KENTOR MINERALS (NT) Pty. Ltd

MINING MANAGEMENT PLAN

UPDATE

FOR

2017

JERVOIS PROJECT EXPLORATION

NORTHERN TERRITORY

ML30180, ML30182,
EL25429

Dept. of Mines and Energy
Mining Compliance

Authorisation: 0666-01 Variation 2

May 2017
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1.0 INTRODUCTION

KGL Resources (Parent Company)
Registered Office: Level 7, 167 Eagle Street
Brisbane QLD 4000
Phone: (07) 30719003
Email: info@kglresources.com.au

Key Personnel
Contact: Rudy Lennartz
Mobile: 0428833770
Email: rlennartz@kglresources.com.au

1.1 Organisational Structure

Figure 1. KGL Resources organisational structure
1.2 Workforce

A general downturn in the mineral exploration industry has resulted in some of the KGL staff being made redundant in early 2016. All exploration activities will still be planned and supervised by Kentor Minerals (NT) staff. When field activities are being conducted there will be a Kentor Minerals (NT) employee on site. At other times when there is no field activity, the site will generally be unmanned.

Kentor Minerals (NT) currently hire a Backhoe from an Alice Springs machinery rental group and use it to actively undergo site preparation required for drill pads and sumps and for regular rehabilitation work. On some occasions there has been a requirement for heavier type of work that warrants the use of local earth moving contractors. All equipment and operators have appropriate certification, training and licencing.

During 2016, the workforce on the Jervois Project averaged 7 personnel. Kentor Minerals (NT) had a compliment of 2 casual employees and one permanent employee on site at various times.

1.3 Statutory Requirements

Exploration activities involving drilling will be carried out under the terms of the granted Mineral Leases 30180, 30182 and EL 25429.

Exploration will be conducted in compliance with the conditions of the authorisation and the NT Mining Management Act, NT Mineral Titles Act in 2011 and Regulations, Bushfires Act, Weeds Management Act, NT Aboriginal Sacred Sites Act, Heritage Act, Work Health and Safety (National Uniform Legislation) Act. and the Soil Conservation and Land Utilization Act.

Tenements are held by Jinka Minerals Ltd. with the operating company being Kentor Minerals (NT) Pty Ltd. The current Authorisation Number is 0666-01 V4 (issued 22/11/2016)

1.4 Non-Statutory Requirements

Kantor Minerals (NT) will carry out its work on this area in accordance with best industry practices and the Code of Conduct issued by the NT Resources Council and directed by the NT DME – Mining Compliance Group.

1.5 Identified Stakeholders

1) The work programme area falls on Jervois Pastoral Lease (NT Por 366) owned by Jervois Pastoral Company Pty Ltd (Michael and Denise Broad), as lease holders and owner/occupiers. Discussions have been held with the Station Manager to ensure that no issues associated with the programme will disrupt the leaseholder’s activities. Kentor Minerals (NT) continues to discuss all site activities with the Station owner and the Station manager.

A register of formal discussions with land owner/occupier is included in the companies “Community Engagement” meeting log.

A Land Access Agreement has been entered into and is presented in APPENDIX 1.

2) Department of Mines and Energy (DME)

3) NT Worksafe.

4) Central Land Council (CLC).

Agreement negotiations for an Indigenous Land Use agreement (ILUA) with the Central Lands Council (LC) are continuing.
2.0 PROJECT DETAILS

2.1 Project Name and Location

The Jervois Range Project is located on Jervois Station, about 380km NNE of Alice Springs. Access is by the Stuart Highway and the Plenty Highway (Figure 1).

Figure 2. Jervois Project Location Plan
2.2 Project Tenements

Figure 3. Jervois Project tenement plan

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<th>Title Number</th>
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<th>Grant Date</th>
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<td>30-12-1950</td>
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Table 1. Jinka Minerals Tenement holdings
2.3 History of Development.


In the period 1999-2002 a substantial exploration programme was conducted by Mt Isa Mines Exploration Pty Ltd (MIMEX) in joint venture with Britannia Gold. MIMEX were seeking a world class deposit and in their view their results did not measure up. Reward Minerals regarded the exploration results obtained by MIMEX as very encouraging and continued exploration.

