a director of Gloucester Coal Limited, Alligator Energy Limited (Chair), Xanadu Mines Limited (Chair) and Resource Generation Limited (Chair).

Special Responsibilities:

- Chair of the Remuneration Committee until 31 May 2022.
- Member of the Audit and Risk Committee until 31 May 2022.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- KGL Resources Limited. Resigned 31 May 2022.

Interests in Shares and Options:

- None.

MR STEPHEN MALLYON

BACHELOR OF BUSINESS

MASTER OF BUSINESS ADMINISTRATION (UNIVERSITY OF QUEENSLAND)

CERTIFIED PRACTICING ACCOUNTANT

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 05 Jul 2021
Resigned 21 March 2022

Mr Mallyon has spent more than 40 years in the mining and construction materials industry as well as establishing Royal Bank of Canada's investment banking operation in Sydney.
He has extensive operational and corporate finance experience with direct management of mining and development projects in Australia, Africa, South America and Asia. He has worked for major mining companies including M.I.M Holdings Limited, RGC Limited and Billiton Plc.

Mr Mallyon was previously a director of N.M. Rothchild (Australia), Managing Director of RBC Capital Markets (Australia) and Managing Director of Riversdale Mining Limited and, subsequently, Riversdale Resources Limited.

Special Responsibilities:

- Chair of the Audit and Risk Committee until 21 March 2022.
- Member of the Remuneration Committee until 21 March 2022.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- KGL Resources Limited. Resigned 21 March 2022.

Interests in Shares and Options:

- 6,119,307 ordinary shares.

COMPANY SECRETARY

MS KYLIE ANDERSON

BSC. MBA (INT. BUS.) MPA, MAICD

COMPANY SECRETARY: Appointed 02 Jan 2008

Ms Anderson has held senior financial and company secretarial roles with a number of companies in the resources sector including Felix Resources Limited and Rio Tinto Group.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors, and of each Board committee, held during the six-month period ended 30 June 2022 and the number of meetings attended by each director were:

	FULL BOARD		AUDIT AND RISK COMMITTEE		REMUNERATION COMMITTEE	
	ATTENDED	HELD[1]	ATTENDED	HELD[1]	ATTENDED	HELD[1]
Current Directors						
D. Wood	4	4	-	-	-	-
F. Purnamasidi	6	6	-	-	-	-
J. Gerard	1	1	-	-	-	-
I. Williams	1	1	-	-	-	-
Former Directors						
P. Hay	5	5	1	1	1	1
S. Finnis	5	5	-	-	-	-
D. Gately	3	5	1	1	1	1
S. Mallyon	2	2	-	-	-	-

1 Held is the number of meetings held during the time the director held office or was a member of the relevant committee..

REMUNERATION REPORT – AUDITED

The Remuneration Report, which has been audited, outlines the director and executive remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 and its regulations.

A. Remuneration Philosophy

The Group's remuneration philosophy is to ensure that remuneration packages accurately reflect employees' duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the attraction and retention of a high-quality Board and executive team members.

The key principles underpinning the Group's remuneration philosophy are:

- Remuneration that is comparable and market-competitive,
- An appropriate balance between fixed and variable (at-risk) remuneration components,
- The alignment of directors' and executives' interests with those of shareholders, and
- Fairness and transparency.

The Group's remuneration philosophy and practices are overseen by the Remuneration Committee. The Remuneration Committee is responsible for:

- Monitoring and reporting to the Board material risks insofar as they relate to people and remuneration matters,
- Reviewing on an annual basis the remuneration levels of the Board and senior management and recommending changes to the Board as appropriate,
- Overseeing management incentive schemes including employee short-term and long-term incentives,
- Developing and recommending to the Board performance goals for executives, and
- Assisting the Board in evaluating achievement of performance goals.

The Remuneration Committee considers that, to maximise stakeholder benefits, the evaluation of the performance of the executive team appropriate for the Group's present circumstances (a mining explorer, transitioning to development and, ultimately, production) should contain Key Performance Indicators (KPIs) related to the achievement of project milestones being the delivery of the Jervois feasibility study, obtaining project financing and first production. In recognition of this, zero-cost share options have been incorporated as a component of executive remuneration. The zero-cost share options are designed to reward high performance against challenging, clearly defined and measurable objectives.

REMUNERATION REPORT – AUDITED (CONTINUED)

B. Key Management Personnel

The Key Management Personnel (KMP) of the Group, comprising the executive chairman, the non-executive directors, the chief financial officer, the chief operating officer and the managing director (resigned 20 May 2022), are those individuals considered to have significant influence over the Group's operating performance and decision making. The KMP of the Group are listed in the table below. Unless otherwise indicated, KMP have held the stated position since the commencement of the financial period and up to the date of this report.

NAME	POSITION	CHANGES IN TENURE
Directors		
Mr D. Wood	Executive Chairman	Appointed 18 March 2022 [1]
Mr F. Purnamasidi	Non-executive Director	Appointed 26 April 2016
Mr J. Gerard	Independent Non-executive Director	Appointed 31 May 2022
Mr I Williams	Independent Non-executive Director	Appointed 14 June 2022
Former Directors		
Mr P. Hay	Independent Non-executive Chairman	Resigned 31 May 2022
Mr S. Finnis	Managing Director and Chief Executive Officer	Resigned 20 May 2022
Mr D. Gately	Independent Non-executive Director	Resigned 31 May 2022
Mr S. Mallyon	Independent Non-executive Director	Resigned 21 March 2022
Other KMP		
Ms A. Treble	Chief Financial Officer	Appointed 25 November 2019
Mr S. Rooney	Chief Operating Officer	Appointed 2 May 2022

1. Following his resignation from the Board of Directors on 30 August 2021, Mr Wood was reappointed to the Board as a Non-Executive Director on 18 March 2022 and as Executive Chairman on 18 May 2022.

C. Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

i) Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain non-executive directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The current aggregate remuneration so determined is $500,000. An amount not exceeding $500,000 is divided between the directors as agreed.

When appropriate, the Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. No remuneration consultants were engaged to review non-executive remuneration in the six-month period to 30 June 2022.

Each director receives a fee for being a director of the Company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services. Non-executive directors do not receive any form of equity incentive entitlement, bonus, options, other form of incentive entitlement or retirement benefits. All non-executive directors are entitled to superannuation contributions up to the statutory capped rates.

In order to align with shareholder interests, non-executive directors are encouraged to hold shares in the Company.

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Remuneration Structure (continued)

ii) Executive Remuneration

Objective

The Company aims to attract, motivate and retain high-performance, and high-quality executives, to reward them with a level of remuneration commensurate with their position and responsibilities within the Group and to align their interests with those of shareholders.

Structure

Executive remuneration has three components, a combination of which comprises the executive's total remuneration:

- Fixed remuneration comprising a base salary, employer superannuation contributions and non-monetary benefits,
- Other remuneration, including annual leave and long service leave benefits, and
- A performance-based incentive.

Executives can receive the fixed component of their remuneration in the form of cash or other fringe benefits (for example car parking benefits) where it does not create any additional costs to the Group and adds value for the executive. Any awards over and above contractual fixed remuneration and associated statutory entitlements are made at the discretion of the Board.

Upon retirement or termination, executive KMP are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under services contracts.

The Board has issued performance-based incentives, in the form of zero-cost share options, in two tranches with estimated remaining vesting periods of between 9 months and 30 months. At the completion of the option vesting period, the Remuneration Committee will review performance against the vesting criteria and advise the Board whether the criteria for vesting have been met. Performance against the vesting criteria for tranche 1 will be reviewed in March 2023.

Performance-based incentives are issued at the discretion of the Board. Until vested and exercised, zero-cost share options carry no dividend or voting rights. One ordinary share in the Company is issued on vesting and exercise of a share option.

In determining the level and make-up of executive remuneration, the Board may obtain independent advice from external consultants on market levels of remuneration for comparable executive roles. No remuneration consultants were engaged to review executive remuneration in the six-month period to 30 June 2022. It is the Board's policy that employment contracts are entered into with all the senior executives.

REMUNERATION REPORT – AUDITED (CONTINUED)

D. Relationship between Remuneration and the Company's Performance

The earnings of the Group for the five periods / years to 30 June 2022 are summarised below:

	30 JUN 2022 6 months $	31 DEC 2021 12 months $	31 DEC 2020 12 months $	31 DEC 2019 12 months $	31 DEC 2018 12 months $
Sales revenue	–	–	–	–	–
EBITDA	(1,629,523)	(2,265,958)	(1,195,375)	(2,443,690)	(1,508,769)
EBIT	(1,673,985)	(2,322,511)	(1,246,596)	(2,494,448)	(1,521,183)
Loss after income tax	(1,676,050)	(2,325,072)	(1,248,140)	(2,328,377)	(1,229,078)
Total KMP remuneration	534,242	897,523	538,695	1,278,331 (*)	238,685

* In 2019, Total KMP Remuneration included $1,000,000 shares issued to Mr Wood. This award was in lieu of remuneration for his significant contribution as Executive Chairman in the three years since his appointment to that role. The share issue to Mr Wood was put to, and approved, by shareholders at the 2019 Annual General Meeting. Mr Wood retired from the Board of Directors on 30 August 2021 but was re-appointed to the Board as a non-executive Director on 18 March 2022 and as Executive Chairman on 18 May 2022.

