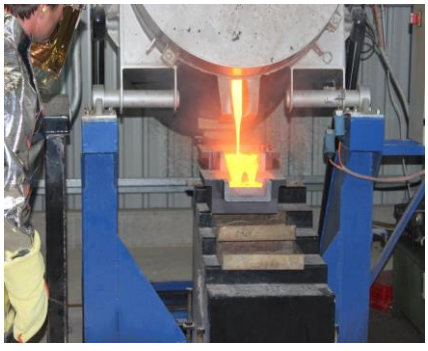
ASX RELEASE **29 January 2016**

QUARTERLY ACTIVITIES REPORT END 31 DECEMBER 2015

QUARTERLY PRODUCTION HIGHLIGHTS	
Gold Produced	
31 Dec 2015	5,124 oz
30 Sept 2015	1,713 oz
30 June 2015	1,279 oz
31 Mar 2015	884 oz
Silver Produced	
31 Dec 2015	34,247 oz
30 Sept 2015	32,208 oz
30 June 2015	29,352 oz
31 Mar 2015	17,289 oz
Copper Produced	
31 Dec 2015	0 t
30 Sept 2015	143 t
30 June 2015	386 t
31 Mar 2015	365 t
Lead Produced	
31 Dec 2015	0 t
30 Sept 2015	709 t
30 June 2015	778 t
31 Mar 2015	436 t
Zinc Produced	
31 Dec 2015	0 t
30 Sept 2015	531 t
30 June 2015	586 t
31 Mar 2015	289 t

LISTED SECURITIES	
As at 31 December 2015	
Ordinary Shares	636,710,020
Convertible Notes	28,954,516



KEY POINTS

Mineral Hill - Transformed to Gold and Silver Producer

- The Carbon In Leach (CIL) circuit accepted its first ore in late November, treating 21,773 tonnes by the end of the quarter, consisting of sulphide tails and oxide ore from Pearse open pit.
- Currently high grade sulphide ore from the Pearse open pit is being processed through the flotation circuits with average gold recoveries improving over the quarter peaking in December at an average of 53%. CIL recoveries are currently adding up to 11% with optimisation works ongoing, giving total overall recoveries around 65%.
- A total of 361,581 BCM has been excavated from the Pearse open pit for the December Quarter with a total of 918,609 BCM mined in total from Pearse pit to the end of December, with more than 80% of the life of the mine now removed.
- Pearse open pit produced and delivered over 60,000 tonnes of ore to the plant and stockpiles. The open pit ore has averaged 6.68 g/t Au and 40.44 g/t Ag, which is above expectations.
- Commissioning of the CIL gold plant, site laboratory and gold room were all completed during the quarter, with first gold doré delivered in January 2016.
- C1 unit cost of production for the quarter is $1,106/oz Au (including Ag credits).

Securing the Future

- Within the Southern Ore Zone (SOZ) underground development of the main and west G Lode lenses has availed potential stoping of +50,000 tonnes between two levels, at 1025 and 1060 mRL. Extension of these development levels will provide access for stoping of the main H Lode lens, and further increase level tonnages.
- The SOZ decline, now at 300 metres below surface, is on course to develop the next two levels of the SOZ (a further 50m in depth) to access the richer defined resource of both the G and H Lode mineralisation.
- Additional infill and extension drilling at the Pearse North deposit commenced late in the quarter with initial drilling indicating higher than currently modelled gold and silver grades which will significantly lift the current resource estimate.

Sorby Hills Project

KBL's immediate priority has been establishing sustainable gold production at Mineral Hill, which is now well underway. Once CIL performance has stabilised the Company will readdress the Sorby Hills feasibility study.

MANAGING DIRECTOR'S OVERVIEW

This December quarter was a milestone for the Company with the completion of the CIL plant and flotation circuit. The completion of the CIL plant resulted in the first doré bar of gold sold in early January.

The transition of the Company to solely being a gold and silver producer also occurred in the quarter with the gold production of 5,124 ozs being greater than the total gold production in the previous three quarters. Gold production is expected to continue to grow in the coming quarters.

While the resources of Mineral Hill together with the Mineral Hill infrastructure point to a great long term potential of the projects, and profitable ongoing production, the over budget cost and delay in commissioning of the plant has put significant pressure on short term cash flow. We are working with our suppliers and service providers to resolve this issue.

During the quarter the Company acquired a new filter press which is currently being refurbished and is due to be operational for the start of March. With the new filter we will be able to increase throughput by over 75% in the flotation circuit and 50% through the CIL circuit. This results in a very profitable operation with a C1 cost below $600/oz. The cash generated from the Pearse orebody will enable the Company to return to executing long term plans of mining the Mineral Hill orebodies from surface and underground over the next 10+ years.

