ASX Release **3 August 2015**

Southern Ore Zone – Drilling Update

- **Underground drilling intersects high grade polymetallic (Cu-Pb-Zn-Ag-Au) mineralisation in the B Lode Footwall**

- **Significant intercepts include:**
  - **8.75m** at **1.1% Cu, 2.1% Pb, 3.9% Zn, 31g/t Ag** & **0.4g/t Au** (KUSOZ086)[1]
  - **5.2m** at **1.6% Cu, 1.8% Pb, 4.3% Zn, 28g/t Ag** & **0.3g/t Au** (KUSOZ087)[2]
  - **6.9m** at **1.0% Cu, 1.3% Pb, 2.6% Zn, 32g/t Ag** &**1.6g/t Au** (KUSOZ089)

- **Continued drilling is planned to target A Lode for the delineation of massive sulphide lenses highlighted by recent intersections including:**
  - **12.2m** at **0.8% Cu**, **10.8% Pb**, **4.8% Zn**, **56g/t Ag** & **0.8g/t Au** (KUSOZ096)

- **Installation of the zinc thickener and flotation cells forecast for completion during the September quarter**

KBL Mining Limited (ASX: "KBL" or "the Company") is pleased to announce recent underground drilling at the Southern Ore Zone "SOZ" has secured future production from the B Lode Footwall (Cu-Pb-Zn-Ag-Au) on the 1080 level and outlined further zones of potentially economic mineralisation in the A Lode that will be worked into future mine plans. With process plant expansion and upgrades nearing completion, KBL is well positioned to capitalise on the complete metal suite of the SOZ polymetallic lodes.

Process Plant Upgrades

Process plant expansion and upgrades are advancing with the improved lead circuit successfully increasing lead recoveries during the June quarter[3]. The next phase will see installation of the zinc thickener and flotation cells for continuous sequential production of separate copper, lead and zinc concentrates. These works are being completed in parallel with the CIL construction.

B Lode Footwall Drilling

Fifteen diamond core holes were completed at B Lode Footwall (AB Zone) for a total of 866.6m. The drilling from the 1080RL level was aimed at defining the polymetallic mineralisation identified in December 2014.

[1] As released in ASX announcement, **'Mineral Hill Drilling Update'** 18 May 2015
[2] As released in ASX announcement, **'Mineral Hill Drilling Update'** 18 May 2015
[3] As released in ASX announcement, **'Quarterly Activities Report end 30June 2015'** 30 July 2015

The AB Zone mineralisation comprises a corridor up to 14m thick of steeply west-dipping quartz and sulfide matrix breccia. A siliceous alteration halo marks the hanging wall and contains galena–sphalerite spots and stringers throughout. However, the best overall grade is along the eastern footwall contact where chalcopyrite and pyrite form the breccia cement in addition to significant galena and sphalerite. The breccia zone is subject to some local jogs and offsets on flatter west-dipping faults, which have been observed in particular at the footwall contact to the east. Drilling is now complete at AB Zone 1080RL and an ore block is being designed for future stoping. The complete list of significant AB Zone intercepts is presented in Table 1.

A Lode

During the 1080 level B Lode Footwall drilling, several drill holes were extended to test A Lode to the east, and a further two holes were drilled into A Lode from the 1080RL B Lode Footwall ore drive. The complete list of significant A Lode intercepts is presented in Table 1.

The drilling to date, in the form of relatively flat drill holes across the A Lode mineralisation supports the interpretation that A Lode comprises a number of 25–40 degrees west dipping massive sulfide lenses which overprint the background quartz–sulfide breccia mineralisation.

Further A Lode drilling is planned from drill sites at the southern end of the 1080 and 1100 level development.

Figure 1.High grade lead (silver)–zinc (brown) breccia mineralisation intersected at A Lode in KUSOZ096.

Table 1. Significant intercepts from drilling at B Lode Footwall and A Lode.