The factors that are considered to affect Total Shareholders' Return (TSR) are summarised below:

	30 JUN 2022 6 months	31 DEC 2021 12 months	31 DEC 2020 12 months	31 DEC 2019 12 months	31 DEC 2018 12 months
Share price at financial period / year end ($)	$0.195	$0.60	$0.27	$0.23	$0.29
Total dividends declared (cents per share)	–	–	–	–	–
Basic loss per share (cents per share)	(0.41)	(0.61)	(0.39)	(0.83)	(0.50)

E. Employment Contracts

Employment contracts have been entered into by the Group with key management personnel, documenting the components and level of remuneration applicable to their appointments. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are generally reviewed each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations.

F. Remuneration of Directors and Executives

1) Remuneration of Non-executive Directors

There have been no changes to non-executive remuneration in the current financial period.

All non-executive directors receive an annual fee of $47,250 plus superannuation at the statutory rate, subject to annual review. There are no additional fees paid for additional roles such as committee members, or chair positions. The annual fees have been apportioned in accordance with each director's period of tenure during the financial period.

Mr Jeff Gerard undertook additional work after the end of the six-month period, to manage the delivery of the Jervois Feasibility Study. Under a separate arm's length consulting agreement, Mr Gerard is entitled to total remuneration of $100,000, to be paid in two tranches of $50,000. The first tranche of $50,000 has been paid subsequent to financial period end. The second tranche is payable only on study completion..

2) Remuneration of the Managing Director / Chief Executive Officer – Resigned 20 May 2022

Mr Simon Finnis

Under contractual arrangements, Mr Finnis was entitled to fixed annual remuneration of $450,000 including statutory superannuation. For further details of Mr Finnis' employment terms refer to Section G: Service Contracts.

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Remuneration of Directors and Executives (continued)

3) Remuneration of the Chief Financial Officer

Ms Amy Treble

Under contractual arrangements, Ms Treble is entitled to fixed annual remuneration of $305,000 including statutory superannuation, subject to annual review. For further details of Ms Treble's employment terms refer to Section G: Service Contracts.

4) Remuneration of the Chief Operating Officer

Mr Steven Rooney – Appointed 2 May 2022

Under contractual arrangements, Mr Rooney is entitled to fixed annual remuneration of $350,000 including statutory superannuation, subject to annual review. For further details of Mr Rooney's employment terms, refer to Section G: Service Contracts.

No member of key management personnel is entitled to termination payments in the event of removal for misconduct.

5) Remuneration Summary

Directors and other key management personnel received the following compensation for their services during the six-month period ended 30 June 2022 and the comparative year ended 31 December 2021:

SIX-MONTHS ENDED 30 JUN 2022	SHORT-TERM BENEFITS (A) $	POST-EMPLOYMENT BENEFITS SUPERANNUATION $	SHARE-BASED PAYMENTS (B) $	TOTAL $	TOTAL PERFORMANCE RELATED %
Current Directors					
D. Wood [1]	13,524	1,352	-	14,876	-
F. Purnamasidi	23,625	2,363	-	25,988	-
J. Gerard [2]	3,955	396	-	4,351	-
I. Williams [3]	2,231	223	-	2,454	-
Former Directors					
P. Hay [4]	19,688	1,969	-	21,657	-
S. Finnis [5]	281,515	17,522	(114,589)	184,448	(62.1)
D. Gately [4]	19,688	1,969	-	21,657	-
S. Mallyon [6]	11,813	1,181	-	12,994	-
Other KMP					
A. Treble	140,394	13,864	9,717	163,975	5.9
S. Rooney [7]	56,257	5,215	20,370	81,842	24.9
	572,690	**46,054**	**(84,502)**	**534,242**	**(15.8)**

(A) Short term benefits include cash salary, fees, annual leave benefits and long service leave benefits.

(B) Negative share-based payments are expense reversals recorded on the forfeiture of share options.

1 Appointed 18 March 2022
2 Appointed 31 May 2022
3 Appointed 14 June 2022
4 Resigned 31 May 2022
5 Resigned 20 May 2022
6 Resigned 21 March 2022
7 Appointed 2 May 2022

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Remuneration of Directors and Executives (continued)

5) Remuneration Summary (continued)

YEAR ENDED 31 DEC 2021	SHORT-TERM BENEFITS $	POST-EMPLOYMENT BENEFITS SUPERANNUATION $	SHARE-BASED PAYMENTS $	TOTAL $	TOTAL PERFORMANCE RELATED %
Current Directors					
P. Hay	47,250	4,607	-	51,857	-
S. Finnis	202,648	13,344	114,589	330,581	34.7
D. Gately	3,595	360	-	3,955	-
S. Mallyon	23,625	2,363	-	25,988	-
F. Purnamasidi	47,250	4,607	-	51,857	-
Former Directors					
F. Murdoch	37,216	3,603	-	40,819	-
D. Wood	31,500	3,032	-	34,532	-
Other KMP					
A. Treble	269,958	24,932	63,044	357,934	17.6
	663,042	**56,848**	**177,633**	**897,523**	**19.8**

The remuneration of all non-executive directors is fixed. For all other key management personnel, the proportion of remuneration that is fixed and the proportion of remuneration that is linked to performance is outlined below.

		FIXED REMUNERATION %	AT RISK – STI %	AT RISK – LTI %
Executive Chairman				
D. Wood [1]	**6-Mths: 30 Jun 22**	**100**	**-**	**-**
	12-Mths: 31 Dec 21	100	-	-
Other Executive KMP				
A. Treble	**6-Mths: 30 Jun 22**	**94.1**	**-**	**5.9**
	12-Mths: 31 Dec 21	82.4	-	17.6
S. Rooney [2]	**6-Mths: 30 Jun 22**	**75.1**	**-**	**24.9**
	12-Mths: 31 Dec 21	-	-	-
Former Managing Director and Chief Executive Officer				
S. Finnis [3]	**6-Mths: 30 Jun 22**	**100**	**-**	**-**
	12-Mths: 31 Dec 21	65.3	-	34.7

1 Appointed Executive Chairman on 18 May 2022. 2 Appointed 2 May 2022. 3 Resigned 20 May 2022.

REMUNERATION REPORT – AUDITED (CONTINUED)

G. Service Contracts

Remuneration and other terms of employment for key management personnel, other than non-executive directors, are formalised in service agreements. Details of these agreements are as follows:

MS AMY TREBLE

Title: Chief Financial Officer (CFO)

Agreement Commenced: 25 November 2019

Term of Agreement: Until terminated in accordance with the provisions of the agreement.

The key terms of this agreement are as follows:

- The term is ongoing whilst Ms Treble is CFO.
- Base remuneration of $305,000, inclusive of superannuation, subject to annual review by the Board.
- Contractual LTI; up to 30% of base remuneration.
- No termination payments, other than statutory entitlements.
- Notice period: 1 month's notice in writing.

MR STEVEN ROONEY

Title: Chief Operating Officer (COO)

Agreement Commenced: 2 May 2022

Term of Agreement: Until terminated in accordance with the provisions of the agreement.

The key terms of this agreement are as follows:

- The term is ongoing whilst Mr Rooney is COO.
- Base remuneration of $350,000, inclusive of superannuation, subject to annual review by the Board.
- Contractual LTI; up to 30% of base remuneration.
- No termination payments, other than statutory entitlements.
- Notice period: 3 months' notice in writing.

MR SIMON FINNIS

Title: Former Managing Director and Chief Executive Officer (CEO)

Agreement Commenced: 5 July 2021

Term of Agreement: Terminated on resignation 20 May 2022

The key terms of this agreement are as follows:

- The term is ongoing whilst Mr Finnis is CEO.
- Base remuneration of $450,000, inclusive of superannuation, subject to annual review by the Board.
- Contractual LTI; up to 40% of base remuneration.
- No termination payments, other than statutory entitlements.
- Notice period on resignation: 3 months' notice in writing [i].

i Mr Finnis' notice period was waived by the Board of Directors following his resignation on 20 May 2022.

H. Cash Bonuses

There were no cash bonuses granted to KMP in relation to either the six months ended 30 June 2022 or the 12 months ended 31 December 2021.