MIMEX carried out substantial rehabilitation, including the rehabilitation of all holes drilled by Britannia and most of those drilled by MIMEX (for details see MIM report 2797, December 2001: “Status of Rehabilitation of Areas Impacted by Exploration Activity”, by I Garsed). The few remaining MIMEX holes have been rehabilitated by Reward Minerals, the previous operator. Since that time, Kentor Minerals (NT) has actively been rehabilitating drill pads as drilling programs are completed.

2.4 Current Status / Previous Exploration Activities

During the 2016 drilling campaigns, the company has had significant success with the approved Mine Management Plan and subsequent Mine Management Plan Amendments (Amendments 1 and 2).

Due to the downturn in the mineral resource industry there has been a re-focus of activities for the Jervois Project. Project development studies have been deferred until funding has been secured.

The extensive work program proposed in Amendment 1 (Approved 22nd November 2016) was deferred until sufficient fund were available.

The proposed holes to be drilled at the Rockface prospect were drilled and all future work was subsequently concentrated on that project.

Amendment 2 (Approved 21st Feb. 2017) to the Mine Management Plan was subsequently submitted based on the very encouraging results from previous drilling.

All immediate activities will be based on the proposed drilling outlined in Amendment 2. Current KGL Board project priorities are based on the continual drilling, Down Hole Electromagnetic (DHEM) survey and further drilling of the Rockface resource. The focus of all work at the Jervois Project, at the time of this update, was to develop the Rockface Prospect.

Should a re-focus of priorities apply in the coming 12 months, the Mining Compliance Group will be notified accordingly.
3.0 COMMENTS ON 2016 ACTIVITIES

KGL has had a successful year, achieving the objectives that the board sought more than a year ago and moving the Jervois Project steadily towards the goal of becoming an assured low cost copper and multi-metal producer.

In particular, exploration results at the Rockface prospect have been outstanding. In 2016, directors changed strategic direction, deciding to defer the development of the Jervois project in favour of further intensive exploration. Priority has been given to improving the size and particularly the grade of the Resource in order to achieve at Jervois one of the world’s lowest cost rankings before moving to mine development. Exploration focussed on the highly prospective Rockface prospect which previously had hardly figured in the known Resource at Jervois with just 2% of its copper.

Drilling during the year revealed that high grade mineralisation at Rockface extends from the surface to a depth of more than 650 metres, creating the potential for both open pit and underground mining. Grades of 1% to 2% copper for the first 5 to 10 metres below the surface give way to wide intervals at grades that increase with depth.

By way of illustration, they include 9 metres at 2.9% copper from 284m, 16m @ 3.3% copper from 362m, 14m @ 8.9% copper from 436m, 9m @ 11.5% copper from 535m, and 10m @ 9% copper from 645m. The newly discovered Rockface mineralisation is easily amenable to treatment, metallurgical testing during the year confirming good recovery and concentrate grade.

The use of modern, cost efficient exploration methods has been a key to KGL’s success at Rockface. Down Hole Electromagnetic (DHEM) surveying has identified target areas (conductors) which have then been successfully drilled. This consistently reliable technology has led us progressively deeper into wide intervals of higher grade copper, and recently directed us to additional prospective zones to the east.

The reductions in corporate costs introduced early last year have been maintained and, together with the highly effective exploration technologies, have enabled us to extend the application of precious capital and direct it overwhelmingly to value-adding exploration.

Directors have strongly preferred to approach shareholders for necessary capital in order to minimise dilution. The $3 million entitlement completed in January 2016 carried KGL well into 2017 supplemented by $3 million in R & D Tax Incentive refunds from the Federal Government in acknowledgement of KGL’s innovative metallurgical work.
Amendment 1 to the 2015 Mine Management Plan was focussed on the regional development drilling program that was designed to test for extensions to known mineralised zones and to develop the current resource model. A program of about 6,100m was proposed to drill test the known and interpreted extensions of new and previously defined mineralised prospects. Exploration activities at the Jervois Project site, proposed in Amendment 1 (accepted by the Department on 22 Nov. 2016), have been re-prioritised and delayed until sufficient funding becomes available.

Amendment 2 to the 2015 Mine Management Plan outlined the drilling program designed to test targets defined from a recent geophysical program.