Hole	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t	From (m)	Lode	Estimated True Thickness (m)
KUSOZ086	**8.75**	**1.1**	**2.1**	**3.9**	**31**	**0.4**	**25.65**	**AB Zone**	**6.6**
including	*1.2*	*0.8*	*3.4*	*9.6*	*47*	*0.3*	*28.4*		*0.9*
and	*3.9*	*1.8*	*1.9*	*3.1*	*29*	*0.6*	*30.5*		*2.9*
	2	**0.4**	**1.6**	**2.7**	**9**	**0.1**	**36**		**1.6**
KUSOZ087	**5.2**	**1.6**	**1.8**	**4.3**	**28**	**0.3**	**36.8**	**AB Zone**	**3.9**
	3	**0.6**	**1.3**	**2.0**	**13**	**0.1**	**44**		**2.3**
	1	**0.5**	**1.5**	**3.8**	**15**	**0.1**	**49**		**0.8**
	1	**1.0**	**4.0**	**3.0**	**25**	**0.1**	**59**		**0.8**
	2	**0.1**	**1.7**	**2.7**	**7**	**0.1**	**68**		**1.5**
	4.25	**1.2**	**4.9**	**0.8**	**21**	**0.1**	**76**	**A Lode**	**3.2**
	3.8	**0.7**	**20.1**	**6.4**	**104**	**1.0**	**98.2**	**A Lode**	**2.9**
	1.1	**0.1**	**2.3**	**1.8**	**13**	**0.3**	**106**		**0.8**
KUSOZ088	**1**	**2.1**	**2.3**	**2.4**	**77**	**0.2**	**29.4**		**0.8**
	12.1	**1.4**	**1.6**	**2.1**	**24**	**0.6**	**35.7**	**AB Zone**	**9.8**
including	*3.6*	*0.7*	*2.7*	*4.4*	*40*	*0.4*	*35.7*		*2.9*
and	*8.5*	*1.7*	*1.1*	*1.1*	*18*	*0.6*	*39.3*		*6.9*
KUSOZ089	**6.9**	**1.0**	**1.3**	**2.6**	**32**	**1.6**	**28.8**	**AB Zone**	**6.8**
including	*2.5*	*2.1*	*1.2*	*1.6*	*35*	*4.1*	*33.2*		*2.5*
	1	**1.7**	**0.1**	**0.2**	**10**	**0.1**	**39**		**1**
	3.0	**0.3**	**2.6**	**0.9**	**26**	**0.1**	**44**		**2.8**
	2.2	**0.1**	**0.8**	**1.4**	**9**	**0.1**	**48**		**2.1**
KUSOZ090	**1**	**0.1**	**0.0**	**0.0**	**1**	**1.9**	**2**		**0.8**
	1	**0.5**	**0.1**	**0.1**	**1190**	**0.0**	**14**		**0.7**
	3	**1.1**	**0.8**	**1.5**	**18**	**0.2**	**32**		**2.1**
	5.7	**1.2**	**1.3**	**3.6**	**46**	**0.4**	**43.3**	**AB Zone**	**4**
	0.8	**0.2**	**0.5**	**1.8**	**9**	**2.8**	**50.5**		**0.6**
	1.45	**0.5**	**0.5**	**3.1**	**19**	**0.3**	**54.7**		**1**
	4.4	**0.7**	**2.1**	**5.5**	**29**	**0.3**	**58.2**	**AB Zone**	**3.1**
including	*2.8*	*1.0*	*2.9*	*7.1*	*39*	*0.3*	*58.2*		*2*
	1	**1.3**	**2.0**	**4.4**	**64**	**0.3**	**67**		**0.7**
	3.8	**0.3**	**1.7**	**1.3**	**17**	**0.2**	**78.2**		**2.1**
KUSOZ091	**1.3**	**1.3**	**0.2**	**0.4**	**14**	**0.4**	**5.7**		**1.1**
	4	**0.6**	**1.7**	**2.8**	**36**	**0.1**	**38**	**AB Zone**	**3.7**
	1	**2.3**	**0.7**	**1.5**	**21**	**0.1**	**49**		**0.9**
	3.7	**1.0**	**2.9**	**3.9**	**19**	**0.1**	**56**	**A Lode**	**3.1**
KUSOZ092	**14.4**	**0.8**	**1.3**	**1.2**	**19**	**0.4**	**16**	**AB Zone N**	**13.7**
including	*2*	*0.9*	*1.3*	*2.2*	*19*	*0.6*	*16*		*1.9*
and	*2*	*1.5*	*3.1*	*2.0*	*27*	*1.2*	*21*		*1.9*
and	*2*	*0.6*	*1.2*	*1.4*	*17*	*0.1*	*25*		*1.9*
and	*1.3*	*2.8*	*3.9*	*2.4*	*98*	*1.0*	*29.1*		*1.2*
	2	**0.8**	**2.1**	**1.2**	**33**	**0.4**	**40**		**2.0**
KUSOZ093	**1.1**	**0.8**	**0.5**	**0.6**	**9**	**0.2**	**19.9**		**1**
	6.4	**1.2**	**1.6**	**1.1**	**20**	**0.9**	**26**	**AB Zone N**	**6**
	1	**0.6**	**3.0**	**1.1**	**64**	**0.1**	**49**		**0.9**
	1	**0.1**	**0.6**	**2.8**	**7**	**1.5**	**60**		**0.9**
	1	**1.0**	**0.4**	**0.7**	**8**	**0.2**	**65**		**0.9**