REMUNERATION REPORT – AUDITED (CONTINUED)

I. Options Granted as Remuneration

The terms and conditions relating to long-term incentive share options granted to KMP that affect remuneration during the period are as follows:

GRANTEE	TYPE	GRANT DATE	GRANT DATE FAIR VALUE[1]	% VESTED	EXPIRY DATE
Tranche 1 Options					
A.Treble	Share Options	31 May 2021	$78,400	-	22 Jun 2026
S. Rooney [2]	Share Options	4 May 2022	$85,200	-	10 Aug 2027
Tranche 2 Options					
A.Treble	Share Options	31 May 2021	$78,400	-	22 Jun 2026
S. Rooney [2]	Share Options	4 May 2022	$85,200	-	10 Aug 2027

1 The grant date fair value was determined using a Black Scholes-Merton valuation model at grant date.
2 The options were issued on 11 August 2022 following Board approval.

The share options were offered by the Board to incentivise executive members of key management personnel and to align their interests with those of shareholders. The share options were issued in two equal tranches which have performance related vesting conditions as outlined below:

TRANCHE	CONDITIONS
1	Vest upon achieving successful final investment decision for the Jervois Copper Project, on time and on budget based on the criteria approved by the Board of the Company. In respect of the Tranche 1 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful final investment decision for the Jervois Copper Project is delayed beyond the time approved and set by the Board of KGL Resources Limited.
2	Vest following the construction of the mine for the Jervois Copper Project and achieving first production of at least 1000t of concentrate under the conditions approved by the Board of the Company. In respect of the Tranche 2 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois Copper Project and first production (1000t) is delayed beyond the time approved and set by the Board of KGL Resources Limited.

The number of options over ordinary shares held during the financial period by the key management personnel of the Group is set out below:

	BALANCE AT BEGINNING OF PERIOD NUMBER	GRANTED			EXERCISED		LAPSED	BALANCE END OF PERIOD NUMBER
		GRANT DATE	NUMBER	VALUE $	NUMBER	VALUE $	NUMBER	
Former Director								
S. Finnis[i]	587,000	-	-	-	-	-	(587,000)	-
Other KMP								
A. Treble	224,000	-	-	-	-	-	-	224,000
S. Rooney[ii]	-	4 May 22	480,000	170,400	-	-	-	480,000
	811,000		**480,000**	**170,400**	**-**	**-**	**(587,000)**	**704,000**

i In accordance with the terms and conditions of the issue, these zero-priced options were forfeited on the resignation of Mr Finnis. An expense reversal of $114,589 as a result of the forfeiture has been reported in the statement of profit or loss and other comprehensive income.

ii The options were issued on 11 August 2022 following Board approval.

No share options had vested or were exercisable at 30 June 2022.

REMUNERATION REPORT – AUDITED (CONTINUED)

J. Shareholdings of Directors and Key Management Personnel

The numbers of ordinary shares in the Company held during the financial period by each director and by each oththereer member of key management personnel of the Group, including their personally related parties, are as follows:

30 JUNE 2022	BALANCE AT BEGINNING OF PERIOD NUMBER	ENTITLEMENT OFFER NUMBER	ISSUED ON EXERCISE OF OPTIONS NUMBER	OTHER CHANGES NUMBER	BALANCE AT END OF PERIOD NUMBER
Current Directors					
D. Wood [1]	35,588,088	5,931,349	-	500,000	42,019,437
F. Purnamasidi	646,154	107,693	-	-	753,847
J. Gerard [2]	-	-	-	-	-
I. Williams [3]	-	-	-	-	-
Former Directors					
P. Hay [4]	2,771,571	461,929	-	(3,233,500)	-
S. Finnis [5]	-	-	-	-	-
D. Gately [4]	-	-	-	-	-
S. Mallyon [6]	6,119,307	-	-	(6,119,307)	-
Other KMP					
A Treble	-	-	-	-	-
S. Rooney [7]	-	-	-	-	-
TOTAL	**45,125,120**	**6,500,971**	**-**	**(8,852,807)**	**42,773,284**

1 Appointed 18 March 2022
2 Appointed 31 May 2022
3 Appointed 14 June 2022
4 Resigned 31 May 2022
5 Resigned 20 May 2022
6 Resigned 21 Mar 2022
7 Appointed 2 May 2022

K. Other Transactions with Key Management Personnel and / or their Related Parties

1) Amounts payable to key management personnel

At 30 June 2022, the following amount due to a member of key management personnel was outstanding:

	CONSOLIDATED	
PAYABLE TO KEY MANAGEMENT PERSONNEL	30 JUN 2022 $	31 DEC 2021 $
Director's fees and superannuation	4,351	3,131

2) Other related party transactions

Mr Jeff Gerard undertook additional work after the end of the six-month period, to manage the delivery of the Jervois Feasibility Study. Under a separate arm's length consulting agreement, Mr Gerard is entitled to total remuneration of $100,000, to be paid in two tranches of $50,000. The first tranche of $50,000 was paid subsequent to the financial period end. The second tranche is payable on study completion.

There were no other transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated parties.

THIS IS THE END OF THE REMUNERATION REPORT – AUDITED

EVENTS AFTER THE REPORTING DATE

1) Issue of Share Options

On 11 August 2022, the Company issued 480,000 zero-priced share options to Mr Steven Rooney, Chief Operations Officer. The options were granted on 4 May 2022. Refer to Note 18 for further details.

2) Resource Upgrade

On 14 September 2022, KGL announced updated resources for Bellbird, reflecting the latest RC drilling results. Bellbird resources were upgraded to include measured resources for the first time.

As at the date of this report, the total Jervois Mineral Resource is 23.8Mt @ 2.02% Cu, 25.3g/t Ag and 0.25g/t Au (Indicated and Inferred) containing 481kt of copper metal, 19.3Moz of silver and 189.6koz of gold.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

AUDITOR INDEPENDENCE

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set out on page 46 of the financial report.

This report is made in accordance with a resolution of the directors.

On behalf of the Board,

Denis Wood

Executive Chairman
Brisbane
Dated: 28 September 2022

Competent Persons' Statement

The Jervois resources information included on pages 20 and 23 of the Directors' Report, was first released to the ASX on 14 September 2022 respectively and complies with JORC 2012. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented has not been materially modified from the original market announcement.

The following drill holes were originally reported on the date indicated and using the JORC code specified in the table.

HOLE		DATE ORIGINALLY REPORTED	JORC REPORTED UNDER
KJCD	415	17/03/2020	2012
KJCD	416	14/04/2020	2012
KJCD	423X	01/03/2022	2012
KJCD	434	13/05/2021	2012
KJCD	482	21/12/2021	2012
KJCD	484	01/03/2022	2012
KJCD	486	01/03/2022	2012
KJCD	529	28/07/2022	2012
KJCD	533	28/07/2022	2012

Auditor's Independence Declaration

BY T R MANN TO THE DIRECTORS OF KGL RESOURCES LIMITED

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF KGL RESOURCES LIMITED

As lead auditor of KGL Resources Limited for the period ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of KGL Resources Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 28 September 2022

Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

		CONSOLIDATED	
		6 MONTHS 30 JUN 2022 $	12 MONTHS 31 DEC 2021 $
	NOTE	$	$
Other income	3	**15,509**	23,338
Administrative expenses	4(a)	**(876,987)**	(1,083,474)
Employee benefits expense	4(b)	**(662,816)**	(1,025,609)
Other expenses		**(105,229)**	(180,213)
Depreciation and amortisation expense		**(44,462)**	(56,553)
Finance expense	4(c)	**(2,065)**	(2,561)
Loss before income tax		**(1,676,050)**	(2,325,072)
Income tax benefit	5	**-**	-
Net loss for the period / year		**(1,676,050)**	(2,325,072)
Other comprehensive income, net of tax		**-**	-
Total comprehensive income for the period / year		**(1,676,050)**	(2,325,072)
Loss per share attributable to the owners of the Company			
Basic loss per share (cents per share)	6	**(0.41)**	(0.61)
Diluted loss per share (cents per share)	6	**(0.41)**	(0.61)

This financial statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2022

		CONSOLIDATED	
		30 JUN 2022	31 DEC 2021
	NOTE	$	$
Current assets			
Cash and cash equivalents	7	**23,271,256**	12,742,972
Trade and other receivables	8	**83,363**	230,429
Financial assets	9	**148,765**	148,765
Prepayments		**662,554**	580,260
Total current assets		**24,165,938**	13,702,426
Non-current assets			
Financial assets	9	**303,312**	223,102
Property, plant and equipment	10	**198,355**	159,838
Right-of-use assets	11	**425,356**	535,983
Exploration and evaluation assets	12	**90,750,821**	80,599,275
Intangible assets	13	**3,428**	21,218
Total non-current assets		**91,681,272**	81,539,416
Total assets		**115,847,210**	95,241,842
Current liabilities			
Trade and other payables	15	**2,443,554**	2,871,105
Lease liabilities	11	**304,294**	310,671
Total current liabilities		**2,747,848**	3,181,776
Non-current liabilities			
Lease liabilities	11	**121,807**	218,791
Total non-current liabilities		**121,807**	218,791
Total liabilities		**2,869,655**	3,400,567
Net assets		**112,977,555**	91,841,275
Equity			
Contributed equity	17	**237,329,681**	214,480,963
Reserves	16	**169,140**	205,528
Accumulated losses		**(124,521,266)**	(122,845,216)
Total equity		**112,977,555**	91,841,275

