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Company Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Result of EPA prosecution against KBL Mining Limited in relation to water pollution at Mineral Hill

The NSW Environment Protection Authority (EPA) prosecution against KBL Mining Limited ("KBL" or "the Company") was resolved today when judgement was handed down in the proceedings. The result of the proceedings, in which KBL pleaded guilty to one offence of water pollution under the Protection of the Environment Operations Act 1997 is that KBL:

- was convicted of the charge
- was fined a total of $52,000 and was ordered to pay the EPA's investigation costs of $10,390 and legal costs of $51,000
- is required to publish prescribed notices in the Sydney Morning Herald and local newspapers

KBL operates the Mineral Hill mine 60km north-west of Condobolin. It holds an Environment Protection Licence but is prohibited from causing water pollution. On 20 June 2013, an estimated 378 cubic metres of mine tailings leaked from a pipeline and over 90 cubic metres flowed into a water course at the Mine. A bund around the pipeline failed to control the leaking material. The flow of tailings was entirely contained on the Mine site and did not reach any neighbouring properties.

Following the leak, the Company conducted an extensive clean-up to remove the tailings and dirty water. This process was fully completed by 28 August 2013. KBL regrets that its actions resulted in the leak and the resulting impact on the environment and is committed to take all practicable measures to prevent recurrence of the incident. In this regard, KBL has identified and undertaken appropriate measures to prevent recurrence and has also undertaken a complete review of all of its procedures and incident response management plan.

Brian Wesson
Managing Director