Hole	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t	From (m)	Lode	Estimated True Thickness (m)
KUSOZ094	**5**	**0.4**	**1.5**	**2.0**	**21**	**0.4**	**22.6**	**AB Zone N**	**3**
	1	**0.5**	**5.6**	**6.3**	**96**	**0.1**	**58.6**		**0.5**
	1	**0.0**	**0.1**	**0.0**	**3**	**7.2**	**65.4**		**0.5**
KUSOZ095	**12.5**	**0.2**	**2.6**	**4.2**	**14**	**0.1**	**15**	**A Lode**	**5.6**
including	*4.4*	*0.3*	*4.0*	*5.8*	*21*	*0.1*	*17.6*		*2*
and	*1.85*	*0.2*	*5.3*	*10.1*	*25*	*0.2*	*26*		*0.8*
	1	**0.3**	**4.5**	**1.3**	**37**	**0.0**	**51.5**		**0.5**
	1	**0.1**	**3.6**	**0.4**	**23**	**0.0**	**58.5**		**0.5**
KUSOZ096	**4.6**	**0.6**	**3.7**	**1.7**	**28**	**1.0**	**33.4**		**3**
	12.2	**0.8**	**10.8**	**4.8**	**56**	**0.8**	**46**	**A Lode**	**8.1**
including	*5*	*1.2*	*14.3*	*5.3*	*76*	*0.9*	*47*		*3.3*
and	*2.75*	*0.9*	*15.8*	*8.2*	*78*	*1.0*	*55.45*		*1.8*