***Photograph 1**. Carbon bulka bags ready for addition to the CIL circuit.*

MINERAL HILL MINE, NEW SOUTH WALES (KBL 100%)

Mill and Mine Performance

Mineral Hill Performance						
	Quarter	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
Open Pit Ore Mined	t	62,407	30,339	0	0	0
Open Pit Movement	BCM	361,581	551,738	5,290	0	0
UG Ore Mined	t	2,362	64,801	73,892	59,460	61,569
Development Metres	m	130	499.8	566	508	470
Total Ore Mined	t	64,769	95,140	73,892	59,460	61,569
Ore Processed [Au/Ag)	t	50,262	19,728			
Au Grade	g/t	6.7	6.1			
Recovery (by weight)	%	47.5	36.0			
Ag Grade	g/t	40.4	23.0			
Recovery (by weight)	%	52.4	50.0			
Ore Processed (Cu/Pb/Au)	t		23,963	42,809	42,636	53,102
Cu Grade	%		0.9	1.0	0.9	1.0
Recovery	%		69.0	87.1	87.8	78.7
Au Grade	g/t		0.5	1.3	0.7	1.0
Recovery (by weight)	%		34.0	57.2	63.1	54.8
Ag Grade	g/t		16.2	9.1	8.6	14.9
Recovery (by weight)	%		34.0	51.4	65.7	58.3
Pb Grade	%		1.0	0.5	0.6	0.8
Recovery	%		37.0	2.4	29.0	47.6
Ore Processed (Pb/Zn)	t		27,878	32,690	18,778	6,168
Pb Grade	%		2.7	3.0	2.3	3.4
Recovery	%		83.4	78.5	82.4	83.0
Zn Grade	%		2.9	3.3	2.3	2.1
Recovery	%		64.5	54.3	66.6	50.0
Au Grade	g/t		0.4	0.6	0.5	0.6
Recovery (by weight)	%		48.4	41.2	55.9	55.0
Ag Grade	g/t		23.6	29.6	20.8	24.0
Recovery (by weight)	%		96.6	74.1	76.9	65.0
Au Concentrate Production	DMT	2,738	562			
Au Grade	g/t	58.2	75.9			
Ag Grade	g/t	389	405.0			
Cu Concentrate Production	DMT		580	1,483	1,336	1,478
Cu Grade	%		24.7	25.9	25.5	27.6
Au Grade	g/t		6.7	21.6	14.1	17.2
Ag Grade	g/t		227	135	136	212
Pb Concentrate Production	DMT		1,327	1,690	1,049	923
Pb Grade	%		47.0	46.0	41.5	40.3
Au Grade	g/t		4.3	4.6	7.1	7.9
Ag Grade	g/t		374	378	310	257
Zn Concentrate Production	DMT		1,010	1,121	552	177
Zn Grade	%		52.5	52.2	52.3	37.3
Ag Grade	g/t		65	74	56	54
Contained Metal	0					
Cu	t		143	386	365	407
Pb	t		709	778	436	372
Zn	t		531	586	289	66
Au	Oz	5,124	1,713	1,279	844	1,053
Ag	Oz	34,247	32,208	29,352	17,289	17,970

Table 1: *Mineral Hill – Detailed Mine and Mill Performance*

During the quarter, KBL consolidated open pit mining operations, having now fully developed both stages of the higher grade Pearse open cut gold and silver reserves, establishing considerably lower cost production for the next 6-8 months prior to returning to the SOZ underground. Processing of the transitional and fresh sulphide ore through the reconfigured flotation circuits was successfully brought through a brief commissioning period into continued production during the quarter. A balance of throughput and metal recovery has continued to be optimised with throughputs up to 30 tonnes per hour being realised, and with average recoveries for gold and silver up to 53.2% and 50.0% respectively sustained during December.

Commissioning of the CIL circuit was commenced during the quarter with testing and loading of the CIL circuit, with the first gold pours successfully realised in early January 2016. Completion of the zinc thickener, concentrate rotary kiln dryer, refurbishment of the fine ore bins and commissioning of the CIL circuit, site lab and gold room were concluded over the December Quarter platforming mill processing capabilities for future gold, silver, copper, lead and zinc production from the Mineral Hill deposits.

Following the transition from underground to open pit, underground development of the SOZ decline, and the G and H Lodes on the 1060 mRL and 1025 mRL levels were further progressed during the quarter such that the full extent of the G Lode Main and G Lode West lenses on these levels are both developed. Preliminary resource estimation for G Lode lenses between the 1060 and 1025 levels suggests +85,000 tonnes of G Lode material has been accessed with these two levels with further development now on the verge of entering the adjacent H Lode zone of mineralisation. Three underground diamond drilling locations have also been developed ready for the purposes of infill and exploration drilling of a number of different SOZ lodes (primarily for the purposes of targeting A and G/H Lodes).

Ore production from Pearse for the quarter totalled 62,407 tonnes of ore grading 7.05 g/t Au and 40 g/t Ag delivered to the run of mine stockpile (ROM). Ore production tonnes and grades to date continue to exceed KBL's mine models and plans. The development of both stages of the Pearse open pit over the December quarter platforms lower required waste volumes over the coming two quarters with access to remaining in-situ reserves of near to 200,000 tonnes.

***Photograph 2**. Mining Operations in the Pearse (1)*

Photograph 3. *Mining operations in the Pearse (2)*

Through October, steady mining of the stage one Pearse pit down to the 1290 mRL and the stage two Pearse pit reached the 1305 mRL bench. Ore grades continued to outperform the resource model averaging 6.63 g/t Au for the month of October. However, the processing team battled with mill throughput and poorer than expected recoveries during this time. A number of issues were identified and new methodologies were adapted to improve recoveries and establish a steady state mill throughput going into November.

Mining of the stage one Pearse pit progressed well through November with the completion of the 1285 bench. The mining of the stage two Pearse pit advanced down to the 1295 bench. Ore grades averaged 6.23 g/t Au for the month of November. During November the float circuit was undergoing further optimisation, improving recoveries at reduced mill throughput. The Pearse flotation tailings were stored separately in the purpose built tailings compartment up until mid-November, with the first flotation tailings passed to the CIL circuit on 18 November, with CIL loading since then on.