This financial statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

		CONSOLIDATED	
		6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	NOTE	$	$
Cash flows from operating activities			
Receipts in the course of operations		**1,075,858**	1,314,992
Payments to suppliers and employees		**(2,310,169)**	(3,571,670)
Interest received		**13,475**	25,596
Finance costs – leases		**(10,252)**	(15,089)
Net cash used in operating activities	7(a)	**(1,231,088)**	(2,246,171)
Cash flows from investing activities			
Payment for exploration and evaluation assets		**(10,840,328)**	(13,938,329)
Payment for property, plant and equipment	10	**(72,123)**	(170,469)
Proceeds from disposal of property, plant and equipment		**7,273**	-
Payment for right-of-use assets		**(4,384)**	(10,395)
Payment for intangible assets	13	**-**	(21,721)
Payment for security deposits		**(80,210)**	(37,510)
Net cash used in investing activities		**(10,989,772)**	(14,178,424)
Cash flows from financing activities			
Proceeds from issue of shares	17	**23,041,369**	25,214,128
Payment of share issue costs		**(131,271)**	(973,697)
Principal elements of lease payments	7(d)	**(160,954)**	(230,799)
Net cash provided by financing activities		**22,749,144**	24,009,632
Net increase in cash and cash equivalents		**10,528,284**	7,585,037
Cash and cash equivalents at the beginning of the period / year		**12,742,972**	5,157,935
Cash and cash equivalents at the end of the period / year	7	**23,271,256**	12,742,972

This financial statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

CONSOLIDATED	CONTRIBUTED EQUITY	SHARE-BASED PAYMENT RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	$	$	$	$
Balance as at 1 January 2022	**214,480,963**	**205,528**	**(122,845,216)**	**91,841,275**
Loss for the period	-	-	(1,676,050)	(1,676,050)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(1,676,050)	(1,676,050)
Transactions with owners in their capacity as owners				
Issue of share capital (net of costs)	22,848,718	-	-	22,848,718
Share-based payments – reversed	-	(114,589)	-	(114,589)
Share-based payments – expensed	-	15,612	-	15,612
Share-based payments – capitalised[i]	-	62,589	-	62,589
Balance as at 30 June 2022	**237,329,681**	**169,140**	**(124,521,266)**	**112,977,555**
Balance as at 1 January 2021	190,240,532	-	(120,520,144)	69,720,388
Loss for the year	-	-	(2,325,072)	(2,325,072)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,325,072)	(2,325,072)
Transactions with owners in their capacity as owners				
Issue of share capital (net of costs)	24,240,431	-	-	24,240,431
Share-based payments – expensed	-	171,738	-	171,738
Share-based payments – capitalised[i]	-	33,790	-	33,790
Balance as at 31 December 2021	214,480,963	205,528	(122,845,216)	91,841,275

i The value of share-based payments to employees of the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation Asset (refer Note 12).

This financial statement should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements for the six-month period ended 30 June 2022

ABOUT THIS REPORT

On 31 January 2022 the directors resolved under s323D of the *Corporations Act 2001* to change the Group's financial year end from 31 December to 30 June. Accordingly, these financial statements are for the six-month period ended 30 June 2022. The comparative period is the 12-month period ended 31 December 2021. Therefore, the amounts presented in the financial statements for the current and comparative periods are not entirely comparable.

The financial statements of KGL Resources Limited for the six-month period ended 30 June 2022 cover the consolidated entity consisting of KGL Resources Limited and its controlled entities (together referred to as the Group) as required by the *Corporations Act 2001.*

The registered office and principal place of business is Level 5, 167 Eagle Street, Brisbane, Queensland, 4000, Australia.

The financial statements are presented in the Australian currency.

KGL Resources Limited (**Company, Parent Entity**) is a public company, incorporated and domiciled in Australia.

The principal activity of the Group during the period was exploration and development of the Jervois multi-metal project in the Northern Territory. There have been no significant changes in the nature of these activities during the period.

The consolidated general-purpose financial report of the Group for the six-month period ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 28 September 2022. The directors have the power to amend and reissue the financial report. The financial report is a general-purpose financial report which:

- Has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board,
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB and IFRS that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 January 2022. The impact of adopting these standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.
- Does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

The financial statements have been prepared on a historical cost basis. The Company is a for-profit entity for the purposes of Australian Accounting Standards.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

- Note 5: Income taxes
- Note 11: Leases
- Note 12: Exploration and evaluation assets

BASIS OF CONSOLIDATION

Subsidiaries are those entities over which KGL Resources Limited has control. The Group controls an entity when the Group is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

BASIS OF CONSOLIDATION (CONTINUED)

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

THE NOTES TO THE FINANCIAL STATEMENTS

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered relevant and material if for example:

- The amount in question is significant because of its size or nature,
- It is important for understanding the results of the Group,
- It helps to explain the impact of significant changes in the Group's business, for example acquisitions and impairment write-downs, or
- It is related to an aspect of the Group's operations that is important to its future performance.

1. Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, the Group incurred a net loss of $1,676,050 and net operating cash outflows of $1,231,088 for the period ended 30 June 2022. As at 30 June 2022, the Group has cash and cash equivalents of $23,271,256.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- The ability of the Company to raise capital as and when necessary, and/or
- The successful exploration and subsequent exploitation of the Group's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate for the following reasons:

- The directors believe there is sufficient cash available for the Group to continue operating until it can raise further capital to fund its ongoing activities.
- Equity raisings have been successful in the past and, as recently as May 2022, an entitlement offer to existing shareholders at $0.37 per new ordinary share closed with 92.5% of entitlements taken up.
- The directors can curtail the Group's activities to preserve cash.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

2. Segment information

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and determining the allocation of resources.

All information provided to the Board is consolidated information. Accordingly, management currently identifies the Group as having only one reportable segment, being exploration at the Jervois Copper Project in the Northern Territory. The financial results from this segment are equivalent to the financial statements of the Group as a whole. All significant operating decisions are based upon analysis of the Group as one segment.

All assets of the Group are located in Australia.

The Group does not yet have any products or services from which it derives an income.

3. Other income

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
Interest revenue – third parties	**15,509**	23,338
Total other income	**15,509**	23,338

Recognition and measurement

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (**GST**).

4. Expenses

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
a) Administrative expenses		
Professional and consulting fees	**441,392**	568,625
Business development and investor relations	**18,752**	72,145
Software as a service costs	**87,318**	-
Corporate office overheads	**109,246**	141,602
Corporate fees	**77,043**	118,424
Insurance	**141,448**	179,570
Expenses relating to leases of low-value assets	**1,788**	3,108
	876,987	1,083,474
b) Employee benefits expense		
Salaries, wages, and related costs	**614,141**	601,006
Directors' fees (excluding superannuation)	**94,524**	190,436
Expense reversal on forfeiture of employee share options (refer Note 18)	**(114,589)**	-
Share-based payments expense	**15,612**	171,738
Superannuation contributions	**53,128**	62,429
	662,816	1,025,609
c) Finance expense		
Interest on lease liabilities (refer Note 11)	**2,065**	2,561
	2,065	2,561

4. Expenses (continued)

Recognition and measurement

Post-employment benefits plans – defined contribution plans

The Group provides post-employment benefits through defined contribution plans.

The Group pays fixed contributions into independent entities in relation to several state plans. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions which are recognised as an expense in the period in which the relevant employee services are received.

5. Income taxes

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
a) Components of tax expense		
Current tax benefit on loss for the period	-	-
Deferred tax arising from origination and reversal of temporary differences	-	-
Total income tax benefit in profit or loss	-	-
b) The prima facie income tax on the loss is reconciled to income tax benefit as follows:		
Loss before income tax	**(1,676,050)**	(2,325,072)
Prima facie tax benefit on loss before income tax at 25% (2021: 25%)	**(419,013)**	(581,268)
Amounts that are not deductible in calculating tax loss	**(62,926)**	(19,198)
Deferred tax assets arising from temporary differences not recognised	**481,939**	600,466
Income tax benefit attributable to the Group	-	-
c) Unrecognised deferred tax assets		
Prior year tax losses brought forward – gross	**157,778,818**	140,585,405
Total losses recognised – gross	**(85,818,760)**	(79,140,842)
Current period tax losses – gross	**8,598,407**	17,193,413
Unrecognised tax losses – gross	**80,558,465**	78,637,976
Deferred tax assets not taken up – at 25% (2021: 25%)	**20,139,616**	19,659,494
d) Recognised net deferred tax assets		
Deferred tax liabilities		
Exploration and evaluation	**(21,820,839)**	(19,911,136)
	(21,820,839)	(19,911,136)
Deferred tax assets		
Tax losses	**21,454,690**	19,785,210
Provisions / accruals	**366,149**	125,926
	21,820,839	19,911,136
Net deferred tax asset recognised	–	–

e) Franking credits

There are no franking credits available.

