

## Pearse Corridor Drilling

- Approvals and logistics are being finalised for a Pearse corridor RAB drilling campaign aimed at testing for geochemical signatures of Pearse type deposits beneath alluvial cover
- Drilling expected to commence in late August

**KBL Mining Limited (ASX: "KBL" or "the Company") is pleased to announce that final preparations are underway for focussed exploration in the highly prospective Pearse corridor at Mineral Hill, initially through shallow RAB drilling.**

KBL has moved to accelerate exploration effort along the Pearse Corridor, aiming to identify new Pearse-style targets with shallow RAB drilling.

The currently known Pearse corridor As–Sb–Au in soil anomaly (Figure 1) coincides with an area of better outcrop — it is strongest in the Pearse North area but muted by thicker regolith cover to the south around Pearse (Figures 2 and 3). Historical exploration drilling has concentrated around the outcropping areas, resulting in discovery of the existing Pearse deposits. There has been little drilling between and peripheral to the known deposits.

It is proposed to test a 0.2 km<sup>2</sup> area with a 25m×50m (E × N) RAB pattern to reliably sample the weathered bedrock. Bedrock rock chip samples will be analysed for As, Sb and other pathfinder elements at the drill rig with a portable XRF device and the RAB sampling program design adjusted depending on results. Any geochemical targets identified would be subject to future reverse circulation follow-up.

Results from the RAB program will also guide the design of sterilisation drilling as part of the mine planning for the Pearse North deposit. Pearse North has a combined Proven and Probable Ore Reserve of **179kt at 2.5g/t gold and 21g/t silver** (at a cut-off of 1g/t Au for Oxide & 1.5g/t for Transitional and Fresh)<sup>1</sup>.

The RAB drilling is scheduled to commence in late August (weather permitting) and is expected to be completed in September.

<sup>1</sup> The Pearse North Ore Reserve estimate of 179kt at 2.5g/t gold and 21g/t silver (at a cut-off of 1g/t Au for Oxide & 1.5g/t for Transitional and Fresh) is inclusive of Proven and Probable Reserve categories (as released 16 June 2016 under JORC 2012). Please refer to Table 1 for a complete summary of reserve classification.