The Rockface Prospect drilling, as proposed in Amendment 2, was completed and the results from that drilling has prompted the requirement for further expansive exploration and resource drilling at the Rockface Prospect (Phase 9C).

The activities outlined in the current Amendment 2 are in addition to those outlined, in Amendment 1, at the Rockface Prospect.

Figure 4. represents the mineralised interval that corresponds to Conductor 5 as presented in Figure 5. As drilling progresses, the Conductors identified from the DHEM survey will be targeted in anticipation of a continual east-west lateral extension.

![Figure 4. Mineralised core from KJCD197 (circa 566m) Conductor 5](image-url)
Figure 5. Rockface DHEM Conductors (looking north-west)
## 3.1 Comments on Mining Management Plan Update 2016

**Authorisation: 0666-01  Variation 2**

**May 2016**

<table>
<thead>
<tr>
<th>Section / Reference</th>
<th>Comments</th>
</tr>
</thead>
</table>
| 6.0 Current Project Site Conditions | The MMP is a stand-alone document and will be made publically available upon approval by the Department. Therefore, site condition information, including flora and fauna, hydrology and land area type, provided in previous MMP's should be included in subsequent MMP's. Please ensure this information is provided in the next MMP.  
Noted and actioned. Included in APPENDIX 8. |
| 7.3 Objectives and Targets | Objectives and targets should be developed in line with the SMART principle: Specific, Measurable, Achievable, Realistic and Timely, and then reported against in subsequent MMP's.  
Update objectives and targets in the next MMP.  
Noted and actioned. |
| 7.6 Emergency Procedures and Incident Reporting | A statement should be provided here outlining the operator’s understanding of its incident reporting requirements under the MMA.  
Noted and actioned. |
| 7.7 Environmental Audits and Inspections | Please ensure all issues raised during the compliance audit conducted in April 2016 are followed up and reported against in the next MMP.  
4.0 FUTURE ACTIVITIES.

Kentor Minerals (NT) undertook a decisive exploration and drilling program in 2016 and is continuing with drilling as outlined in the 2016 MMP submission and subsequent Amendments.

In a difficult year for mining and exploration, KGL has continued to be successful in increasing and improving the resource at the Jervois copper and multi-metal project.

Jervois is KGL’s major asset. Directors are committed to adding shareholder value by applying modern and cost efficient exploration methods that will continue to reveal the scale and quality of the Jervois ore-bodies.

We aim to increase resources, but importantly we are targeting higher grade mineralisation to boost early cash flows.

The company has been successful in applying a range of new and established geophysical techniques that have identified new drilling targets. We can be encouraged by the resultant drilling so far. In particular, the Rockface deposit is now emerging as a potential new open pit and underground mine of considerable size and good grade.

Parent company, KGL Resources, is focused on building Jervois into a lower cost project with an increased, higher grade resource and extended potential mine life, and so securing its place amongst the lowest cost projects in the world. We will proceed to mine development only when we are satisfied that we have reached the required project quality.

An analysis of the drilling and of subsequent studies undertaken by consultants and research bodies highlighted that the Project’s value would be improved markedly by further drilling. Target areas will be those highlighted in Figure 6. The area has been selected based on the recent gravity survey and drill hole results.

5.0 CURRENT STATUS

A pre-feasibility study based on the latest resource estimate was completed late 2015. However, the board decided to give priority to further exploration to improve the quality of the resource rather than proceed to a bankable feasibility study and on to mine development.

This is the appropriate course in the current market conditions of weak copper prices and capital constraints. The current capital markets are not ready to finance such a development.

In committing to fund additional exploration, our aim is to ensure that when Jervois is developed, it will be a project that will be placed with confidence in the bottom half of the cost curve for copper mines on both a C1 and C3 basis.

Our strategy of increasing and upgrading the Jervois resource through a highly targeted exploration program can be achieved with a reduced level of spending and stringent cost control across the company.

Costs since 2016 have been cut significantly in line with the market downturn. The board has been reduced to three directors and, furthermore, directors’ fees have been reduced. The size of the workforce has been reduced and staff put on to a part-time basis in line with the reduced levels of activity. The Perth office has been closed.