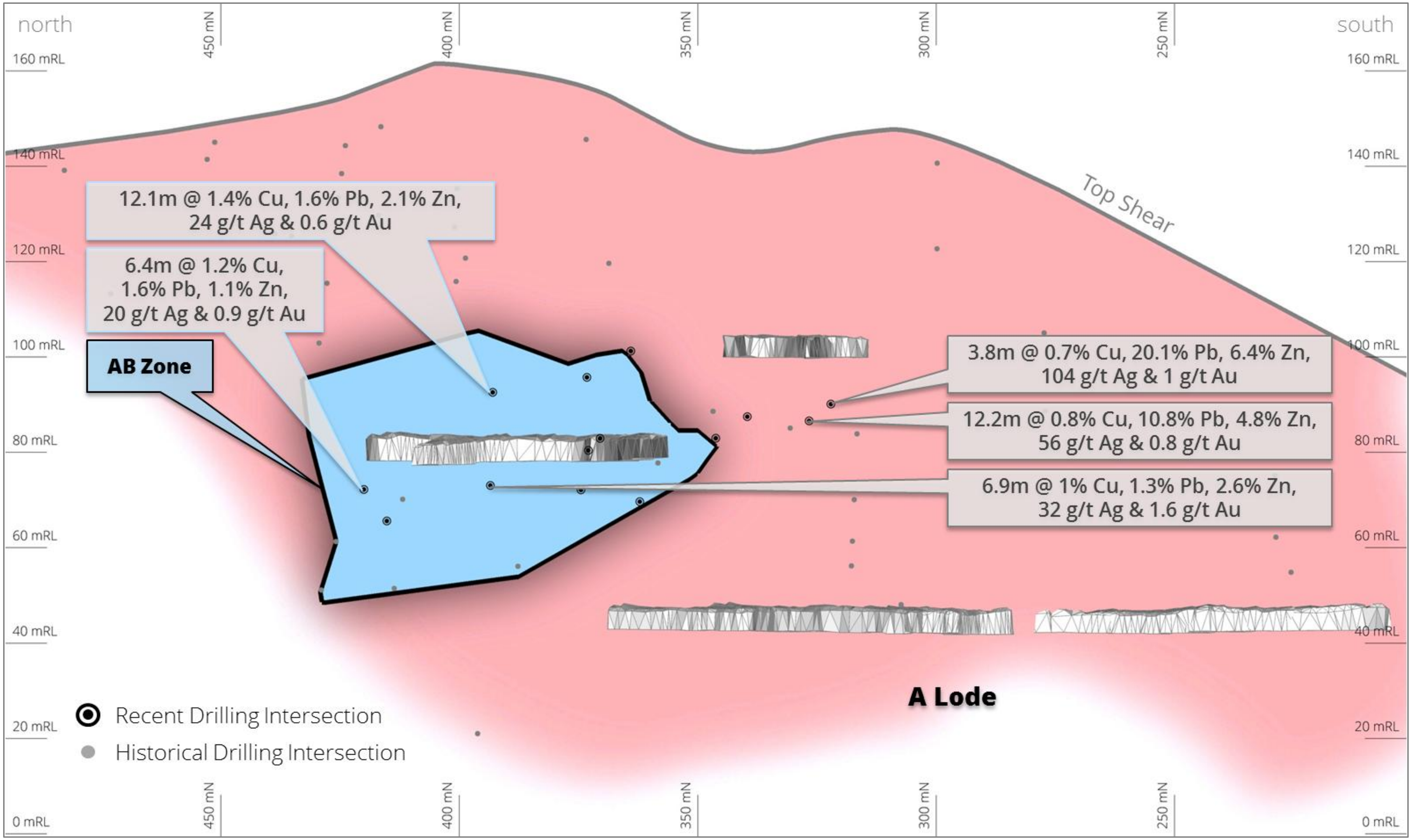

Figure 2. Long section through 1300mE looking east toward the B Lode Footwall-A Lode and illustrating selected intersections from recent underground diamond drilling.

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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.

JORC Code, 2012 Edition – Table 1 report

Southern Ore Zone 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 from surface and underground 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 at the Mineral Hill core yard. For recent underground BQ and LTK48 drilling (2014-2015) full core is submitted to the laboratory with a 50:50 riffle split 6mm coarse crushed reject for each sample returned for storage at site. In the case of metallurgical testing, half core is typically sent to the testing laboratory, quarter core to ALS for assay and quarter core retained at site. **Reverse Circulation Drilling** Historically (Triako era), rock chip samples from RC drilling were first collected and assayed as four metre composites. Composite samples returning significant assay results were then resampled in1m intervals using a riffle splitter and re-assayed. Subsequently (CBH and KBL era), samples were either submitted in one metre intervals, split off the cyclone; or a portable XRF analyser was used to determine the sampling intervals. In the latter case, samples with XRF readings regarded as anomalous were submitted for assay as one metre intervals with at least two metres either side also collected as one metre samples. The remainder of samples were submitted for assay in 4m composites collected by spearing or riffle splitting. Any four metre composites returning anomalous laboratory assays were re-submitted for

