
KBL Mining raises A\$3 million in share placement

KBL Mining Limited (ASX: “KBL” or “the Company”) is pleased to announce that APP Securities Sydney (“APP”) has secured a placement of A\$3 million from institutional and high net worth investors. Lanstead Capital LP (“Lanstead”), a UK institutional investor, provided a cornerstone investment taking up A\$2.5 million of the placement. The funds raised by this issue are for working capital and to advance infill drilling of surface and underground targets which aim to increase the reserve life for the longer term.

The placement was made at a 15.6% discount to the 5 day VWAP preceding the Company’s trading halt on 16 July 2015. The issue price of the shares is 2.88 cents per share with approximately 104,166,667 shares to be issued.

KBL’s focus has been to move the Company to sustained profitability through focused definition drilling and delineate the stope designs to optimize profitability by improving recoveries and moving to produce three clean concentrates of copper/gold, lead and zinc. The CIL gold plant will further improve extraction and allow the Company to add gold and silver doré to the metals produced, making it one of the very few five product mines in the world.

KBL is in a vigorous expansion phase after raising A\$30 million in March 2015. Those funds ensure the Company can develop the open-cut Pearse deposit, optimise recoveries of base metals from the polymetallic ore body and thoroughly explore the open-cut and underground potential of Mineral Hill. KBL is currently working on a number of projects:

1. Pearse open-cut pit: the Pearse open-cut pit is in its final stages of development with over 200,000BCM of overburden removed and ore being stockpiled for future production. The 6.5g/t Au measured reserve deposit will initially focus on the deeper sulphide ore, which will be processed from late August through the flotation plant. The flotation process will recover an estimated 70% of the gold and silver, with the remaining 30% being stored in a specifically constructed compartment in the tailings dam. This will allow for the reclamation of the tails at a later stage once the CIL gold circuit is operational. Test-work of the tails indicates that a further 50% of the gold will be recovered, bringing the overall recovery to an expected 85%. The first gold concentrate shipment is scheduled for early September 2015.
2. The CIL gold circuit: the gold circuit is well advanced and on track for November commissioning in line with the Plan. The last section of the foundation floor will be cast in the next week and on Wednesday, 15 August the first leach tanks will arrive on site. The plant will allow KBL to treat the high-grade Pearse oxide ore (from surface), as well as increasing recoveries from the sulphide ores within Pearse and the G lode from underground.
3. Lead flotation expansion: this has been completed, KBL have now achieved recoveries in excess of 85%.
4. Zinc flotation expansion: KBL will install two OK16 tank flotation cells with a zinc thickener, which is under construction and expected to be completed during August 2015. This will reduce processing time and allow deposits such as the upper area of the copper/gold, lead and zinc rich A lode to be

recovered by three flotation streams. The deposit in the A lode is typical of the polymetallic structures at Mineral Hill.

5. Underground development: along with the A lode we are developing into the G lode which is a high copper/gold deposit and will provide continuity after the Pearse deposit is mined.
6. Other development: we are in the process of installing an onsite laboratory, which will reduce assay costs. KBL is also progressing with the expansion of the plant to increase production throughput.

Subscription

Lanstead, a new institutional investor in the Company, has subscribed for 86,805,556 new Ordinary Shares (the "Subscription Shares"), for an aggregate consideration of A\$2,500,000. In addition, the Company has entered into Equity Swap Agreements with Lanstead which allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Swap Agreements enable the Company to secure much of the potential upside arising from anticipated near term news flow.

The Equity Swap Agreements provide that the Company's economic interest in the Subscription Shares will be determined and payable in 18 monthly settlement tranches as measured against a benchmark price of A\$0.0384 per share (the "Benchmark Price"). If the measured share price exceeds the Benchmark Price, for that month the Company will receive more than 100% of the monthly settlement due on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. Should the measured share price be below the Benchmark Price, for that month the Company will receive less than 100% of the expected monthly settlement on a pro rata basis. Of the aggregate proceeds of A\$2,500,000 from the issue of the Lanstead Subscription Shares, the Company will use A\$375,000 (15%) for working capital and A\$2,125,000 (85%) for investment in the Equity Swap Agreements as described above. In no event would a decline in the Company's share price result in any increase in the number of Ordinary Shares received by Lanstead or any other advantage accruing to Lanstead. The 5 day VWAP price of an Ordinary Share to the close of business on 15 July 2015 (being the day before KBL went into trading halt to finalise the placement) was A\$0.03413.

The Company has agreed to make a value payment to Lanstead of 4,340,278 Ordinary Shares in consideration for the Equity Swap Agreements.

Following completion of the Subscription and Placement Lanstead will have an interest in 91,145,834 Ordinary Shares representing approximately 14.7% of KBL's enlarged issued share capital.

APP have filled subscriptions for A\$500,000 shares to sophisticated investors which will be issued later this week following the allotment today of the Lanstead shares.

Comment by Brian Wesson, Managing Director, KBL Mining Limited – *"We are very pleased that the placement has been filled and over subscribed which is testimony to the robust plan, successful re-financing, and significant progress made in transforming KBL into a profitable open-cut gold and silver producer"*.

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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.