

KGL Resources Ltd. December 2015 Quarterly Report and Cashflow

30.01.2016 | [ABN Newswire](#)

[KGL Resources Ltd.](#) (ASX:KGL) (KGL or the Company) continued to discover new areas of mineralisation at the 100% owned Jervois Copper-Silver-Gold Prospect in the Northern Territory.

The board is mindful of the current low commodity prices and has implemented a number of cost cutting activities including a reduction in the size of the board, a reduction in board fees and reducing the size of the workforce to reflect the reduced level of activity.

On 29 December 2015, the Company announced a capital raising to raise up to \$3 million by way of a two for nine pro rata non-renounceable entitlement offer, fully underwritten by the KGL Chairman, Mr Denis Wood. The funds are for the exploration and development of Jervois as well as corporate overheads, working capital and offer costs.

The offer is now closed, 285 shareholders contributed to the entitlement offer with over 30% of these shareholders applying for additional top up shares. This raised a total of \$1.72m.

The remaining funds will be contributed through the underwriting agreement.

Drilling and other exploration activities this year will be highly targeted and cost less than in previous years. During this period of low commodity prices, reduced spending will reduce the need for further capital raising at low prices with the aim of minimising dilution to existing shareholders.

At the end of December, prior to the receipt of the \$3m from the entitlement offer, the Company had a cash balance of \$1,384,641.

Jervois Copper-Silver-Gold Project, Northern Territory (KGL 100%)

The results of the completed Pre-Feasibility Study (PFS) of the Jervois Project were announced early in the quarter, in time to be included in the previous quarterly report.

The PFS was based on a total Indicated and Inferred Resource of 30.5 Mt containing 327,000 t copper, 22.6 Moz silver, 143,000 t lead and 47,000 t zinc.

Exploration to increase and upgrade the Resource continued into the quarter.

A 10-hole drilling program was completed, following up a 3D induced polarisation (3DIP) in the Bellbird region to search for additional zones of mineralisation in a poorly tested yet highly prospective zone along the 12km mineralised strike length at Jervois.

Several of the holes discovered new zones of copper mineralisation.

Drilling and down hole electro-magnetic surveys were completed at the Rockface prospect.

Diamond drill hole KJCD171 intersected an extended length of strongly mineralised core from 253m, deeper than any previous hole drilled at Rockface and well below the current Inferred Resource:

- 13m @ 2.14% copper, 12.5 g/t silver, 0.10 g/t gold from 255m

- 2m @ 2.83% copper, 10.8 g/t silver and 0.05 g/t gold from 278m

The Rockface trend does not feature in the PFS mine schedule. Rockface appears to improve with depth and has the potential to add a new open pit and underground mine to the Jervois project.

At the Killeen prospect, further high grade copper was intersected near the surface:

- 2m @ 3.18% copper, 11.8 g/t silver and 0.03 g/t gold from 19m (hole KJC167)

At Bellbird East, drilling at hole KJC169 intersected 4m @ 0.51% copper, 1.09% lead, 4.27% zinc and 16.4 g/t silver from 119m.

Exploration is planned to resume at the Jervois site in February and will include a detailed gravity survey over the entire exploration license, shallow drilling near the top of the Rockface deposit to better define mineralisation near the surface, deeper drilling targeting the conductors identified in the down-hole electro-magnetic survey at Rockface and some drilling at Green Parrot to twin some of the historical holes with the aim to upgrade the resource.

Shallow RC drilling is also planned at a number of new prospects on the exploration license that were generated through the mapping, soil sampling and RAB drilling programmes which were completed in the previous quarter.

Yambah prospects, Northern Territory (KGL 100%)

Two new base metal prospects were discovered on exploration licences at Yambah. The Yambah project was acquired last year due to the close similarity of the mineralisation style and host rocks to Jervois.

Rock chip results produced copper and lead-zinc occurrences extending for over 500m.

Further field work is planned to locate additional mineralised trends and to progress the new and previously known prospects to a drill ready status.

Outlook

In view of the continuing success of exploration drilling late in 2015 indicating high grade extensions to known deposits and new areas of mineralisation within the 12km strike length at Jervois, the Company will focus on upgrading and extending Resources. A detailed gravity survey and RC and diamond drilling will commence in February.

Baseline monitoring for the Environmental Impact Assessment has also commenced.

Negotiation of a mining agreement with the Central Land Council has been progressing and is expected to be completed in the current quarter.

To view the full report, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-KGL-903805.pdf>

About KGL Resources Ltd:

[KGL Resources Ltd.](#) (ASX:KGL) is an Australian mineral exploration company focussed on increasing the high grade Resource at the Jervois Copper-Silver-Gold Project in the Northern Territory and developing it into a multi-metal mine.

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