Criteria	JORC Code explanation	Commentary
		assay as one metre samples. Representative chip samples for each metre of RC drilling at Mineral Hill are collected in trays and stored at site.
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 (typically with RC precollars of varying lengths). Core diameters are mostly standard diameter HQ and NQ, with HQ3 and NQ3 (triple-tube) used during recent surface drilling. Most recently, underground drilling has used BQ diameter coring to allow greater flexibility in drill hole design. The Southern Ore Zone (SOZ) dataset contains drill holes collared between 800mE and 1400mE, and south of 775mN (local mine grid), that intersect the Mineral Hill Volcanics host rocks. Numerous holes have failed in overlying unmineralised Devonian sedimentary rocks and are not included. Historical drilling at the SOZ has seen a higher proportion of diamond core holes than is typical at Mineral Hill with 139 diamond holes, 17 RC holes, and three percussion holes in the pre-2013 historical dataset. In addition, 107 underground diamond holes and four surface diamond holes have been drilled by KBL from 2013 onwards. Diamond drilling using HQ (61.1-63.5mm) core diameter and a standard barrel configuration is most common. Current underground drilling is using BQ diameter. Core from underground drilling is not routinely orientated. Orientation has been attempted on numerous surface 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. The SOZ sampling dataset also includes assays from over 5800 metres of underground sampling performed by Triako from faces and walls, as well as sludge sampling from underground probe and blast percussion holes.
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*	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.

Criteria	JORC Code explanation	Commentary
	grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	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 meaningful sample the interval is assigned a zero grade when reporting drilling results. Average HQ core recovery for recent drilling program is 98%. Average BQ and LTK48 core recovery to date is 98.5%. There is no known relationship between sample recovery and grade. The lowest recoveries are typically associated with fault and shear zones which may or may not be mineralised. When RC drilling, intervals of poor recovery are noted on geologists' logs but RC sample bags are not routinely weighed for quantification of sample recovery.
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). Drill core is geologically and routinely geotechnically logged to a level of detail considered to accurately support Mineral Resource estimation. The parameters logged include lithology with particular reference to 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 and RC chip 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 entirety. Underground development (faces, walls & backs) is routinely mapped and photographed dependent on access as affected by mining operations. The parameters recorded by mapping include lithology, veining, mineralogy, alteration and grain size.

Criteria	JORC Code explanation	Commentary
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** The SOZ core sampling of Triako (2001–2005) was based on the geological logging, such that only core regarded as significantly mineralised was cut in half for subsequent assay. This approach has the potential to miss finely disseminated gold mineralisation, and in some cases low grade Cu, high Pb–Zn mineralisation was regarded as uneconomic and ignored. Underground 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. Water used in the core cutting is unprocessed and hence unlikely to introduce contamination to the core samples. The HQ and HQ3 diameter core is deemed by KBL to provide the most representative sample of the SOZ sulphide mineralisation which generally comprises a fine- to medium-grained (1–5mm) intergrowth of crystalline sulphide phases such as chalcopyrite, pyrite, galena and sphalerite; with quartz–mica–carbonate gangue. A typical 1m half core sample weighs approximately 3.5–4.5 kg. Recent BQ and LTK48 full core samples typically weigh 2–3.5 kg and are similarly considered to provide a representative sample of the mineralisation. **Reverse Circulation Drilling** When sub sampling RC chips a riffle splitter or conical splitter is typically employed directly off the cyclone. In cases when sampling low grade or background intervals after determination with portable XRF, 4m composite intervals are assembled by spearing. If anomalous results are received from the Lab, the composite intervals are resubmitted from the remaining bulk sample as 1m intervals by riffle splitting.

Criteria	JORC Code explanation	Commentary
		Dry sampling is ensured by use of a booster air compressor when significant groundwater is encountered in RC drilling. Field duplicates were periodically assayed by Triako and CBH, but KBL has not routinely submitted duplicates for analysis. The 4 ½ “ diameter bit, used as standard in RC drilling, collects a typical bulk sample weighing up to 30kg per metre drilled, from which a split 1/10 sub-sample typically weighing between 1.5 and 2.5 kg is submitted for assay. The split sub-sample is deemed representative of the entire metre sampled.
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/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. During the Triako era drilling at SOZ (2001–2005), samples were analysed for copper, lead, zinc, silver and gold using ALS Method IC581. All gold values >5 g/t were then repeated with method AA26. All pulps returning >1%Cu, >1%Pb, >1% Zn, and/or >25g/t Ag were repeated with method OG46/AA46 (mixed acid digest, flame AAS). 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 the 50g fire-assay–AAS finish method Au-AA26. **Diamond Drilling** In the current KBL drilling program two standards are 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 analysis of standards is checked upon receipt of batch results—all base metal standards analysed with samples during the previous 5780m underground drilling campaign at SOZ had ore elements within two standard deviations (SD) of the provided mean