Some staff have had to take redundancy and the others have had to accept reduced hours. We remain focused on the Jervois Range project and are committed to continuing exploratory work programs during this difficult time in the mining industry cycle.
Figure 6. MMP Proposed drill zones 2016/2017
5.1 Target Minerals

The objective of the past drilling programs was to expand and refine the resource that has been defined, in 2014, over the Reward, Marshall and Green Parrot Prospect areas. Continual drilling during 2016 increased the resource at the Rockface Prospect however a revised Resource will be produced only when recent and future drilling has been significant enough to enable a significant upgrade of tonnage and grade of the various commodities that include Copper, Silver, Lead and Zinc.

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<th>Jervois Copper Resources</th>
<th>Category</th>
<th>tonnes Mt</th>
<th>Copper %</th>
<th>Silver g/t</th>
<th>Lead %</th>
<th>Zinc %</th>
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<th>Lead kt</th>
<th>Zinc kt</th>
<th>Cut-off Cu%</th>
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| 2015 Combined | TOTAL | 30.5 | 1.07 | 23.0 | 327 | 22.6 | 143 | 47 |
| 2014 Combined | TOTAL | 25.3 | 1.10 | 22.1 | 280 | 18.0 | 84  | 36 |
| 2015/2014    | % Variance | 21 |

*These tables may contain minor rounding errors.

Table 2. 2015 Resource Figures
6.0 CURRENT PROJECT SITE CONDITIONS

6.1 Site Infrastructure & Location

The Jervois Project the camp and infrastructure facilities have been not been expanded since the 2016 MMP Update.

Site infrastructure includes:

i. 2 x six man accommodation units (donga)
ii. 1 x five man accommodation unit (donga)
iii. 1 x kitchen / dining unit
iv. 2 x male ablution blocks
v. 1 x female ablution block
vi. 5 x sea containers adjoined with overhead dome covering
vii. 1 x sea container for storage
viii. 1 x office block
ix. 1 x concrete floored storage shed
x. 1 x concrete floored core cutting shade structure

Portable accommodation (caravans) will be introduced, as required, when additional personnel were on site.

6.2 Transportation and Site Access

The general area is reached from Alice Springs via the Stuart Highway and Plenty Highway to Jervois Pastoral Station, about 380km from Alice Springs. The final 30km or so to the middle of EL 25429 is by the Lucy Creek Road and by station tracks within Jervois Station. There is only one gate into the Jervois Project area, and that is generally kept closed but unlocked (refer Figure 1).

6.3 Land Area Type

There have been no additional land systems/ land unit, soil or environmental studies undertaken since the 2016 MMP update.

6.4 Hydrology

A desk top study and a field reconnaissance visit was made in early 2017 in preparation of a major hydrogeological study to comply with the Environmental Impact Study requirements. Work is currently being undertaken as part of the EIS and reports / data should be available for MMP inclusion in 2018. Current Hydrology progress is included in APPENDIX 3.

6.5 Flora and Fauna

There have been no additional flora and Fauna studies undertaken since the 2016 MMP update. However, the reports undertaken on the tenement have been included in APPENDIX 7.

6.6 Current Land Use

The area is primarily used for cattle grazing (Jervois Pastoral Lease). There has also been a rich history of small-scale mining activity within the Jervois tenements and relics of this can be observed at several locations throughout the tenements. Since 1983 when the most recent mining activity ceased, the area has been subjected to consecutive exploration programs by numerous companies, most recently by Kentor Minerals (NT) Pty. Ltd.
6.7 Historical, Aboriginal, Heritage Sites

Currently there are three Registered Heritage Sites within the Greater Jervois Tenement Area:

- Registered Site G152-11, a Bloodwood tree around which is a 10 metre exclusion zone.
- Registered Site G152-12, a Bloodwood tree around which is a 10 metre exclusion zone.
- Registered Site G152-10, a ridge in the western sector of EL 25429; currently there are no plans for work in this area.

