
Mineral Hill Pearse Open Pit – First Concentrate Sold

KBL Mining Limited (ASX: “KBL” or “the Company”) is pleased to announce that the first consignment of gold–silver concentrate from its Pearse open pit operation has been sold. Head grades are performing in line with expectations, averaging between 6 and 7 grams per tonne gold and 40 to 70 grams per tonne silver.

KBL has achieved a significant milestone with the production and sale of the first Pearse gold–silver concentrate. The first consignment of 793 dry metric tonnes of concentrate grading at 68g/t Au and 370g/t Ag, containing approximately 1,750 ounces of gold and 9,500 ounces of silver. In conjunction with the first gold-silver sale from Pearse, the new CIL plant moved into the first stages of commissioning with the tanks filled with water, electrical safety systems checked and the plant substation powered. Control equipment will be installed and tested before carbon is introduced next week. The first oxide ore and flotation tails will be fed into the leach tanks before months end.

Pearse Open Pit

The Pearse open pit pre-strip was commenced in late May with blasting operations commencing in the third week of June. Since that time MAAS earthmoving have moved over 700,000 tonnes of both ore and waste material. Oxide and transitional ore from the upper part of the orebody has been stockpiled, as has low grade sulphide ore (below 1.5 g/t), to be treated at a later date. The first fresh sulphide ore has been exposed on the 1295 and 1290RL benches (25–35m below surface) and grades encountered in production to date have been in line with the Mineral Resource model and Ore Reserve estimate. Mill feed grades of up to 14g/t have been periodically sustained with an overall average of approximately 6.5 g/t.

CIL and Flotation Plant Upgrade

As outlined in the Letter to Shareholders of 8 August 2014 and subsequent updates, the commissioning of the CIL plant during October brings the mill upgrade project to completion, and fundamentally transforms the processing capacity of the Mineral Hill operation.

The CIL is a state of the art plant which has the capacity to process ore of varying character at a high throughput. The plant has nine leach tanks — one mixing and eight absorption — with a capability to strip three tonnes of carbon per day to produce gold and silver dore through electrowinning and smelting. The first ore will be introduced to the CIL tanks before months end and first metal is expected to be produced in late November after the carbon is fully loaded.

The two new OK16 Outotec flotation cells installed last month have been a significant success, doubling the flotation plant capacity to optimize gold-silver concentrate flotation. The start-up of the gold flotation circuit has been slower than expected, owing to a constraint on filtering capacity, however the flotation performance is improving and the filtration system is undergoing an upgrade to increase the throughput.

Brian Wesson MD commented *“This marks a significant milestone in the life of KBL with the Pearse Project well underway delivering the first gold-silver concentrate and the long awaited CIL Plant in commissioning”*.



Top: Pearse Open Pit drill and blast operations; ***Middle Left:*** Mineral Hill CIL construction; ***Bottom Left:*** Pearse Open Pit access ramp and operations; ***Bottom Right:*** KBL management inspect Pearse Open Pit operations.

For further information, please contact:

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About KBL Mining

KBL Mining is an Australian resource company listed on the ASX (KBL and KBLGA) with a focus on producing precious and base metals. KBL's main assets include the Mineral Hill copper-gold-silver-lead-zinc mine near Condobolin in New South Wales and Sorby Hills lead-silver-zinc project in Western Australia. The Company has been operating the refurbished processing plant at Mineral Hill since October 2011 to produce copper-gold concentrates and in 2013 commenced producing a separate lead-silver concentrate. Sorby Hills (KBL holds 75% with Henan Yuguang Gold & Lead Co. Ltd (HYG&L) holding 25%) is a large near surface undeveloped silver-lead deposit close to port infrastructure and a short distance from Asian markets. A PFS for stage 1 of the project (400,000tpa open cut ore processed) was released on 6 December 2012. Environmental approvals for stage 1 were granted in 2014. A BFS is in progress to be followed by project financing.

More information can be found on KBL's website at www.kblmining.com.au.