5. Income taxes (continued)

Recognition and measurement

The income tax expense / (benefit) for the period comprises current income tax expense / (benefit) and deferred tax expense / (benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense / (benefit) reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense / (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Key judgements

Recoverability of deferred tax assets

The Group recognises deferred tax assets when it becomes probable that sufficient taxable income will be derived in future periods against which to offset these assets. At each reporting date, the Group assesses the level of expected future cash flows from the business, and the probability associated with realising these cash flows, and determines whether the deferred tax assets of the Group should be recognised.

The Group continues to assess that, at the reporting date, it is not probable that the Group's carry-forward tax losses and temporary differences will be used to offset future taxable profits.

A future income tax benefit from the Group's carry-forward tax losses and temporary differences will only be obtained if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised,
- The conditions for deductibility imposed by tax legislation continue to be complied with, and
- No changes in tax legislation adversely affect the Group in realising the benefit.

6. Loss per share

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
Loss after income tax attributable to the owners of the Company used in calculating basic and diluted loss per share.	**(1,676,050)**	(2,325,072)
Basic loss per share (cents per share)	**(0.41)**	(0.61)
Diluted loss per share (cents per share)	**(0.41)**	(0.61)

	# SHARES	# SHARES
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share.	**407,485,863**	381,338,390

At 30 June 2022, the Company had granted options of 938,000 (31 Dec 2021: 1,045,000 options) over unissued ordinary shares. No options had vested or were exercisable at financial period end. As the Company has generated losses the options have been treated as anti-dilutive for the purposes of determining diluted loss per share (Refer to Note 18).

Recognition and measurement

Basic earnings per share

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share

Diluted earnings / (loss) per share adjusts the figures used in the determination of basic earnings / (loss) per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

7. Cash and cash equivalents

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Cash at bank	**3,816,242**	4,242,931
Term deposits with short-term maturity	**19,455,014**	8,500,041
Total cash and cash equivalents	**23,271,256**	12,742,972

Cash at bank balances bear floating interest rates between 0.0% and 0.1% (31 Dec 2021: 0% and 0.05%).

Term deposits bear fixed interest rates between 0.05% and 0.95% (31 Dec 2021: 0.05% and 0.1%).

Recognition and measurement

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Cash and cash equivalents (continued)

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
a) Reconciliation of loss after tax to net cash flows from operations		
Loss for the period / year after income tax benefit	**(1,676,050)**	(2,325,072)
Non-cash flows in loss:		
Depreciation and amortisation expense	**44,462**	56,553
Expense reversal on forfeiture of employee share options	**(114,589)**	-
Share-based payments expense	**15,612**	171,738
Loss on disposal of property, plant and equipment	**-**	8,089
'Software as a service' costs expensed	**17,357**	-
Capitalised expenditure classified as cash flows from operating activity:		
Interest expense	**(8,187)**	(12,528)
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	**147,065**	(207,103)
(Increase) / decrease in payables for exploration and evaluation assets [i]	**62,770**	101,949
(Increase) / decrease in prepayments	**200,982**	(174,027)
Increase / (decrease) in trade and other payables	**79,490**	134,230
Net cash used in operating activities	**(1,231,088)**	(2,246,171)

(i) Classified as investing activity

b) Facilities with banks

There are no borrowing facilities at reporting date (31 Dec 2021: Nil).

c) Non-cash financing and investing activities

Non-cash investing and financing activities disclosed in other notes are:

- Additions to right-of-use assets – refer to Note 11, and
- Share options issued to employees for no cash consideration – refer to Note 18.

d) Cash and non-cash movements in liabilities arising from financing activities

The following table reconciles the cash and non-cash movements in liabilities arising from financing activities:

		Non-cash		Cash	
Borrowings	Opening Balance	Additions	Other Adjust.	Lease Payments	Closing Balance
	$	$	$	$	$
30 Jun 2022					
Lease liabilities	529,462	57,593	-	(160,954)	426,101
31 Dec 2021					
Lease liabilities	76,775	686,003	(2,517)	(230,799)	529,462

8. Trade and other receivables

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
GST receivable (net)	**72,839**	208,058
Other receivables	**10,524**	22,371
Total trade and other receivables	**83,363**	230,429

Other receivables are non-interest bearing and have repayment terms up to thirty days.

9. Financial assets

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Current		
Term deposits	**148,765**	148,765
Total current financial assets	**148,765**	148,765
Non-current		
Security deposits	**303,312**	223,102
Total non-current financial assets	**303,312**	223,102

Financial assets are comprised of rolling interest-bearing term deposits supporting environmental bank guarantees with the Department of Mines and other guarantees. Security deposits and guarantees of $303,312 (31 Dec 2021: $223,102) have been provided to the Department of Mines and other suppliers.

10. Property, plant and equipment

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Plant and equipment cost	**646,544**	634,890
Accumulated depreciation	**(448,189)**	(475,052)
Total plant and equipment	**198,355**	159,838

Recognition and measurement

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

At each reporting period end, the carrying amount of property, plant and equipment is reviewed to ensure that carrying values are not in excess of the recoverable amounts. The assets' residual values and useful lives are also reviewed, and adjusted if appropriate, at each reporting date.

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis to allocate cost, net of any residual value, over the estimated useful lives to the Group commencing from the time the asset is held ready for use. The useful lives of assets classified as plant and equipment are between 3 and 10 years.

10. Property, plant and equipment (continued)

Movements in carrying amount of property, plant and equipment:

30 JUNE 2022	PLANT AND EQUIPMENT $
Carrying amount at 1 January 2022	**159,838**
Additions	**72,123**
Depreciation [i]	**(31,186)**
Disposals	**(2,420)**
Carrying amount at 30 June 2022	**198,355**

i $20,987 (31 Dec 2021: $58,445) of depreciation expense on property, plant and equipment acquired to advance the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation asset.

31 DECEMBER 2021	PLANT AND EQUIPMENT $
Carrying amount at 1 January 2021	66,176
Additions	170,469
Depreciation	(68,718)
Disposals	(8,089)
Carrying amount at 31 December 2021	159,838

11. Leases

This note provides information on the Group as a lessee.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Right-of-use assets		
Property	**78,938**	112,769
Infrastructure	**81,800**	136,333
Equipment	**65,547**	103,991
Motor vehicles	**199,071**	182,890
Total right-of-use assets	**425,356**	535,983
Lease liabilities		
Current	**304,294**	310,671
Non-current	**121,807**	218,791
Total lease liabilities	**426,101**	529,462

11. Leases (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income includes the following amounts relating to leases:

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
Amortisation charge [i]	**33,831**	45,776
Interest expense [ii]	**2,065**	2,561
Expense relating to leases of low value assets	**1,788**	3,108

i Amortisation of $138,773 (31 Dec 2021: $181,813) relating to leased assets acquired for the purpose of advancing the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation asset.

ii Interest of $8,187 (31 Dec 2021: $12,528) recognised on leases entered into for the purposes of advancing the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation asset.

Recognition and measurement

The Group leases various properties, motor vehicles, infrastructure and items of equipment. Lease contracts are typically made for periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide variety of terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for the lease of real estate for which the Group is the lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentive receivable,
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the Group under residual value guarantees,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rates implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

11. Leases (continued)

Recognition and measurement (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low value assets are small items of office equipment.

Key judgements and estimations

In determining both the right-of-use asset and the lease liability certain estimates and judgements were made. These included the following:

- *Impairment identification*. No impairments were identified at 30 June 2022. Each of the right-of-use assets was allocated to a cash generating unit (**CGU**) and the CGUs were assessed for impairment based on value in use. No impairments to CGUs have been identified.

12. Exploration and evaluation assets

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Deferred exploration and evaluation assets	**90,750,821**	80,599,275
Deferred exploration and evaluation assets		
Balance at the beginning of the period / year	**80,599,275**	64,485,044
Current period / year expenditure	**10,151,546**	16,114,231
Balance at the end of the period / year	**90,750,821**	80,599,275

The ultimate recovery of exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Recognition and measurement

The Group applies AASB 6 *Exploration for and Evaluation of Mineral Resources*. Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to mine development and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where incidental income and other research and development grants are received that relate to capitalised exploration and evaluation expenditure, these amounts are offset against the amounts capitalised.

12. Exploration and evaluation assets (continued)

Key estimates and judgements

The directors determine when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The directors' decisions are made after considering the likelihood of finding commercially viable outcomes balanced with acceptable political and environmental assessment. No tenements were abandoned in the current financial period.

The Group continues to assess the economic viability of a potential mine through the completion of a definitive feasibility study. Works undertaken in the current period have advanced the technical aspects of the project, however, until the feasibility study is complete, the vast majority of work undertaken to date is eligible for capitalisation under AASB6 *Exploration for and Evaluation of Mineral Resources*. Until the feasibility work is complete (planned for late 2022), the directors believe that the Jervois project is still in the exploration and evaluation phase and have capitalised expenses to the Exploration and Evaluation asset in accordance with the prescribed accounting treatment.

