
KBL Signs Term Sheet For USD21 million

KBL Mining Limited (ASX: “KBL” or “the Company”) has agreed to a non-binding term sheet with a large North American based fund under which, subject to completion of final due diligence and legal documentation, KBL will receive at financial completion US\$21 million in the form of a prepay arrangement for metal to be produced from KBL’s Mineral Hill Mine in western New South Wales.

Over the past months KBL has developed a strong business case, supported by robust modelling and with a review of certain aspects by SRK Consulting Engineers Melbourne. The Company expects the final due diligence and legal arrangements to be completed over the next few weeks with financial closing targeted before the end of January 2015.

The funds will be deployed to put into effect the project plan laid out to shareholders in July 2014 (See Company’s announcement of 4 July 2014) and subsequent updates and repay the Kidman/Capri loan before its March 2015 repayment date.

Essentially the plan is to install a gold dore circuit, exploit open cut high grade gold and silver reserves from surface at the Pearse deposit, upgrade the process capacity to 330Kta (last year average 256Kta) and install a zinc recovery circuit. In regard to underground mine, the Company will exploit the high grade gold and copper G lode in the Southern Ore Zone with new gold circuit providing optimised gold recovery.

KBL expects to achieve further improvements in efficiency and profitability at Mineral Hill by having the funds to effectively infill drill and plan the underground mine to extract maximum value, whilst also increasing Reserves beyond the current 4.5 years Reserve life and Resources beyond the current 11 year Resource life.

KBL Managing Director Brian Wesson said the prepayment funding of the mine development will make the Company robust and profitable in the short and longer term.

“The detailed mine engineering undertaken over the last six months has provided a robust plan and given confidence to our funding partners. We are now able to take full advantage of our detailed development work to date and unlock to large potential value the market has expected from KBL. These are indeed exciting times for KBL shareholders.”

For further information, please contact:

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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