December saw mining down to the 1275 mRL in the stage one and down to the 1285 mRL in stage two of the Pearse open pit. Ore grades averaged 7.72 g/t Au for the month, well above expected grades for the month.

A consistent mined feed of high grade sulphide ore assisted in the production of near to forecast shipment quantities of gold and silver concentrate for the December quarter. A total of 8,990 tonnes of Pearse oxide ore slightly below 2 g/t Au was fed to supplement to the float tails feed to the CIL circuit as part of the startup phase during December. Electrowinning and gold room functions were commenced in the latter half of December, with the first gold pours of CIL gold/silver Dore conducted from early January 2016 on.

Photograph 4. *Containerisation of gold concentrate stock.*

Mineral Hill Exploration

Overview

With the CIL plant approaching operation, exploration activities during the quarter focussed on the evaluation of near-surface oxide–sulphide gold targets. A total of four drill holes were completed for 275.3 metres comprising two scoping holes at Mt Marshall and two infill holes at Pearse North.

Mt Marshall

The Mt Marshall gold prospect is a quartz vein stockwork occurring at the junction of the Eastern and Western ore zones (EOZ; WOZ) which were historically mined in the Eastern Pit. Mineralisation is primarily associated with steeply north dipping (to sub-vertical) east–west trending quartz veins and in consideration of the predominant east-west directed historical drilling, two short diamond (KMHDD028 & KMHDD029) holes for a total of 80m were drilled towards the south and southeast to test continuity of grade within the interpreted mineralised corridor (Figure 1).

Significant intersections included:

- 1m at 1.67g/t Au from 29m (KMHDD028)

The target is currently the subject of geological review and may form part of the resumed drilling program in 2016.

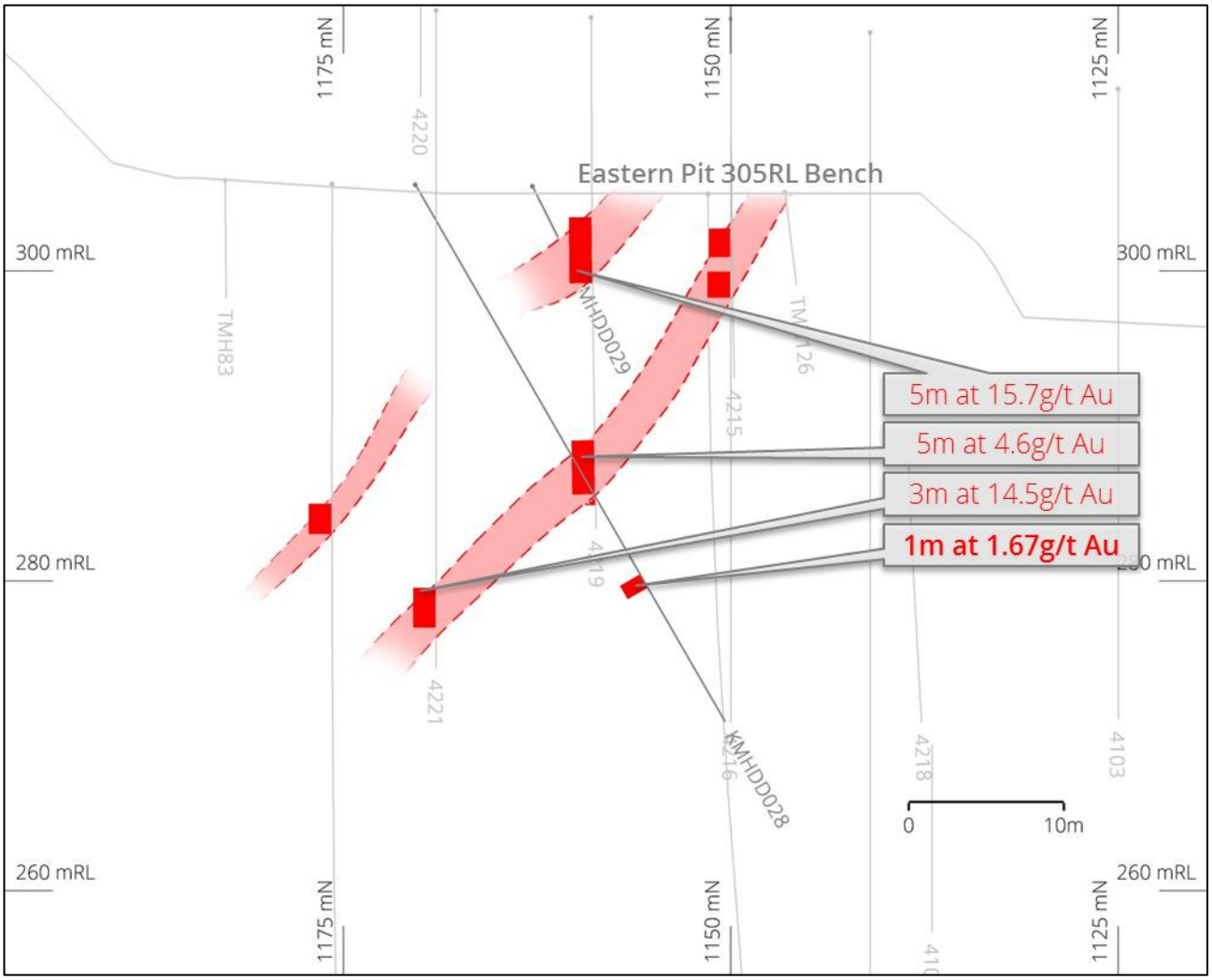


Figure 1. *Mt Marshall schematic cross section (1275mE ±12.5m) showing recently completed diamond drill hole (KMHDD028) in relation to historical drill holes. The section is looking east.*