During the year, KGL Resources entered into an Indigenous Land Use Agreement after negotiations with the traditional land owners and the Central Land Council. The ILUA is currently with the National Native Title Tribunal for registration. An Authority Certificate from the Aboriginal Areas Protection Authority in the Northern Territory has also been issued confirming that no aboriginal heritage matters would impact upon the project. Current registered sites documentation received is included in the accompanying Figure 7.
Figure 7. AAPA Sensitive sites
ENVIRONMENTAL POLICIES

7.1 Environment Policy and Responsibilities

The Kentor Minerals (NT) Risk Management Plan associated with the Jervois Project, as presented in APPENDIX 7, outlines Kentor Minerals (NT) commitment to a safe, pleasurable and manageable working environment. This document was sent to the NT Worksafe group for auditing against statutory compliance requirements and will be edited according to recommendations made.

The Kentor Minerals (NT) Environmental Risk Management Procedure is presented in APPENDIX 8. The Company is also bound by the conditions attached to the grant of the Mineral Leases and Exploration Licences. The person responsible for developing and implementing environmental management is the Project Manager, Mr Rudy Lennartz.

7.2 Identification of Environmental Aspects and Impacts

Kentor Minerals (NT) takes responsibility for environmental matters and the Project Manager and Geologist are charged with implementing sound environmental practices. The minimum standards to be adhered to are the conditions associated with the grant of the Mineral Leases and Exploration Licence.

Kentor Minerals (NT) has compiled a risk assessment matrix to be used during field operations. Table 3 identifies the potential environmental aspects and impacts that could be experienced during field activities based on the rating system outlined in Table 4.

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Impact</th>
<th>Risk Rating</th>
<th>Management Measures (prevention)</th>
<th>Management measures (remediation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driving between drill sites</td>
<td>Disturbance to environment including fauna and flora. Possibility of spreading weeds.</td>
<td>2</td>
<td>Staff and contractors will be instructed to use only existing tracks.</td>
<td>Continued monitoring of staff and contractors use of access routes.</td>
</tr>
<tr>
<td>Clearing of drill pads</td>
<td>1) Will disturb soil profile where earth moving necessary. 2) Loss of flora and fauna.</td>
<td>4</td>
<td>1) Earthmoving contractor will be instructed to put top soil to one side. 2) Minimal disturbance to retain nearby plant integrity.</td>
<td>1) Use top soil for rehabilitation. 2) Avoid large or culturally significant trees where possible and retain root stock in the ground.</td>
</tr>
<tr>
<td>Sump construction</td>
<td>1) Soil profile will be affected. 2) Flora and Fauna may be affected.</td>
<td>3</td>
<td>1) Ensure top soil is put to one side. 2) Minimise disturbance to retain nearby plant integrity.</td>
<td>Use top soil for rehabilitation.</td>
</tr>
<tr>
<td>Drilling</td>
<td>Dust and Noise pollution affecting flora, fauna and humans. Hydrocarbon spillage causing contamination of soil, surface and ground water.</td>
<td>2</td>
<td>Ensure drillers have well maintained equipment with dust suppression devices if required. Also that they have equipment to attend to any hydrocarbon spillage incidents.</td>
<td>Upgrade dust suppression measures as required.</td>
</tr>
<tr>
<td>Fuel and Chemical Storage</td>
<td>Liquids will quickly contaminate soil and surface water and water table</td>
<td>1</td>
<td>Bulk diesel fuel (53,000 litres) is stored in a self bunded tank.</td>
<td>Monitor tank for seepage and leaks.</td>
</tr>
<tr>
<td>Removal of PVC Collar</td>
<td>Additional use of field vehicle with possibility of effect on flora/fauna locally</td>
<td>2</td>
<td>Use only existing tracks.</td>
<td>Continued monitoring of staff to ensure existing tracks only used.</td>
</tr>
<tr>
<td>Final Rehabilitation of drill site</td>
<td>Backhoe may affect local flora/fauna as well as minor noise pollution</td>
<td>2</td>
<td>Use same tracks used to access drill site.</td>
<td>Continued monitoring of staff to ensure existing tracks only used.</td>
</tr>
</tbody>
</table>

Table 3. Environmental Aspects and Impacts

<table>
<thead>
<tr>
<th>Score</th>
<th>Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Almost Certain</td>
</tr>
<tr>
<td>4</td>
<td>Likely</td>
</tr>
<tr>
<td>3</td>
<td>Possible</td>
</tr>
<tr>
<td>2</td>
<td>Unlikely</td>
</tr>
<tr>
<td>1</td>
<td>Rare</td>
</tr>
</tbody>
</table>