Criteria	JORC Code explanation	Commentary
		standard grade with 53% of these having all ore element concentrations within one SD. 95% of gold standards analysed during the current 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. Based on the results of standard analysis, in addition to the internal QA/QC standards, repeats and blanks run by the laboratory, the laboratory is deemed to provide an acceptable level of accuracy and precision. For historical drilling from 2001–2005, standards were inserted at the start and end of each batch of samples sent to ALS. The laboratory was requested to repeat any high grade standards which returned values > 10% from the quoted mean, and >20% for the low grade standards.
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 are checked by the Senior Mine Geologist, Senior Exploration Geologist, and Chief Geologist. No holes have been deliberately twinned during SOZ drilling. 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. 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.*	The collar positions of holes drilled by Triako have been surveyed by mine surveyors and are consistent with surveyed underground workings. The holes were surveyed in Mineral Hill mine grid and also the national grid. The CBH drill hole collars have been established by GPS using the national grid and converted to mine grid using the conversion established by Triako. KBL Mining Ltd holes/underground sample locations were either

Criteria	JORC Code explanation	Commentary
		surveyed by qualified mine surveyors or by real-time differential GPS (DGPS) in areas at surface distant from reliable survey stations. Coordinates are recorded in a local Mine Grid (MHG) established by Triako in which Grid 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.*	Historical surface drilling at SOZ, like most of the Mineral Hill field, was mainly designed on an east-west grid (relative to Mine Grid). Surface holes were drilled from drill pads arranged on a grid of approximately 50 × 50m, typically with two to five separate holes drilled from each pad. Underground drilling at SOZ has also occurred from numerous sites, most commonly in the hanging wall of the mineralisation, and drill holes have a greater range of orientations. As a whole, the drilling has typically intersected the A, B, C, & D lodes at a spacing of 25m × 25m between 160RL and 0RL (between 147m and 307 metres depth from surface) with closer drill spacing in many areas. Drilling has intersected the mineralisation at an average spacing of approximately 50 × 50m between 0RL and -100RL (307m to 407m depth from surface). Below -100RL, only sporadic drilling has been carried out. Historical drilling into the G & H lodes was mostly from underground sites at the northern and southern ends of the deposit. Drilling has intersected the mineralised envelope with a spacing of approximately 25–30 m at G Lode and 30–50m at H Lode. The majority of historical drill holes were selectively sampled. Only intervals that showed signs of mineralisation were assayed. Holes drilled by KBL have been fully sampled within the SOZ. No sample compositing has been applied to the drill holes reported in the release.
Orientation of data in relation to geological	• *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*	Mineralisation at Mineral Hill occurs around discrete 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 element. Most drilling occurs with an east-dipping orientation and -60 to -

Criteria	JORC Code explanation	Commentary
structure	*introduced a sampling bias, this should be assessed and reported if material.*	80 degrees dip to best intersect the mineralisation. Surface drill hole designs at SOZ mostly dip between 60 and 75 degrees to the to the east, intersecting the interpreted steeply west-dipping lodes at a favourable angle. [1] Bearings in this document are given relative to the Mineral Hill Mine Grid (MHG) in 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.*	For diamond drilling, half core (HQ and NQ) or full core (BQ, LTK48) is collected in calico sample bags marked with a unique sample number which are tied at the top. Samples are couriered by independent contractors from the mine site to the ALS Laboratory, Orange, NSW. Specific records of historical sample security measures are not recorded, however the methods were regarded as normal industry practice during an external audit of Triako's historical data base, quality control procedures, survey, sampling and logging methods in 2005. For RC drilling, representative samples from the rig are deposited into individually numbered calico bags which are then tied at the top. Samples are couriered by independent contractors from the mine site to the ALS Laboratory.
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.