Pearse North

The Pearse North deposit, located just 200 metres northwest of the operating Pearse open cut gold mine, comprises shear-hosted epithermal gold–silver mineralisation of the same style as Pearse. The deposit has an Inferred Mineral Resource of 203kt @ 2.1g/t Au and 21.1g/t Ag[1] The current drilling program of three diamond and 13 RC holes is designed to provide improved geological understanding and an increased data density to inform a revised Mineral Resource estimate in 2016.

Two diamond drill holes (KMHDD030 & KMHDD031) were completed in the December quarter for 195.3 metres and final results are expected by early February. Visual indications of mineralisation (especially in KMHDD030; Figure 2) were significant with strong foliation and shearing evident from about 6 meters depth in the oxide zone, continuing through the zone of transitional weathering, to fresh pyritic (+arsenopyrite–stibnite) foliated and sheared volcaniclastic rock at approximately 42 meters down-hole. Encouraging sulphide mineralisation was observed to approximately 53 meters down-hole.

[1] Cut-off Grade 1g/t Au Oxide - Transitional & 2g/t Au Fresh (As released 25 July 13)

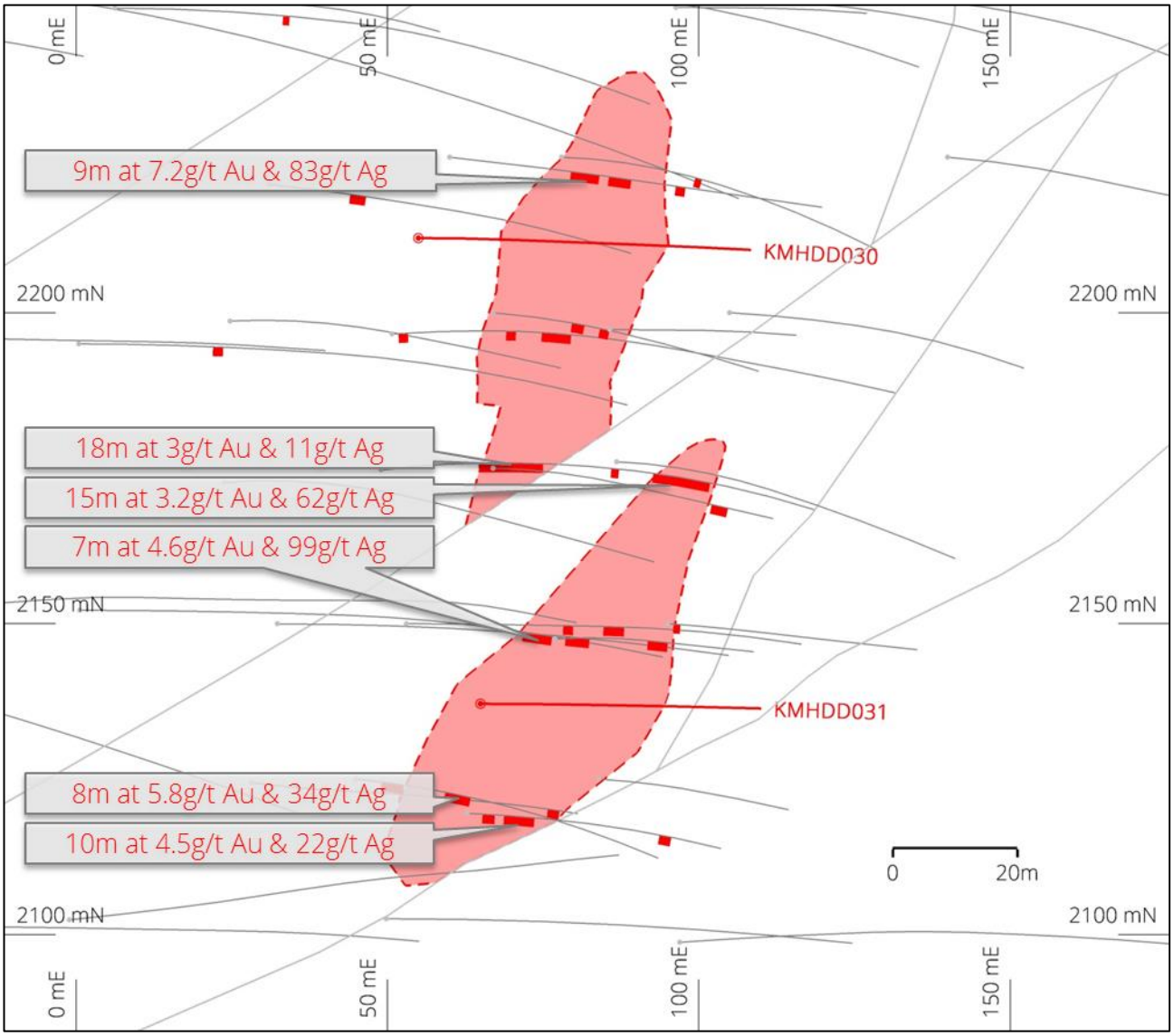


Figure 2. *Pearse North schematic plan showing recently completed diamond drilling in relation to historical drill holes. The plan is oriented relative to Mineral Hill mine grid.*