13. Intangible assets

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Software at cost	**4,364**	4,364
Accumulated amortisation	**(936)**	(503)
Intangible assets under construction [i]	**-**	17,357
Total intangible assets	**3,428**	21,218

i The Group is implementing a new accounting system ahead of the commencement of development at the Jervois Copper Project. The new system is scheduled to go live on 1 January 2023. Expenditure on this system has been expensed as a 'Software as a Service' cost in accordance with AASB 138 Intangible Assets.

Movements in carrying amount

Carrying amount at the beginning of the period / year	**21,218**	-
Additions	**-**	21,721
'Software as a service' costs expensed	**(17,357)**	-
Amortisation expense	**(433)**	(503)
Carrying amount at the end of the period / year	**3,428**	21,218

Recognition and measurement

Items of computer software which are not integral to the computer hardware owned by the Group are classified as intangible assets with a finite life.

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- Management intends to complete the software and use it.
- There is an ability to use the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources are available to complete the software and to use it; and
- The expenditure attributable to the software during its development can be reliably measured.

Development costs that are directly attributable to the design and testing of identifiable and unique software products that are not controlled by the Group are recognised in profit or loss as incurred.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over the expected useful life of the software.

14. Interests in other entities

Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group.

NAME	COUNTRY OF INCORPORATION	30 JUN 2022 % HELD	31 DEC 2021 % HELD
Jinka Minerals Limited	Australia	**100**	100
Jervois Holdings Pty Ltd	Australia	**100**	100
Jervois Operations Pty Ltd	Australia	**100**	100
KGL Resources Sales Pty Ltd	Australia	**100**	100

15. Trade and other payables

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Trade payables	**2,240,423**	2,695,000
Employee benefits	**203,131**	176,105
Total trade and other payables	**2,443,554**	2,871,105

Recognition and measurement

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the period-end which are unpaid. These amounts are unsecured and have 7 to 60-day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the Group have been pledged as security for the trade and other payables.

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, superannuation, annual leave and long service leave.

Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

16. Reserves

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Share-based payments reserve	**169,140**	205,528
Total reserves	**169,140**	205,528

Nature and purpose of reserves

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to directors and other employees as part of their remuneration (refer to Note 18).

17. Contributed equity

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Ordinary shares – fully paid	**237,329,681**	214,480,963

Movement in shares on issue

DETAILS	30 JUN 2022		31 DEC 2021	
	SHARES ISSUED, NO.	ISSUED CAPITAL, $	SHARES ISSUED, NO.	ISSUED CAPITAL, $
Beginning of the financial period / year	**392,315,012**	**214,480,963**	335,748,021	190,240,532
Shares issued – February 2021	-	-	28,571,427	12,000,000
Entitlement offer – May 2021	-	-	22,795,564	9,574,128
Shortfall offer – May 2021	-	-	5,200,000	3,640,000
Entitlement offer – 12 May 2022	**55,773,961**	**20,636,369**	-	-
Entitlement offer – 28 June 2022	**6,500,001**	**2,405,000**	-	-
Share issue costs	-	**(192,651)**	-	(973,697)
End of the financial period / year	**454,588,974**	**237,329,681**	392,315,012	214,480,963

Capital raising

On 13 April 2022, the Company announced a 1 for 6 non-renounceable entitlement offer for fully paid ordinary shares in the Company at an offer price of $0.37 per share to raise up to $24.2 million. The offer was not underwritten and was subject to a minimum raise of $9.9 million.

The entitlement offer closed on 5 May 2022 with the Company having received valid applications for 62,273,962 new ordinary shares representing approximately 95.2% of the 65.39 million shares offered to shareholders. The Company issued 55,773,961 new ordinary shares on 12 May 2022. A further 6,500,001 new ordinary shares subscribed for by KMP Investments Pte Ltd (a related party of the Company) were approved for issue by shareholders at an Extraordinary General Meeting of the Company held on 28 June 2022. These new ordinary shares were issued on 28 June 2022.

In total, the entitlement offer raised $23,041,369 before costs of $192,651. The proceeds will be used to complete work on the Feasibility Study. It will also add to working capital, strengthening the balance sheet as the Company moves towards a final investment decision in respect of the development of the Jervois Copper Project.

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Ordinary shares have no par-value and the Company does not have a limited amount of authorised capital.

17. Contributed equity (continued)

Capital risk management

The capital structure of the Group consists of equity as disclosed in the statement of financial position. Management controls the capital of the Group in order to generate long-term shareholder value, maximising the return to shareholders and ensuring that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

The Group's capital is effectively managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Recognition and measurement

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction in the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments, and which would not have been incurred had those instruments not been issued.

18. Share-based payments

Share options granted to key management personnel and other employees

On 4 May 2022 and in accordance with the terms of a service contract, the Company granted 480,000 zero-priced options to a member of key management personnel. The options were issued on 11 August 2022 following Board approval.

In the prior financial year, 587,000 zero-priced options were granted to a member of key management personnel who has subsequently resigned from the Company. In accordance with the terms and conditions of the issue, these zero-priced options were forfeited on the resignation of the holder. An expense reversal of $114,589, recorded as a result of the forfeiture, has been reported in the statement of profit or loss and other comprehensive income.

The zero-priced options on issue to members of key management personnel and other employees at 30 June 2022 are summarised as follows. All options are unlisted.

OPTION HOLDER	GRANT DATE	EXERCISE PRICE $	EXPIRY DATE	FAIR VALUE AT GRANT DATE $	NUMBER OF OPTIONS
Key management personnel	31 May 2021	-	22 Jun 2026	156,800	224,000
Key management personnel	04 May 2022	-	10 Aug 2027	170,400	480,000
Other employees	31 May 2021	-	22 Jun 2026	163,800	234,000
				491,000	**938,000**

The grant of options to each option holder has been split into two equal tranches with each tranche subject to vesting conditions as outlined below:

TRANCHE	CONDITIONS
1	Vest upon achieving successful final investment decision for the Jervois Copper Project, on time and on budget based on the criteria approved by the Board of the Company. In respect of the Tranche 1 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful financial investment decision for the Jervois Copper Project is delayed beyond the time approved and set by the Board of KGL Resources Limited.
2	Vest following the construction of the mine for the Jervois Copper Project and achieving first production of at least 1000t of concentrate under the conditions approved by the Board of the Company. In respect of the Tranche 2 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois Copper Project and first production (1000t) is delayed beyond the time approved and set by the Board of KGL Resources Limited.

The estimated vesting date of the tranches is based on management's best estimate as at 30 June 2022, and the probability of achieving the hurdles has been reflected in the fair value of the options granted.

18. Share-based payments (continued)

Terms and conditions of option issue

Unless the Board of the Company determines otherwise, the options will immediately lapse if a holder ceases to be employed by the Group.

If, in the opinion of the Board of the Company, a significant safety, environmental or social incident occurs, the Board of the Company may determine that the options will lapse.

In respect of the Tranche 1 options, unless the Board of the Company determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful final investment decision for the Jervois Copper Project is delayed beyond the time approved and set by the Board of the Company.

In respect of the Tranche 2 options, unless the Board of the Company determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois Copper Project and first production (1000t) is delayed beyond the time approved and set by the Board of the Company.

The options do not confer a right to participate in new issues of shares unless the options have vested and have been exercised on or before the record date for determining entitlements to the issue. Similarly, while they remain unexercised, the options will not give the holder any entitlement to receive any dividends declared and paid by the Company.

Each option entitles the holder to one ordinary fully paid share in the Company. Any shares issued on exercising an option will be issued on the same terms as, and rank in all respects on equal terms with, existing ordinary fully paid shares in the Company.

Fair value of options

The fair value of options issued was determined in accordance with AASB 2 *Share-based Payments* using the Black Scholes-Merton (**BSM**) valuation model and the following assumptions:

GRANT DATE	SHARE PRICE ON GRANT DATE	RISK FREE RATE	VOLATILITY	DIVIDEND YIELD	TIME TO EXPIRY
	$	%	%	%	YEARS
4 May 2022	0.36	3.38	9.47	-	5

The volatility of the shares was determined by calculating the standard deviation of the Company share price over the preceding 12 months. Given the share options are zero-priced options, the BSM valuation model calculates the value of the shares as the fair value of the shares on the date of option issue.

Option summary

A summary of the movements of all options issued for the six-month period ended 30 June 2022 is as follows:

GRANT DATE	EXPIRY DATE	BALANCE AT START OF PERIOD	GRANTED	EXERCISED	LAPSED / FORFEITED	BALANCE AT END OF PERIOD	TOTAL VALUE
		#	#	#	#	#	$
Tranche 1							
31 May 21	22 Jun 26	229,000	-	-	-	229,000	160,300
08 Jul 21	07 Jul 26	293,500	-	-	(293,500)	-	-
04 May 22	10 Aug 27	-	240,000	-	-	240,000	85,200
Tranche 2							
31 May 21	22 Jun 26	229,000	-	-	-	229,000	160,300
08 Jul 21	07 Jul 26	293,500	-	-	(293,500)	-	-
04 May 22	10 Aug 27	-	240,000	-	-	240,000	85,200
Total		1,045,000	480,000	-	(587,000)	938,000	491,000

18. Share-based payments (continued)

Option summary (continued)

No share options had vested or were exercisable as at 30 June 2022.