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 results are from drilling within Mining Leases ML337, ML5499 and ML6365 located in central NSW and which are due to expire on 14 March 2033.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	The SOZ deposit was discovered by Triako Resources Ltd. The majority of drilling at SOZ to date was carried out by Triako between 2001 and 2005.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The SOZ at Mineral Hill is an epithermal polymetallic (Cu–Au to Cu–Pb–Zn–Ag–Au) vein and breccia system hosted by the Late Silurian to Early Devonian Mineral Hill Volcanics, a pile of proximal rhyolitic volcaniclastic rocks with minor reworked volcaniclastic sedimentary rocks. The mineralisation is structurally controlled and comprises lodes centred on hydrothermal breccia zones within and adjacent to numerous faults, surrounded by a halo of quartz–sulphide vein stockwork mineralisation. Mineralisation at B Lode footwall and A Lode is mostly in the form of breccia, composed of volcanic wall rock and older quartz-sulphide vein fragments set in a silica and sulphide matrix and locally comprising massive sulphide. These Lodes are the two most easterly of the parallel to en-echelon west-dipping breccia zones which make up the SOZ.
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.*	Locations and orientations of the reported underground drill holes and nearby holes supporting the interpretation of B Lode footwall (AB Zone) mineralisation are tabulated below.

Criteria	JORC Code explanation	Commentary
	• *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.*	

Hole	Type	Max Depth (m)	Collar Coordinates			Hole Orientation	
			East	North	RL	Azimuth	Dip
KUSOZ086	LTK48	53.4	1257.192	389.981	78.798	125	+3
KUSOZ087	LTK48	107.1	1253.840	401.985	77.787	146	+7
KUSOZ088	LTK48	54.7	1253.840	401.985	77.787	102	+21
KUSOZ089	LTK48	53.2	1253.840	401.985	77.787	110	-9
KUSOZ090	LTK48	89.6	1253.840	401.985	77.787	127	+14
KUSOZ091	LTK48	63.5	1253.840	401.985	77.787	129	-9
KUSOZ092	LTK48	52.0	1267.613	419.063	77.397	101	-31
KUSOZ093	LTK48	71.0	1267.613	419.063	77.397	90	-10.5
KUSOZ094	LTK48	67.4	1267.613	419.063	77.397	61.5	+12.7
KUSOZ095	LTK48	62.1	1290.987	366.354	80.035	164	+8
KUSOZ096	LTK48	61.9	1292.653	368.169	79.959	145	+8

Hole	Type	Max Depth (m)	Collar Coordinates			Hole Orientation	
			East	North	RL	Azimuth	Dip
KUSOZ080	DDH (BQ)	92.30	1260.707	410.412	78.433	134	-5
KUSOZ081	DDH (BQ)	107.6	1260.664	410.031	78.865	141	+6
KUSOZ082	DDH (BQ)	101.3	1260.405	409.843	78.253	149	-13

Criteria	JORC Code explanation	Commentary

KUSOZ083	DDH (BQ	89.200	1260.819	410.916	78.287	12	-13
TMH242	RC	243	1220.98	380.94	243	83	-67
TMH255	DDH	262	1223.62	358.51	306.27	89	-79
USOZ004	DDH	130.7	1197.212	400.018	100.056	89	+16
USOZ008	DDH	120	1195	354.4	101.5	94	+20
USOZ009	DDH	110.9	1194.919	354.542	99.919	93	+12
USOZ014	DDH	114	1195.067	355.164	99.865	80	+18
USOZ015	DDH	119.6	1278.186	329.127	119.6	86	+16
USOZ024	DDH	42.6	1285.2	340	104.3	270	+44