Photograph 5. *Pearse North Drilling*

SORBY HILLS, WESTERN AUSTRALIA (KBL 75%)

Project and Approvals

The Sorby Hills Project, located in the East Kimberley Region of Western Australia, is a joint venture between KBL 75% (Manager) and Henan Yuguang Gold & Lead Co., Limited 25% (Yuguang). Yuguang was established in 1957; listed on the Shanghai Stock Exchange in 2002 (exchange code: 600531), and is the biggest electrolyzed lead and silver producer in China.

The Project consists of nine shallow high grade deposits within a linear north-south mineralised trend extending over a 10 kilometre strike length. To date, the total Resource of the trend, as defined by KBL stands at **16.5 Mt at 4.7% Pb, 0.7% Zn and 53 g/t Ag**[2], which has the potential to support a multi decade operation.

In late 2013, KBL announced a maiden Ore Reserve estimate for the Sorby Hills DE deposit. The Probable Ore Reserve of **2.4 Mt @ 5% lead and 54g/t silver**[3] (applying a cut off of 2% lead), underpins the plan for an initial 10 year open cut operation, processing over 400ktpa. In conjunction with the Reserve, a new Mineral Resource estimate for DE Deposit totalled **5.8 Mt @ 3.5% lead, 0.4% zinc and 41g/t silver**[4] (applying a cut off of 1% lead). The Mineral Resource is inclusive of the Ore Reserve and consists of both Indicated and Inferred Mineral Resources.

While the Company is focused on the Mineral Hill mine for short to medium term production the Sorby Hills project is the focus for development of new long life lead-silver production. A recent gap analysis indicated that there are no significant issues for the project to progress to a full feasibility study.

KBL expects a range of funding options will be available for its share of the development costs due to the robust project economics, the low risk of development and operating parameters, well developed infrastructure, proximity to port, and strong international demand for the off take. The development task will be assisted by the Company's operating experience and expertise already in place with the Mineral Hill operation and the support of its 25% Joint Venture partner, Yuguang with its large lead, zinc and copper smelting facilities in China.

The receipt of environmental approval for the project from the WA Minister for Environment; Heritage in April 2014 has opened the way for the completion of licensing and an accelerated development program.

[2] Resource Estimate released 22 December 2011. Updated to incorporate 29 November 2013 DE Resource Estimate
[3] Reserve estimate released 29 November 2013
[4] Updated Resource estimate released 29 November 2013

For further information, please contact:

Greg Starr
Managing Director
KBL Mining Limited
Ph: +61 2 9927 2000

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. In 2015 it commenced production of a gold concentrate and in January 2016 poured its first gold dore at Mineral Hill. 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 Exploration Results and Exploration Targets, Mineral Resources and Ore Reserves is based on information compiled by Owen Thomas, BSc (Hons), who is a Member of the Australasian 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.

JORC Code, 2012 Edition – Table 1 report

Pearse Diamond Drilling

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	**Diamond Drilling** Diamond drilling is used to obtain core from which intervals ranging from approx. 0.2-1.5m in length are submitted for base metals analysis using nitric aqua regia digestion and a conventional ICP–AES methodology. A 50g charge is produced for fire assay and AAS analysis for gold. All diamond drill core drilled by KBL is sampled in intervals based on geological logging. All HQ and NQ diameter core is cut, with half core typically sent as the geochemical sample to ALS, Orange. The remaining core is stored in plastic trays at the Mineral Hill core yard. Where metallurgical testing is required, , half core is typically sent to the testing laboratory, quarter core to ALS for assay, and quarter core retained at site. KBL regards these sampling practices as 'industry standard'.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Drilling carried out at Mineral Hill has been predominantly reverse-circulation percussion (RC) and diamond core (commonly with RC or Rotary Mud precollars of varying lengths). Core diameters are mostly standard diameter HQ and NQ, with HQ3 and NQ3 (triple-tube) used during recent surface drilling. Drilling completed at the Pearse North deposit includes 53 RC holes and 3 diamond holes, including the new drill holes mentioned in the release. Drilling completed at the Mt Marshall prospect includes 8 RC holes, 5 RCDD (Reverse circulation pre-collar/diamond core tail) and 2 diamond holes, including the new drill holes mentioned in the release.

