
Mineral Hill Processes Pearse Gold Ore

KBL Mining Limited (ASX: “KBL” or “the Company”) is pleased to announce that the final shipments of underground copper, zinc and lead were made at the end of August and that the Mineral Hill process plant has commenced processing the Pearse open cut ore. Head grades are ranging between 6 to 7 grams per tonne gold and 40 to 70 grams per tonne silver. A 50+ g/t concentrate will be produced and shipped overseas on a regular basis.

The stripping of the Pearse open cut over the past 10 weeks has been a feat for KBL’s management. 14 weeks ago when the project started there was significant preparation and overburden to be moved. Over 600,000 tonnes of waste has been moved and we have currently hit the top of the sulphide orebody, with over 8,000 tonnes of ore on the plant stockpiles and with the next exposed bench in the pit providing a further 30,000+ tonnes of ore. The mill will be kept full at all times.

The Pearse gold ore is currently being fed through the existing process plant and initial indications are the process is performing in line with recent optimisation testwork.

Upgrades to the existing flotation circuit to allow multi-element processing are near complete. However, to further enhance gold processing throughputs, new Outotec OK16 cells are being installed and commissioned this week. The expansion of the flotation plant will double the ore residence time of the Mineral Hill processing facility and bring a measure of improved efficiency. As such, all flotation cells will be dedicated for the processing of gold and silver ore, during the Pearse open cut phase. When KBL returns to processing base metals, the three dedicated flotation circuits within the plant will allow for greater flexibility while processing copper/gold, lead and zinc rich ore.

In regard to underground activities, KBL has reduced the mine contractor to 120 metres a month of capital development opening up the down dip extent of the Southern Ore Zone and additional diamond drilling platforms. Development on the decline is now at the 990 level (10m below sea level) which is the deepest mined elevation at Mineral Hill to date. The costs associated with underground mining will reduce by 60% this month (and on-going), as there is no requirement for production from underground, allowing a reduction of fleet and manning. This development secures the longer term production profile for Mineral Hill.

The CIL plant construction is ahead of schedule with all the tanks now installed and is on track for commissioning in November. In the interim, the gold tails from the flotation are being stored in a specially designed and built compartment of the tailing storage facility for reclamation once the CIL is operational. Based on laboratory tests, flotation of the Pearse ore is expected to achieve a gold recovery of close to 70% while the CIL will recover a further 15% gold from the tails of the sulphide float and 97% of the gold from oxide ore.

Brian Wesson MD commented that *“this is a significant mile stone for KBL and its shareholders with the company moving to low cost gold and silver production”*.



Plant Ore Stockpiles



Pearse Open Cut Pit



Gold Flotation

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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.