Hole	Interval (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t	From (m)	Estimated True Thickness
KUSOZ080	1	0.2	1.6	5.3	39	0.1	29	0.8
	4	0.6	2.3	3.9	34	0.8	32	3.1
includes	*1.9*	*0.6*	*4.2*	*7.4*	*54*	*0.7*	*32*	
	2	1.0	0.9	1.1	16	0.1	37	1.6
	1.1	0.3	4.7	0.6	21	0.4	65.9	0.9
	1	1.1	2.5	1.3	23	1.7	69.7	0.8
	1.2	0.0	1.5	3.4	39	0.1	87.8	
KUSOZ081	10.4	1.2	1.7	3.2	41.2	0.3	33.2	6.5
Including	*4.8*	*0.4*	*1.4*	*4.4*	*47.0*	*0.5*	*33.2*	
and	*4.7*	*2.3*	*2.3*	*2.3*	*41.9*	*0.2*	*38.9*	
	15.5	0.4	5.4	3.9	35.8	0.6	82.5	7.5
Including	*7*	*0.4*	*6.6*	*5.0*	*46.9*	*0.7*	*91*	
KUSOZ082	2	0.3	1.5	5.6	33	0.3	36	1.1
	2	1.6	0.9	1.0	24	0.2	42	1.1
	1	0.5	3.7	0.5	29	0.1	53	0.5
	3.5	0.6	2.3	2.8	11	0.0	61	1.9
	13	0.4	2.7	2.0	25	1.0	73	6.4
includes	*2*	*1.0*	*3.3*	*5.3*	*43*	*3.6*	*78*	

Criteria	JORC Code explanation	Commentary

and	*3*	*0.6*	*5.2*	*1.3*	*34*	*0.4*	*83*	
	1	0.3	2.8	1.8	20	0.3	89	0.5
	1.3	0.3	2.0	3.4	20	0.3	93.7	0.6
KUSOZ083	1.4	0.3	1.6	4.0	27	0.2	25.4	1.2
	4.6	1.5	1.6	2.5	27	1.1	28	4.0
	1	0.8	1.5	0.5	22	0.1	42	0.9
TMH242	8.00	1.0	0.6	1.0	6.8	3.1	168.00	6.4
and	5.00	2.2	0.5	0.1	7.6	0.6	180.00	4.0
TMH255	6.20	1.5	1.0	0.7	16.8	0.4	230.60	3.7
USOZ004	3.30	2.2	0.2	0.1	8.3	0.2	98.60	2.4
and	0.75	10.1	0.9	0.2	32.1	0.7	106.95	0.6
USOZ008	13.78	1.0	0.7	0.5	8.7	1.7	91.40	9.8
USOZ009	1.30	2.9	3.3	3.8	51.0	0.8	93.90	1.0
and	1.80	1.3	4.7	4.2	57.7	0.5	100.20	1.4
and	3.85	1.2	4.3	3.7	53.4	0.9	106.00	3.1
USOZ014	4.25	1.5	0.9	0.2	7.3	0.6	100.85	3.0
USOZ015	2.85	1.8	0.3	0.3	13.9	0.8	0.00	-

Criteria	JORC Code explanation	Commentary
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 typically 1% copper or equivalent for copper-rich mineralisation and 2 × Cu% + Pb% + Zn% ≥ 2 for polymetallic mineralisation. No top cuts have been applied when calculating average grades. The copper equivalent equation was derived by applying measured and assumed copper, lead, silver, and gold metal recoveries through flotation using the current Mineral Hill plant configuration, and an estimated zinc recovery after installation of additional flotation capacity. These data were combined with known or estimated transport costs, smelter charges, and payability for these commodities in concentrate form. When aggregating assay intervals the incorporation of more than two consecutive metres of low grade material or internal waste is avoided. 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.

Criteria	JORC Code explanation	Commentary
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. Down-hole widths and estimated true widths of mineralisation are reported. True widths for intercepts of breccia-style mineralisation are typically estimated by assigning a general Lode orientation with a dip of 45 degrees (for the upper portion of A & B Lodes above approximately 100RL) and 75 degrees (for the lower portion of A & B Lodes below approximately 100RL) towards a bearing of 270 (mine grid) and applying a standard trigonometric equation to estimate the true thickness.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Appropriate section views are presented in the release.
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. Low grade mineralisation at SOZ is characterised by intervals containing only thin intercepts of economic grades. Such intervals (down to 0.4m thickness) are reported in the results table. 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.*	Historical production records at SOZ indicate that 215,548 tonnes of ore (predominantly from the upper B and D Lodes) was treated between 2003 and 2005 — average recoveries were 86.6% for copper by flotation and 81.9% for gold using a combination of flotation and CIL, producing an average 22.8% copper grade in concentrate.
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 drilling is described in the release.