Criteria	JORC Code explanation	Commentary
		Orientation has been attempted on the diamond drill holes with mostly good results. Methods used over time have included traditional spear and marker, and modern orientation tools attached to the core barrel.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Triple-tube core barrels are used where possible in diamond drilling to maximise sample recovery and quality. Core recovery is measured for the complete hole based on the driller's mark-up, checked during core mark-up in 1m intervals by the geologist. Drill core is measured (actual measured core recovered vs. drilled intervals) to accurately quantify sample recovery. Good core recovery is typically achieved during drilling at Mineral Hill. Where recovery is insufficient to produce a representative sample the interval is assigned a zero grade when reporting drilling results. The average core recovery achieved for the two Pearse North HQ diamond holes mentioned in the release was 97.6%. The average core recovery achieved for the two Mt Marshall HQ diamond holes mentioned in the release was 86.8%. There is no known relationship between sample recovery and grade. The lowest recoveries are typically associated with near-surface weathered intervals, and fault and shear zones which may or may not be mineralised.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	A qualified geoscientist logs the geology of all holes in their entirety (including geotechnical features). All drill core is geologically and geotechnically logged to a level of detail considered to accurately support Mineral Resource estimation. The parameters logged include lithology with particular reference to deformation fabric, veining, mineralogy, alteration, and grain size. Magnetic susceptibility measurements are available for some recent drill holes. Some core holes have down-hole core orientation and these holes are subject to detailed structural logging. Routine structural logging is carried out on all core holes recording bedding, schistosity and fault angles to core. All core trays are photographed in both wet and dry states. Recent digital photos and scans of film photography are stored electronically. All of the holes with results mentioned in the release have been logged in their

Criteria	JORC Code explanation	Commentary
		entirety.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	**Diamond Drilling** Core drilled by KBL is fully sampled (as sawn half core for HQ and NQ, full core for BQ and LTK48) and submitted for assay. All cored sections of KBL surface drill holes are assayed unless the volume of rock is deemed to have been effectively sampled by a pre-existing drill hole, for example in the case of wedging where the wedge hole trajectory is close (typically <5m) from the parent hole. There is no standard procedure regarding the line of cutting with any veins and structural fabrics. However, an attempt is made to obtain an equivalent sample of mineralised material in both halves of the core. Poorly mineralised core is typically cut perpendicular to any dominant fabric. Oriented core is cut close to the orientation line, but far enough away so as to preserve the line on the retained half or quarter core. Water used in the core cutting is unprocessed and unlikely to introduce contamination to the core samples. A typical 1m half HQ core sample weighs approximately 3.5–4.5 kg. The HQ and HQ3 diameter core is deemed by KBL to provide a representative sample of the Pearse North sulphide mineralisation which generally comprises fine-grained (<5mm) clots, veinlets and crystals of sulphide phases such as arsenopyrite, pyrite, and stibnite; with quartz–mica–carbonate gangue.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	All drilling and underground rock chip samples are currently assayed at Australian Laboratory Services (ALS) in Orange, NSW. ALS is a NATA Accredited Laboratory and qualifies for JAS/ANZ ISO 9001:2008 quality systems. ALS maintains robust internal QA/QC procedures (including the analysis of standards, repeats and blanks) which are monitored with the analytical data by KBL geologists through the Webtrieve™ online system. KBL have routinely assayed for copper, lead, zinc, silver, arsenic, antimony, and bismuth using ALS Method ME-ICP41, with pulps returning over 10000ppm for Cu, Pb, Zn or 100ppm for Ag, reanalysed with the ore-grade method ME-OG46. The aqua regia ME–ICP41 and ME-OG46 methods are regarded as a total digestion technique for the ore minerals present at SOZ. Gold is analysed with

Criteria	JORC Code explanation	Commentary
		the 50g fire-assay–AAS finish method Au-AA26. **Diamond Drilling** In the Pearse North and Mt Marshall drilling programs two standards or blanks were inserted every 30 samples in the sample stream. The standards comprise Certified Ore Grade base and precious metal Reference Material provided by Geostats Pty Ltd. The analyses of standards and blanks are checked upon receipt of batch results—In a recent example, all base metal standards analysed with samples during a 5780m underground drilling campaign in 2013–2014 had ore elements within two standard deviations (SD) of the provided mean standard grade with 53% of these having all ore element concentrations within one SD. 95% of gold standards analysed during a recent Pearse drilling program were within two SD of the standard mean with 67% within one SD. Similar analysis of standards is continuing in the current drilling program. Should the analysis of standards from a series of sample batches show a trend towards falling outside of two SD, the laboratory will be contacted and it will be assessed whether reanalysis is required. This has not occurred to date. Based on the results of standard analysis, in addition to the internal QA/QC standards, repeats and blanks run by ALS, the laboratory is deemed to provide an acceptable level of accuracy and precision.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Significant intersections presented in the release were checked by the Senior Exploration Geologist and Chief Geologist. Original laboratory documents exist of primary data, along with laboratory verification procedures. The Mineral Hill drilling database exists in electronic form as a Microsoft Access database. The assay data are imported directly into the database from digital results tables sent by the laboratory. The Senior Mine Geologist and Chief Geologist manage the drill hole assay database. 3D validation of drilling data and underground sampling occurs whenever new data is imported for visualisation and modelling by KBL geologists in Micromine™ software.