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is $15,612 which relates to equity-settled share-based payment transactions and a $114,589 equity-settled share-based payments expense reversal relating to the forfeiture of share options. A further $62,588 in equity-settled share-based payment expenditure has been capitalised as part of the Exploration and Evaluation asset.

Recognition and measurement

Equity-settled share-based payments with directors and employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes-Merton valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

No expense is recognised for awards that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met. Where options are cancelled, they are treated as if they had vested on the date of cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement is treated as if it were a modification.

Where share-based payments are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such share-based payments are reversed to the profit or loss effective from the date of forfeiture.

Equity-settled share-based payment transactions with other parties are measured at fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date goods or services were obtained.

19. Financial assets and liabilities

Fair value estimation of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are presented in the following table. For all categories of financial assets and financial liabilities, the carrying amount is considered a reasonable approximation of fair value.

		CONSOLIDATED	
		30 JUN 2022	31 DEC 2021
	NOTE	$	$
Financial assets measured at amortised cost			
Cash and cash equivalents	7	**23,271,256**	12,742,972
Financial assets	9	**452,077**	371,867
Trade and other receivables	8	**83,363**	230,429
Total financial assets		**23,806,696**	13,345,268
Financial liabilities measured at amortised cost			
Trade and other payables	15	**(2,240,423)**	(2,695,000)
Lease liabilities	11	**(426,101)**	(529,462)
Total financial liabilities		**(2,666,524)**	(3,224,462)

19. Financial assets and liabilities (continued)

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or it expires.

Classification and subsequent measurement of financial assets

a) Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

b) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- *FVOCI*: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.

  When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- *FVPL*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

19. Financial assets and liabilities (continued)

Classification and subsequent measurement of financial assets (continued)

c) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables and lease liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

20. Financial risk management

Financial risk management objectives and policies

Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks. These risks include market risk (including interest rate risk, foreign currency risk and commodity price risk), credit risk, and liquidity risk.

The primary responsibility for identification and control of financial risks rests with the Board. The Group's financial and commodity risk management program supports the achievement of the Group's objectives by enabling the identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks and implementing policies and procedures to manage and monitor the risks.

These written policies establish the financial and commodity risk management framework and define the procedures and controls for the effective management of the Group's risks that arise through the Group's current exploration and development activities and those risks which may arise through other mining activities in the future.

The policy ensures all financial and commodity risks are fully recognised and treated in a manner consistent with:

- The Board's management philosophy,
- Commonly accepted industry practice and corporate governance, and
- Shareholders' expectations of becoming a gold and copper producer.

The policies are reviewed by the Board annually, at a minimum, as the Group's financial and commodity risks are likely to change over time. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period.

The Group's principal financial instruments comprise cash at bank, security deposits, trade and other receivables, trade and other payables and lease liabilities.

Exposure limits are reviewed by management on a continuous basis. The Group does not enter into, or trade, financial instruments for speculative purposes.

Credit risk exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from cash on deposit and trade and other receivables. The objective of the Group is to minimize risk of loss from credit risk exposure.

The maximum exposure to credit risk, excluding the value of any collateral or other security at reporting date, is the carrying amount of those assets, net of any impairment, as disclosed in the statement of financial position and notes to the financial statements.

In both the period ended 30 June 2022 and the year ended 31 December 2021, there has been no concentration of credit risk in trade and other receivables as the Group did not have customers at period / year end.

At period end, the Group has one material exposure of $23,420,021 to ANZ (31 Dec 2021: $12,891,737) relating to funds on deposit and cash at bank. The Group manages its credit risk associated with funds on deposit and cash at bank by only dealing with reputable financial institutions.

20. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due.

Working capital is primarily comprised of cash. The Group has established policies and processes for managing liquidity risk including:

- Monitoring actual cashflows against budgeted cashflows,
- Regularly forecasting long term cashflows and stress testing, and
- Regularly monitoring the availability of equity capital and current market conditions.

Maturity Analysis

The following table shows the periods in which financial liabilities mature. Contractual cash flows shown in the table are at undiscounted values (including future interest expected to be paid). Accordingly, these values may not agree to the carrying amount.

CONSOLIDATED	<1 YEAR	1 – 5 YEARS	TOTAL CASHFLOWS	CARRYING AMOUNT
	$	$	$	$
30 June 2022				
Financial liabilities				
Trade and other payables	**2,240,423**	**-**	**2,240,423**	**2,240,423**
Lease liabilities	**316,322**	**125,497**	**441,819**	**426,101**
Total financial liabilities	**2,556,745**	**125,497**	**2,682,242**	**2,666,524**
31 December 2021				
Financial liabilities				
Trade and other payables	2,695,000	-	2,695,000	2,695,000
Lease liabilities	327,066	223,641	550,707	529,462
Total financial liabilities	3,022,066	223,641	3,245,707	3,224,462

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices (commodity price risk); foreign exchange rates (foreign currency risk) or interest rates (interest rate risk).

The objective of market risk management is to manage and control risk exposure within acceptable parameters whilst optimising returns.

It is the policy of the Group to manage the foreign currency risk on highly probable forecast capital expenditure by utilising foreign currency hedging where appropriate.

At 30 June 2022 and at 31 December 2021, there was no foreign currency that was being held as a hedging instrument.

The Group has no exposure to foreign currency risk at the reporting date.

20. Financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group has established policies and processes for managing interest rate risk. These include monitoring risk exposure continuously and utilising fixed rate facilities where required. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out in the following table:

CONSOLIDATED 30 JUNE 2022	WEIGHTED AVERAGE INTEREST RATE	FLOATING INTEREST RATE	MATURING IN		NON-INTEREST BEARING	TOTAL
			< 1 YEAR	1 TO 5 YEARS		
	%	$	$	$	$	$
Financial assets						
Cash and cash equivalents	**0.42**	**2,999,279**	**19,455,014**	**-**	**816,963**	**23,271,256**
Security deposits	**0.15**	**-**	**148,765**	**-**	**303,312**	**452,077**
Trade and other receivables	**N/A**	**-**	**-**	**-**	**83,363**	**83,363**
Total financial assets		**2,999,279**	**19,603,779**	**-**	**1,203,638**	**23,806,696**
Financial liabilities						
Trade and other payables	**N/A**	**-**	**-**	**-**	**(2,240,423)**	**(2,240,423)**
Lease liabilities	**4.41**	**-**	**(304,294)**	**(121,807)**	**-**	**(426,101)**
Total financial liabilities		**-**	**(304,294)**	**(121,807)**	**(2,240,423)**	**(2,666,524)**
31 December 2021						
Financial assets						
Cash and cash equivalents	0.06	305,747	12,437,225	-	-	12,742,972
Security deposits	0,15	-	148,765	-	223,102	371,867
Trade and other receivables	N/A	-	-	-	230,429	230,429
Total financial assets		305,747	12,585,990	-	453,531	13,345,268
Financial liabilities						
Trade and other payables	N//A	-	-	-	(2,695,000)	(2,695,000)
Lease liabilities	4.32	-	(310,671)	(218,791)	-	(529,462)
Total financial liabilities		-	(310,671)	(218,791)	(2,695,000)	(3,224,462)

20. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At 30 June 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and other comprehensive income would have been affected as follows:

CONSOLIDATED	NET LOSS HIGHER / (LOWER)		OTHER COMPREHENSIVE INCOME HIGHER / (LOWER)	
	30 JUN 2022	31 DEC 2021	30 JUN 2022	31 DEC 2021
	$	$	$	$
+0.5% (50 basis points)	**51,697**	77,785	-	-
-0.5% (50 basis points)	**(51,697)**	(77,785)	-	-

21. Fair value measurement

Due to their short-term nature, the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

Recognition and measurement

Fair values may be used for asset and liability measurement as well as for sundry disclosures.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant who would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

22. Commitments

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Capital expenditure commitments – exploration and evaluation assets		
No longer than 1 year	**2,382,860**	4,746,636
Between 1 and 5 years	**150,264**	224,682
Total capital expenditure commitments – exploration and evaluation assets	**2,533,124**	4,971,318

Capital expenditure commitments of less than one year are outstanding purchase order commitments relating to the Jervois Copper Project. There are capital and rental commitments on tenements ranging from $5,000 to $49,726 per annum with expiry terms of between 1 and 2 years.