Table 4. Incident Rating Table
7.3 Objectives and Targets

<table>
<thead>
<tr>
<th>OBJECTIVE / GOAL</th>
<th>MEASURABLE / EVIDENCE</th>
<th>ATTAINABLE</th>
<th>RELEVANCE</th>
<th>TIME BOUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero Lost Time Injuries</td>
<td>Record all injuries in designated report sheets.</td>
<td>Appropriate reporting should an injury occur</td>
<td>All Staff and Contractors</td>
<td>Review annually</td>
</tr>
<tr>
<td>No Significant Safety Incidents</td>
<td>Record all Incidents in designated report sheets</td>
<td>Zero Safety Incidents. Appropriate reporting should a Safety Incident occur.</td>
<td>All Staff and Contractors</td>
<td>Review annually</td>
</tr>
<tr>
<td>No Significant Environmental Issues</td>
<td>Record all Incidents in designated report sheets</td>
<td>Zero Environmental incidents</td>
<td>All Staff and Contractors</td>
<td>Review annually</td>
</tr>
<tr>
<td>Rehabilitation of all Drill holes, Drill Access Tracks and Drill pads to DME Requirements</td>
<td>Photo evidence of drill pad to be taken before and after drilling</td>
<td>Complete required rehabilitation within scheduled time period</td>
<td>KGL Field Staff and Project Manager</td>
<td>Complete within 6 months</td>
</tr>
<tr>
<td>Statutory Reporting of Activities (Programme Completion)</td>
<td>Reports to be compiled in a legible and presentable manner and include all relevant information</td>
<td>Reports to be submitted with in the designated time period. Otherwise, apply for extensions prior to submission dates.</td>
<td>Project Manager</td>
<td>Complete as required</td>
</tr>
</tbody>
</table>

Table 5. Objectives and Targets

7.4 Induction and Training

All persons on site will be made aware of their environmental responsibilities including the items listed above. Kentor Minerals (NT) has a general site induction that makes all employees and contractors aware of their safety and environmental obligations and what to do in the event of an incident.

An important consideration in the selection of a drilling contractor is that they have in place their own safety and environmental policies. Contractors are required to provide Kentor Minerals (NT) with a copy of their policy manuals prior to commencement of operations to ensure they are consistent with Kentor Minerals (NT) and legislative requirements.

Kenton Minerals (NT) induction includes a discussion of the importance of respecting and maintaining the current stability of the environment in the exploration area.

Issues discussed during the induction include:

1) Vehicular travel is to be restricted to existing station tracks in order to reduce soil degradation, track scouring and vegetation degradation.
2) Bush/Grass fire hazards due to unprecedented grass growth during high rainfall periods.
3) Hydrocarbon spill mats are to be used for the collection and absorption of any spillage of diesel, hydraulic oil, or any other hydrocarbon spillage. The drilling contractor carries these mats as part of their environmental containment policy. All chemicals used by the drilling company are biodegradable.
4) Dust control measures are required on drill rigs operating on the exploration site. All operators are to have available and are to wear relevant PPE gear related to dust protection as well as hearing and eye protection.
5) Environmental and personal hygiene on the work place and in the camp environment.
6) Ensuring all completed drill holes are capped securely to prevent fauna being trapped in the hole.
7) No firearms or domestic pets are permitted on the exploration licence.
8) The protection and identification of sites of indigenous significance.
7.5 Consultation

Authorisations for Exploration Programmes are obtained from the NT Department of Mines and Energy - Mining Compliance Group. The Leaseholders of Jervois Station are kept informed of our exploration activities and their permission has been sought for any planned ground disturbing activities or water usage. Letter notification has been sent to the Jervois Station owner / manager. Relevant discussions regarding the Jervois Project will be added to the current Community Engagement log.

7.6 Emergency Procedures and Incident Reporting

Refer to the Kentor Minerals (NT) Environmental Management Plan in APPENDIX 8. Included in APPENDIX 4 are the recommended reporting guidelines from the NT Department of Mines and from NT Worksafe. In the event that an environmental incident occurs, the appropriate guidelines will be adhered to.

