

## Operational Update – May Production & Pit Remediation

- Plant throughput continues to increase; up 14.6% from April with 2,642oz gold & 39,488oz silver produced during May
- C1 cash costs of A\$1,069 from May production
- The Company’s EBITDA for May was \$1.1M

**KBL Mining Limited (ASX: “KBL” or “the Company”) is pleased to announce remediation works for the Pearse Open Pit haul road are on schedule to re-establish access for recommencement of mining by mid-July.**

May production, offered a continuance of strong results; a total of 24,093 tonnes @ 5.5 g/t gold and 85 g/t silver was milled and treated for the production of 2,642 ounces of gold and 39,488 ounces of silver.

A summary of costs per ounce are noted below:

	AUD/oz	USD/oz
C1 excluding the Quintana stream	711.91	520.48
C1 including the Quintana stream	1,068.75	781.37

Operational delays owing to remedial work on the Pearse Open Pit haul road are expected to impact June production results. Plans to recommence mining, as ratified by independent geotechnical advice, are well advanced and expected to restore access to the pit by mid-July.



Figure 1. Pearse haul road remediation works on schedule to re-establish access for mining by mid-July.

Despite the delays in mining, supplementary ore feed has been maintained to the plant by milling previously stockpiled oxide material, and through the reclamation of gold rich tailings for processing through the CIL circuit. Commencing in late May, tailings processing is providing an additional 240 tonnes per day to the CIL at an estimated average grade of 3.8g/t gold<sup>1</sup>.

KBL's Managing Director, Greg Starr commented *"The rehabilitation work required on the Pearse Open Pit haul road is a disappointing setback in an otherwise positive year for production. Undeniably June results will be below forecast though recent performance has proven the capability of the processing plant; delivering some 14,880oz gold and 184,630oz silver since January 2016. The Board remains confident that production will continue to return strong margins on recommencement of mining sulphide ore on the floor of the pit, offering an optimistic start to FY2017"*.

**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 current focus on producing precious 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 2015 commenced producing a gold-silver concentrate and bullion. KBL also holds 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.*

*More information can be found on KBL's website at [www.kblmining.com.au](http://www.kblmining.com.au).*

---

<sup>1</sup> See ASX Announcement 'Gold Tailings Reprocessing' released 23 May 2016.