Criteria	JORC Code explanation	Commentary
		No adjustment has been made to assay data received from the laboratory.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	KBL Mining Ltd drill hole collars are either surveyed relative to established site survey pegs or by real-time differential GPS (DGPS) in areas at surface distant from reliable survey stations. Down-hole surveying is typically performed at 30m depth intervals with modern camera survey tools. Coordinates are recorded in a local Mine Grid (MHG) established by Triako in which MHG North has a bearing of 315 relative to True North (MGA Zone 55). The local grid origin has MGA55 coordinates of 498581.680 mE, 6394154.095 mN. Topographic control is good with elevation surveyed in detail over the mine site area and numerous survey control points recorded.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Prior to the current program, drilling at the Pearse North deposit had an average spacing of 25–30m. This spacing is deemed sufficient for the purposes of Mineral Resource estimation. The current infill drilling at Pearse North is aimed at improving the resource classification. The Mt Marshall prospect has a current average drill spacing of 10–15m which is deemed sufficient for the purposes of resource modelling. No sample compositing has been applied to the drill holes reported in the release.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Mineralisation at Mineral Hill occurs around discrete fault/breccia structures in a series of en echelon dilational zones within a NNW/SSE[1] trending corridor up to 1.5km wide. There is a variety of mineralisation styles present within this zone, reflecting multiple phases of mineralisation. Most drilling occurs with an east-dipping orientation and -60 to -80 degrees dip to best intersect the mineralisation. Surface drill hole designs at Pearse North mostly dip between 60 and 75 degrees to the to the east, collared on a regular grid and intersecting the mineralisation at a spacing of 25–30m. Three west dipping RC ‘scissor holes’ have been drilled at the northern extent of the prospect. Based on orientation data collected from the holes mentioned in this release,

Criteria	JORC Code explanation	Commentary
		the high-grade part of the deposit is interpreted to fall in a number of schist zones which strike north to north northeast. In the north, the mineralisation is interpreted to be sub-vertical whereas in the south it dips at approximately 80 degrees to the west. Several spaced 40–60 degree west-dipping shear zones were also encountered which may have a bearing on the distribution of mineralisation. The drill pattern to date is deemed to have adequately tested the interpreted orientation of mineralisation and is unlikely to have introduced any sampling bias. Surface drill hole designs at Mt Marshall mostly dip between 55 and 70 degrees to the east. Historical drilling is deemed an inadequate test of the interpreted mineralisation with the recent two drill holes designed to intersect this zone at a more favourable orientation. Further drilling is required to affirm the interpreted orientation of mineralisation and determine potential for sampling bias of historical drilling. [1] All bearings in this JORC Table 1 document are given relative to the Mineral Hill Mine Grid (MHG) which north is oriented towards a bearing of 315 degrees (NW) relative to MGA Grid north.
Sample security	• *The measures taken to ensure sample security.*	Drill core samples are collected in calico sample bags marked with a unique sample number and are tied at the top. Sampling record sheets are scanned and later captured digitally within KBL's database. Samples are couriered by independent contractors from the mine site to the ALS Laboratory, Orange, NSW.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	The historical data base, quality control procedures, survey, sampling and logging methods were reviewed by Barret, Fuller and Partners (BFP) in June 2005 on behalf of Triako Resources Ltd. The BFP report was authored by C.E. Gee and T.G. Summons and concluded that the Triako database and procedures were of "normal industry practice". CBH Resources, and subsequently KBL Mining Ltd have maintained the Triako drilling and sampling procedures, with numerous improvements such as those outlined in this document. A detailed QA/QC review of the Mineral Hill drill hole database was carried out in 2013-2014 by independent consultant geologist, Mr Garry Johansen. This

Criteria	JORC Code explanation	Commentary
		work was performed as an integral part of building a 3D digital geological model of the Mineral Hill district.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The drilling completed at the Pearse North deposit which falls on EL1999 which is due to expire on 3 March 2017. The drilling completed at the Mt Marshall prospect falls on ML5267 which is due to expire on 14 March 2033.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Coincident Au–As soil anomalism and low grade Au–Ag mineralisation was discovered at Pearse North by Triako Resources Ltd in the 1990s. 50m+ spaced drilling at the prospect by Triako during the period 1999–2005 encountered several intervals of significant Au grade. Follow-up drilling by Kimberley Metals Ltd (now KBL Mining Ltd) in 2010 served to better define a number of high grade lenses at the prospect. Drilling at the Mt Marshall prospect was undertaken by Triako Resources Ltd in the 1990s with exposure also developed through mining of the eastern and western ore zones (EOZ; WOZ) of the Eastern Pit. KBL's recent drilling was completed from the 305RL bench of the Eastern Pit.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The Pearse North deposit at Mineral Hill is interpreted to be an epithermal shear-hosted Au–Ag within the Late Silurian to Early Devonian Mineral Hill Volcanics, a pile of proximal rhyolitic volcaniclastic rocks with minor reworked volcaniclastic sedimentary rocks. The sulfide mineralisation, comprising predominantly pyrite, arsenopyrite and stibnite, is typically disseminated within quartz–mica (sericite) schist. At the Pearse deposit to the south, analysis by Laser Ablation ICP-MS has found that fine-grained gold is mostly concentrated in arsenopyrite and fine-grained 'spongy' (melnikovite) pyrite with lower concentrations of gold hosted by crystalline pyrite. Mineralisation at Pearse North is inferred to have a similar character. The Mt Marshall prospect is interpreted to be an epithermal vein hosted Au system within Late Silurian to Early Devonian Mineral Hill Volcanics (as previously described). It is characterised by a complex and variably developed quartz vein-hematite (after pyrite) stockwork.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Locations and orientations of the reported drill holes are tabulated below.