Kentor Minerals (NT) has reviewed NT Mining Management Act 2015, Part 3 The Environment, Divisions 1, 2, 3, 4 and 5 and are aware of the penalties and consequences of breaching the conditions.

7.7 Environmental Audits and Inspections

The final report for the Compliance Audit, conducted at Jervois Range Project, by the Department on 4-5 April 2016 was received on 17th May 2016.

As agreed, the audit was based on commitments made in the 2015 Mining Management Plan. The commitments were assessed and graded with respect to past performance and any progress or improvements made.

Comments listed in the table of commitments have been noted and will be addressed as the project develops.

The issues raised during the compliance audit have been addressed and are reported in a summary enclosed in APPENDIX 4.

Kentor Minerals (NT) will continue to cooperate with, and address issues, raised by the Mining Compliance Group.

7.8 Documentation

The Kentor Minerals (NT) Mine Management Plan, Environmental Management Plan and Risk Management Plan are available, for all on site personnel to view, in the camp mess area. All personnel are instructed on the location of the plans during their induction.

The Jervois Project Operations Manager (Rudy Lennartz) is responsible for periodic update and review of all statutory documentation.

As recommended in the Compliance audit, evidence of inspections, audits, site visits, meetings etc. will be recorded appropriately.

Standard Operating Procedures (SOP’s) have been written for most of the tasks undertaken by the field workers who enter the exploration site. Employees are required to read, understand and sign-off on each procedure as they learn and participate in the activity.

The SOP register is edited as additional task are identified.
8.0 ENVIRONMENTAL MANAGEMENT

8.1 Invasive Species Management

Kentor Minerals (NT) vehicles will be washed prior to entry to the work programme areas to reduce the risk of weed dispersal. All drill sites are contained within a 5 km zone and all drilling activities are restricted to that area. Light vehicle movement to and from site is a daily occurrence and these vehicles are restricted to dirt tracks and bitumen roads. Drill rigs are regularly washed down, although they do not leave site, at a concrete based laydown area near the abandoned plant site. All water used during the wash down process will be retained in the exiting wash down area.

The wash down area is devoid of vegetation and is on concrete. Should vegetation be observed to be growing at the wash down site Kentor Minerals (NT) staff would contact the local (Alice Springs) weeds officer from the NT Government Weeds Management Branch for a site inspection and/or eradication methods. Kentor Minerals (NT) is committed to consultation with government departmental staff on appropriate environmental management.

Issues raised in the recent NT Department of Mines, Compliance Audit, conducted at Jervois Range Project, have been addressed and monitoring of affected areas will be ongoing and identified invasive species will be controlled as required.

8.2 Waste Management

Waste from exploration activities, apart from putrescible camp waste, is disposed of in a licenced waste disposal facility.

All other drilling waste e.g., plastic drums, cable, drill mud containers and associated containers, are also stored in similar concrete bounded bays and transported to Alice Springs as required.

Hydrocarbons e.g. sump oil, grease and other oils, are stored in a 1000 litre pod and transported to Alice Springs as required.

8.3 Noise and Air Quality Management

Ear protection (muffs or plugs) and facemasks must to be used near drill rigs. Drilling contractors will be required to have approved dust recovery units fitted to their rigs to minimise dust hazards. Kentor Minerals (NT) have introduced a dust and surface water run-off monitoring program to comply with “Notice Of Intent” statutory requirements. Results are being collated for future analysis by environmental consultants.

8.4 Culture and Heritage Management

Liaison with the Central Lands Council is currently being undertaken via legal representation.

Registered cultural heritage sites have been identified on the exploration licence. There will be no exploration activities undertaken near the identified areas and there is no long term exploration activities planned near the special sites. Should there be an increase in any exploration activities at Jervois the identified areas will be cordoned off by clearly visible barriers.

Employees and/or contractors are made aware of the existence of sacred sites during the induction briefing. There is no reason for any employees/contractors to travel to the areas of significance.
8.5 Hazardous Materials Storage

- LPG gas bottles for camp use will be chained as required.
- Biodegradable drilling fluids are stored in a disused steel container. Other drilling related fluids are stored in an on-site caravan workshop supplied by the drillers.
- Bulk fuel storage to supply the camp generator and vehicles associated with the drilling program is in a dedicated fuel tank, bunded and setup remotely from operations. Top-up fuel is obtained from Jervois Station.