Non-cancellable rental commitments – tenements *Commitments for rental payments in relation to tenements are payable:*		
No longer than 1 year	**107,312**	70,236
Between 1 and 5 years	**236,481**	192,829
Greater than 5 years	**211,950**	161,508
Total commitments for rental payments in relation to tenements	**555,743**	424,573

Rental commitments comprise the tenement rentals at Jervois, Unca Creek and Yambah. The annual rental commitments on these leases range from $1,002 to $31,890 per annum with expiry terms of between 1 and 11 years. AASB 16 *Leases* does not apply to mining tenements.

23. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Parent entity

The parent entity is KGL Resources Limited, which is incorporated in Australia.

Subsidiaries

Interests in subsidiaries are disclosed in Note 14.

Key management personnel compensation

Information regarding the identity of key management personnel and their compensation can be found in the audited Remuneration Report contained in the Directors' Report. The directors, the chief financial officer and the chief operating officer are the only key management personnel.

The total remuneration paid to key management personnel of the Company and the Group during the period is as follows:

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
Key management personnel compensation		
Short-term employee benefits	**572,690**	663,042
Post-employment benefits	**46,054**	56,848
Share-based payments	**(84,502)**	177,633
Total key management personnel compensation	**534,242**	897,523

23. Related party transactions (continued)

Key management personnel compensation (continued)

Short-term employee benefits

These amounts include fees and benefits paid to the Board of Directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are superannuation contributions made during the period.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefit schemes as measured by the fair value of share options granted on grant date. Refer to Note 18 for further information.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 35 to 43.

Amounts payable to key management personnel

At 30 June 2022, the following amount due to a member of key management personnel was outstanding:

	CONSOLIDATED	
	30 JUN 2022	31 DEC 2021
	$	$
Payable to key management personnel		
Director's fees and superannuation	**4,351**	3,131

Other related party transactions

Mr Jeff Gerard undertook additional work after the end of the six-month period, to manage the delivery of the Jervois Feasibility Study. Under a separate arm's length consulting agreement, Mr Gerard is entitled to total remuneration of $100,000, to be paid in two tranches of $50,000, with the second tranche payable only on study completion.

Other than as noted above, there were no other transactions with other related parties during the period.

24. Auditor's remuneration

	CONSOLIDATED	
	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
Amounts paid or payable to BDO Audit Pty Ltd for audit or review of the financial statements of the Company and any other entity in the Group	**68,250**	58,000

25. Contingent liabilities and contingent assets

Contingent assets

There were no contingent assets as at 30 June 2022 or at 31 December 2021.

Contingent liabilities

In the 2019 financial year, the Company selected a preferred mining contractor to prepare costed mine plans for the Jervois Copper Project, work which is still ongoing. The contract with the preferred mining contractor contains several termination provisions, allowing the Company to select an alternative mining contractor in exchange for a compensation payment of $237,500.

26. Events after reporting date

1) Issue of Share Options

On 11 August 2022, the Company issued 480,000 zero-priced share options to Mr Steven Rooney, Chief Operations Officer. The options were granted on 4 May 2022. Refer to Note 18 for further details.

2) Resource Upgrade

On 14 September 2022, KGL announced updated resources for Bellbird, reflecting the latest RC drilling results. Bellbird resources were upgraded to include measured resources for the first time.

As at the date of this report, the total Jervois Mineral Resource is 23.8Mt @ 2.02% Cu, 25.3g/t Ag and 0.25g/t Au (Indicated and Inferred) containing 481kt of copper metal, 19.3Moz of silver and 189.6koz of gold.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

27. Parent entity information

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regard to the parent entity, KGL Resources Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Group accounting policies.

The financial information for the parent entity, KGL Resources Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investment is Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of KGL Resources Limited.

27. Parent entity information (continued)

	30 JUN 2022	31 DEC 2021
	$	$
Parent entity		
Current assets	**22,724,048**	12,873,328
Non-current assets	**91,457,890**	80,042,264
Total assets	**114,181,938**	92,915,592
Current liabilities	**(539,250)**	(479,678)
Non-current liabilities	**(12,088)**	(47,832)
Total liabilities	**(551,338)**	(527,510)
Net assets	**113,630,600**	92,388,082
Contributed equity	**237,329,681**	214,480,963
Share-based payment reserve	**169,140**	205,528
Accumulated losses	**(123,868,221)**	(122,298,409)
Total shareholders' equity	**113,630,600**	92,388,082

	6 MONTHS 30 JUN 2022	12 MONTHS 31 DEC 2021
	$	$
Total comprehensive loss for the period / year	**(1,569,812)**	(2,158,826)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Contractual commitments

The parent entity has no capital commitments.

Contingent liabilities

The parent entity has no known contingent liabilities.

28. Other accounting policies

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cashflows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

New and amended standards and interpretations not yet adopted

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the six-month reporting period ended 30 June 2022.

From management's review of the new Australian Accounting Standards and Interpretations issued not yet adopted there are no significant impacts on the financial performance or position of the Group envisaged.

New, revised or amended accounting standards and interpretations adopted

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

There were no material effects requiring disclosure, on applying the new, revised or amended standards and interpretations in the current reporting period.

Directors' Declaration

1. In the opinion of the directors of KGL Resources Limited:
   (a) The consolidated financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001* and:
      (i) comply with Australian Accounting Standards (including the Australian Accounting Interpretations), which as stated in the notes to the financial statements constitutes compliance with International Financial Reporting Standards and the Corporations Regulations 2001; and
      (ii) give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the six-month period ended on that date.
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the executive chairman and chief financial officer for the six-month period ended 30 June 2022.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board

Denis Wood
Executive Chairman
Brisbane

Dated: 28 September 2022

Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the members of KGL Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of KGL Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the period ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of exploration and evaluation assets

Key audit matter	***How the matter was addressed in our audit***
Refer to note 12 in the financial report. There is significant balance of exploration and evaluation assets as at 30 June 2022. The recoverability of exploration and evaluation assets is a key audit matter due to: • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but are not limited to the following: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as licence agreements and also considering whether the Group maintains the tenements in good standing; • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cash-flow forecast for the level of budgeted spend on exploration projects; and • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 43 of the directors' report for the period ended 30 June 2022.

In our opinion, the Remuneration Report of KGL Resources Limited, for the period ended **30 June 2022** complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

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T R Mann
Director

Brisbane, 28 September 2022

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Additional Information

AS AT 9 SEPTEMBER 2022

1. Names of substantial holders

NAME OF HOLDER	NO. OF SECURITIES	ISSUED CAPITAL %
KMP Investments Pte Ltd	118,794,907	26.13%
Mr Denis Wood	42,019,437	9.24%
Marshall Plenty Investments	33,053,124	7.27%
Paradice Investment Management Pty Ltd	26,563,526[1]	5.84%

1 per substantial shareholder notice dated 12 May 2022

2. Number of holders in each class of equities

	NO OF HOLDERS	NO OF UNITS
Ordinary Shares	2,952	454,588,974

3. Voting rights attached to each class of security

Each fully paid ordinary share is entitled to one vote.

4. Distribution schedule

RANGE	SECURITIES	NO OF HOLDERS
100,001 and Over	416,738,923	240
10,001 to 100,000	31,709,175	950
5,001 to 10,000	3,293,218	424
1,001 to 5,000	2,714,833	977
1 to 1,000	132,825	361
TOTAL	**454,588,974**	**2,952**

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5. Unmarketable parcels

Number of holders with a holding of less than a marketable parcel is 720 (720,679 securities, at a price of $0.27 on 9 September 2022).

6. 20 largest holders in each class of quoted security

RANK	NAME	9 SEPTEMBER 2022	ISSUED CAPITAL %
1	KMP INVESTMENTS PTE LTD	118,794,907	26.13
2	MR DENIS LESLIE WOOD & MRS ANNE WOOD	35,971,634	7.91
3	BNP PARIBAS NOMS PTY LTD	34,976,358	7.69
4	MARSHALL PLENTY INVESTMENTS	33,053,124	7.27
5	CITICORP NOMINEES PTY LIMITED	25,190,603	5.54
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	24,721,664	5.44
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,544,101	4.52
8	ROBRIAN PTY LTD	7,000,000	1.54
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,511,592	1.43
10	COAL INDUSTRY SERVICES PTY LTD	6,047,803	1.33
11	RAVELLO GROUP PTY LIMITED	6,011,614	1.32
12	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,957,475	1.31
13	SCML INVESTMENTS PTY LTD	3,906,618	0.86
14	HAY SUPERANNUATION PTY LTD	3,233,500	0.71
15	MRS MELINDA GAYE TURNER	3,000,000	0.66
16	MORANBAH NOMINEES PTY LTD	2,857,162	0.63
17	TRI-STAR ENERGY COMPANY	2,553,466	0.56
18	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	2,004,092	0.44
19	INVIA CUSTODIAN PTY LIMITED	1,950,000	0.43
20	R J TURNER PROPERTIES PTY LTD	1,750,000	0.38
20	INVIA CUSTODIAN PTY LIMITED	1,750,000	0.38
	TOTAL	**347,785,713**	**76.51**

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