Hole	Type	Max Depth (m)	Collar Coordinates			Hole Orientation	
			East	North	RL	Azimuth	Dip
KMHDD028	DDH	40	1278.515	1170.340	305.554	180	-60
KMHDD029	DDH	40	1286.038	1162.789	305.442	150	-60
KMHDD030	DDH	106	55	2212	332.04	090	-60
KMHDD031	DDH	89.3	65	2137.1	330.24	090	-60

Significant historical drill holes at the Pearse North prospect are tabulated below:

Hole	Type	Max Depth (m)	Collar Coordinates			Hole Orientation		Intercept (1g/t cut-off)			
			East	North	RL	Azimuth	Dip	Intercept (m)	Au g/t	Ag g/t	From (m)
KMHRC002	RC	120	49.02	2174.696	331.4	082.3	-60.6	18	3.0	11	30
								2	2.9	69	66
								15	3.2	62	77
KMHRC079	RC	118	31	2220.6	332.7	095.3	-60.3	5	2.9	12	26
KMHRC080	RC	118	60	2225	332.5	096.9	-60	9	7.2	83	39
								7	2.9	152	51
								3	2.8	82	72
KMHRC085	RC	121	28.2	2124.4	331.7	097.2	-60.2	5	10.8	54	108
KMHRC087	RC	85	62.8	2119.5	329.9	092.6	-60.2	4	8.0	1	5
								10	4.5	22	12
								4	2.1	17	64
KMHRC088	RC	85	67	2175	331.1	091.2	-58.1	5	3.3	1	66
KMHRC090	RC	73	95	2150	330	094.1	-59.6	2	3.0	4	2
KMHRC092	RC	85	67	2200	331.725	094.6	-59.3	4	9.3	17	25

Criteria	JORC Code explanation	Commentary

								3	4.7	17	34
KMHRC094	RC	97	78	2225	333.634	091.6	-60	2	2.5	11	42
KMHRC097	RC	97	45	2125	330.7	095.5	-59.3	7	2.1	8	8
								8	5.8	34	28
T342	RC	150	6.25	2248.98	332.67	090	-60	2	2.2	2	53
T354	RC	150	0.47	2194.99	333.91	090	-60	3	2.0	20	41
T356	RC	159	0.63	2152.15	333.96	090	-60	7	4.6	99	126
T358	RC	150	32.38	2149.95	331.93	090	-60	8	5.4	73	96
T360	DDH	120.2	53.11	2149.98	330.86	090	-60	3	2.1	23	49
								6.2	9.7	56	61.3
T364	RC	150	50.76	2196.57	331.78	086	-60	3	2.6	37	2
								3	4.0	82	36
								9	4.1	24	47
T374	RC	60	76.93	2147.52	330.47	086	-60	6	2.1	26	29

Significant historical drill holes at the Mt Marshall prospect are tabulated below:

Hole	Type	Max Depth (m)	Collar Coordinates			Hole Orientation		Intercept (1g/t cut-off)		
			East	North	RL	Azimuth	Dip	Intercept (m)	Au g/t	From (m)
TMH83	RCDD	330.10	1282.460	1182.610	305.840	090	-57	-	-	-
TMH86	RCDD	243.30	1272.410	1175.710	305.600	089	-79	2	31.0	21
4220	RC	50.00	1283.000	1170.000	318.820	090	-60	3	2.4	41
4221	RC	50.00	1263.000	1169.000	316.800	090	-60	3	14.5	43
4219	RC	50.00	1267.000	1159.000	316.350	090	-60	5 5	15.7 4.6	15 32
4216	RC	80.00	1259.000	1150.000	314.510	090	-60	2	4.8	17
4215	RC	50.00	1278.000	1150.000	316.250	090	-70	2	8.7	14.5
TMH85	RCDD	144.00	1266.830	1151.460	304.950	089	-69	-	-	-
TMH84	RCDD	135.00	1303.020	1149.460	305.340	089	-55	4	2.7	18

Criteria	JORC Code explanation	Commentary

TMH126	RCDD	132.00	1284.820	1146.500	305.050	106	-65	-	-	-
4217	RC	34.50	1233.000	1142.000	311.410	090	-60	-	-	-
4218	RC	50.00	1247.000	1139.000	312.840	090	-60	8	5.1	0
4104	RC	63.00	1238.000	1137.000	311.880	090	-60	-	-	-

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Drill hole intercept grades are reported as down-hole length-weighted averages with any non-recovered core within the reported intervals treated as no grade. The cut-off used for selecting significant intersections is 1g/t gold. No top cuts have been applied when calculating average grades. When aggregating assay intervals the incorporation of more than two consecutive metres of low grade (below cut-off) material or internal waste is avoided. Significant high grade intersections within the main aggregated intervals are also reported in the results table in the body of the release. No metal equivalent values are reported in the release.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	The context of the reported intercepts relative to the interpretation of the mineralisation is presented in figures in the release. At Pearse North, measurements made on oriented core suggest that the main foliation of the host shear zones are steeply dipping to sub-vertical and strike north to north northeast. To estimate the true thickness of the intercepts in the release it is assumed that the mineralisation shares this orientation. At Mt Marshall, correlation of significant intersections with detailed structural logging suggests that mineralisation is associated with steeply north dipping veins. In consideration of the drill hole orientation of KMHDD028, downhole widths are estimated to reflect the true width of intersections presented in this release.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being*	Appropriate views are presented in the release.

Criteria	JORC Code explanation	Commentary
	reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Only mineralised intersections regarded as highly anomalous, and therefore of economic interest, have been included in the results tables. The proportion of each hole represented by the reported intervals can be ascertained from the sum of the reported intervals divided by the hole depth.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	There is no additional exploration data regarded as meaningful and material to the presentation of the drill results in the release.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	The scope of planned future work is described in the release.