8.6 Environmental Performance Reporting

During the period of the work programme covered by this MMP, the recommendations and comments related to the recent NT Department of Mines, Compliance Audit at Jervois Range Project on 4-5 April 2016 have been addressed. (see APPENDIX4)

Kenton Minerals (NT) will introduce an “in-house” audit to record and monitor the progress of compliance to the listed issues identified during the NT Department of Mines, Compliance Audit.

9.0 EXPLORATION CLOSURE AND REHABILITATION

9.1 Status of Current Rehabilitation

All drill holes, drill pads and sumps related to the Kentor Minerals(NT) drilling programs are rehabilitated as soon as possible after the completion of the drill hole. The rehabilitation generally occurs with two weeks of the hole completion. Rehabilitation statistics are summarized in APPENDIX 2.

9.2 Topsoil Management

General policy is not to disturb topsoil unless absolutely necessary. This is particularly important at the Jervois site as much of the area is covered by sand that may become boggy if disturbed.

Areas that require significant levelling, for drill pads, are generally very rocky and devoid of topsoil. In areas where drilling has been completed and no mining potential exists, drill pads will be levelled back to the natural slope in a manner conducive to spreading any top soil back to the disturbed area.

9.3 Revegetation Methods

Revegetation methods that may be suitable at Jervois are being ascertained. Note has been made of the PF2-011, 012 and 013 authorisation-rehabilitation report requirements for drill holes, drill pads and sumps, and tracks and/or grid lines.

As soon as holes are not required for future use, drill sumps, drill pads and access tracks will be rehabilitated.

9.4 Fire Management

Liaison has taken place with the local property owner with regard to fire management. The station owner has earthmoving equipment capable of constructing firebreaks to contain any fire that becomes uncontrollable.

Perimeter fencing of the current camp area was undertaken in 2015 to reduce the incidents of cow’s destructive ingress to the camp. Firebreaks are cleared along the current fence line. Regular maintenance of fire breaks is on-going. (see APPENDIX 4 and 6, for fire break updates).
9.5 Closure Planning

Rehabilitation of the site would involve removal of all bags, drill spoil, rehabilitation of campsite and rehabilitation of all tracks and other disturbed areas and revegetation of the same.

9.6 Rehabilitation Activities Conducted

The camp at the Jervois Project site was established in about 1997 by Mt. Isa Mines exploration division. It has been in place since that time and since no changes or modifications have been made since the late 1990’s there has not been a requirement for environmental rehabilitation. It is anticipated that the camp will remain “as is” until such time that the project expands to a higher level.

There has been no disturbance to the camp access environs since the initial installation in 1997. One access track has existed since that date and no other tracks have been planned for construction.

Table 6 summarises the current status of rehabilitation activities outside the scope of the immediate drilling program.

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Area Opened</th>
<th>Area Closed</th>
<th>Total Outstanding</th>
<th>As per MMP (Y/N)</th>
<th>Comments / Expected Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extractive Workings</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Hard Rock Pits</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Underground Workings</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Site Infrastructure/Camp – inc. concrete pads</td>
<td>11 m²</td>
<td>148 m²</td>
<td>159 m²</td>
<td>N</td>
<td>At project completion</td>
</tr>
<tr>
<td>Dams and Reservoirs</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Stockpiles</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Exploration - drill holes</td>
<td>approx.0.5 Ha</td>
<td>NIL</td>
<td>approx.0.5 Ha</td>
<td>N</td>
<td>Completion 2017</td>
</tr>
<tr>
<td>- sumps, pads</td>
<td>approx.1.5 Ha</td>
<td>NIL</td>
<td>approx.1.5 Ha</td>
<td>N</td>
<td>Completion 2017</td>
</tr>
<tr>
<td>- costeans</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Roads and Tracks</td>
<td>.4 Ha</td>
<td>.4 Ha</td>
<td>.4 Ha</td>
<td>N</td>
<td>At project completion</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6. Current rehabilitation status