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First Zinc Concentrate Produced at Mineral Hill

- Plant trials underway at the Mineral Hill Mine have successfully produced saleable lead and zinc concentrates from the A lode
- Head grade of the trial development ore processed to date is 6.3% lead and 2.7% zinc

KBL Mining Limited (ASX: "KBL" or "the Company") is pleased to announce the production of both a saleable lead and zinc concentrate from the initial ore from A lode at the Mineral Hill Mine, NSW.

A one week process trial to produce a saleable lead and zinc concentrates commenced on Monday 1 December. Preliminary results indicate that the performance through the plant is meeting expectations. Feed grades from the initial A lode ore have been in line with grade control assays for the 1040 level at 6.3% lead and 2.7% zinc. Assay results thus far have confirmed recoveries at 87% for lead and 55% for zinc. The final concentrates respectively contain 45% lead and 46% zinc. These initial results are considered highly encouraging with further improvements, particularly for zinc recovery expected from optimisation now in progress.

The ability to process polymetallic ore from the recently exposed A lode is a major milestone for Mineral Hill mine. With minimal changes to the existing process plant, the copper circuit was converted to a zinc circuit, while the lead circuit remained unaltered. Concentrate production of the lead and zinc is then campaigned through the existing filter.

At the completion of the trial, the zinc circuit will be converted back to a copper circuit to produce saleable copper and lead concentrates once more. Moving forward, permanent modifications to cater for the production of all three concentrates (copper, lead and zinc) is expected to be implemented in the next few months.

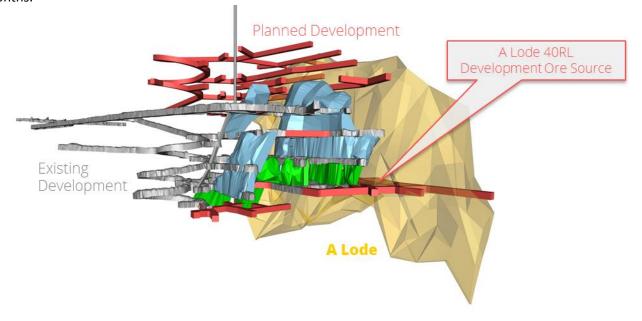


Figure 1.Southern Ore Zone oblique view looking northeast and illustrating current/planned production stopes (green) relative to existing voids (blue). Ore used for the processing trial has been extracted from 40RL level development as labelled.

For further information, please contact:

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About KBL Mining

KBL Mining is an Australian resource company listed on the ASX (KBL and KBLGA) with a focus on producing precious and base metals. KBL's main assets include the Mineral Hill copper-gold-silver-lead-zinc mine near Condobolin in New South Wales and Sorby Hills lead-silver-zinc project in Western Australia. The Company has been operating the refurbished processing plant at Mineral Hill since October 2011 to produce copper-gold concentrates and in 2013 commenced producing a separate lead-silver concentrate. Sorby Hills (KBL holds 75% with Henan Yuguang Gold & Lead Co. Ltd (HYG&L) holding 25%) is a large near surface undeveloped silver-lead deposit close to port infrastructure and a short distance from Asian markets. A PFS for stage 1 of the project (400,000tpa open cut ore processed) was released on 6 December 2012 Environmental approvals for stage 1 were granted in 2014. A BFS is in progress to be followed by project financing.

More information can be found on KBL's website at www.kblmining.com.au.

Competent Persons Statement

The information in this report is compiled by Robert Besley, BSc (Hons), who is a Member of the Australian Institute of Geoscientists and is an employee of the Company. Robert Besley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Besley consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears