
KBL completes transition to a low cost open cut gold producer

KBL Mining Limited (ASX: KBL “KBL” or “the Company”) is pleased to announce that the strategic plan highlighted in the Managing Director’s letter of August 2014 is now is now nearly fully implemented. Key achievements to date have been:

- Arrangement of USD23 million in funding
- KBL has transformed into an open cut, low cost gold and silver producer
- The Pearse open cut is now in full production
- Gold and silver concentrate recovered through the floatation circuit
- The new CIL plant wet commissioned and scheduled for the first slurry from flotation and oxide ore from stockpile within the next week
- Significant underground development
- With open cut production underground activities have been curtailed except for an infill reserve drilling planned for next month.

Production

The removal of over burden in the Pearse open cut is nearing completion with up to 80% of the waste stripped out of the pit exposing the entire top of the orebody. The pit has progressed well with oxide ore stockpiled and sulphide ore mined and fed into the process plant. The reconciled open pit grades are in line with the reserve grades, which gives KBL confidence that the Pearse mining plan will meet it targets. Current grades are averaging 6.9 grams per tonne gold and 35 grams per tonne silver.



Photograph 1: Pearse Open pit operations at the 1290 level

Process Plant

The process plant flotation recovery was forecast to be 70% based the results from extensive flotation test work. We are pleased to report, after a slow commissioning period, the recoveries are on budget with the average recovery from flotation for the last seven days at 72.2% (66% for November to date). As reported to the shareholders we sold our first gold concentrate in early November and have recently sold a second batch of some 1300 wet tonnes of concentrate. The concentrate typically has a grade of 60-70 grams per tonne gold and 400-450 grams per tonne silver.

The flotation tailings contain cyanide leachable gold and are stored in a special purpose tails area for CIL plant processing in conjunction with oxide ore currently stockpiled. The oxide ore stockpiled grades between 3 to 5 grams per tonne gold. The stored tails, have a similar grade. Test work indicates the oxide ore gold recovery will be between 95 to 97% and the flotation tails gold recovery will be around 50% recovery through the CIL plant. The commissioning of the CIL in conjunction with the expanded flotation plant is expected to result in overall gold recoveries of 85 to 90 percent.

The CIL plant was wet commissioned earlier this month while the reagent handling has been commissioned over the last 14 days. The process plant will be shutdown for 12 hours on Thursday (19th November) in order to bring the new CIL plant online. The first “Dore” Gold pour is on schedule for December 2015.



Photograph 2: The new CIL Gold and Silver process plant

Managing Director Comment

In August 2014 we identified the key issues facing KBL and constructed a plan accordingly to remedy these issues in order move the mine to profitability. With the last elements of the project now being commissioned the Company has transformed into an low cost gold producer. The transition into a low cost producer will allow the Company's finances to improve significantly in the next year. Through ongoing infill drilling and further project development we are de-risking and secure future resources for the Company for the longer term.

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 that relates to drilling results is based on information compiled by Owen Thomas, BSc (Hons), who is a Member of the Australian Institute of Mining and Metallurgy and is a full time employee of the Company. Mr Thomas 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 Thomas consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.