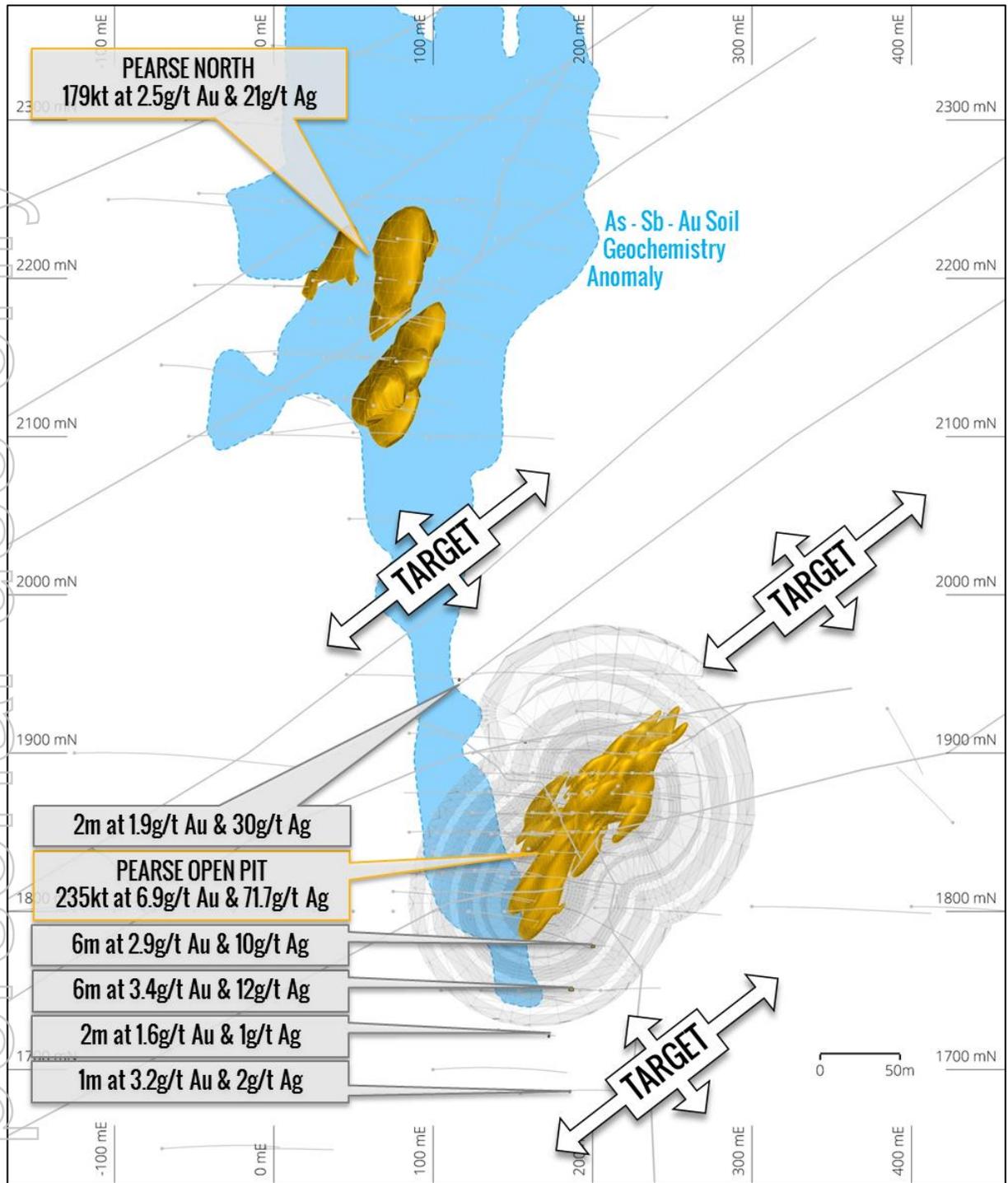


Figure 1. Pearse-Pearse North geochemical trend illustrating high priority exploration targets as defined by anomalous surface geochemistry through shallow cover. The Pearse Mineral Reserve estimate of 235kt at 6.9g/t Au & 71.7g/t Ag (as released 20 October 2011 under JORC 2004) is inclusive of Proven and Probable Reserve categories and has not yet been depleted for mining activities. Production records indicate that approximately 185kt at 6.3g/t gold and 56g/t silver was mined up to May 31 2016.

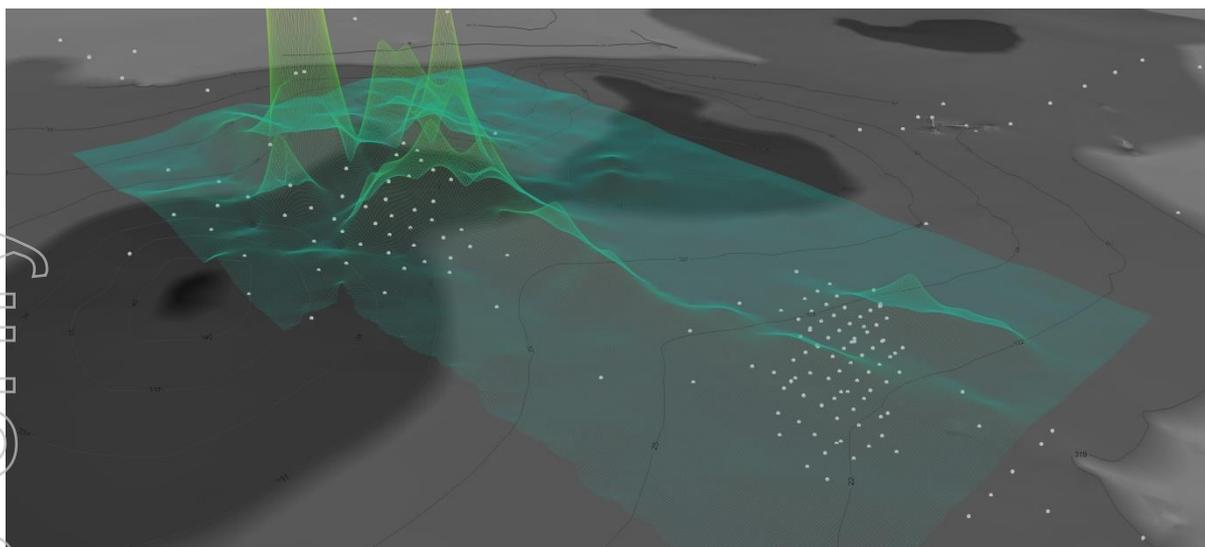


Figure 2. Arsenic concentration/distribution in soils (looking north-east).

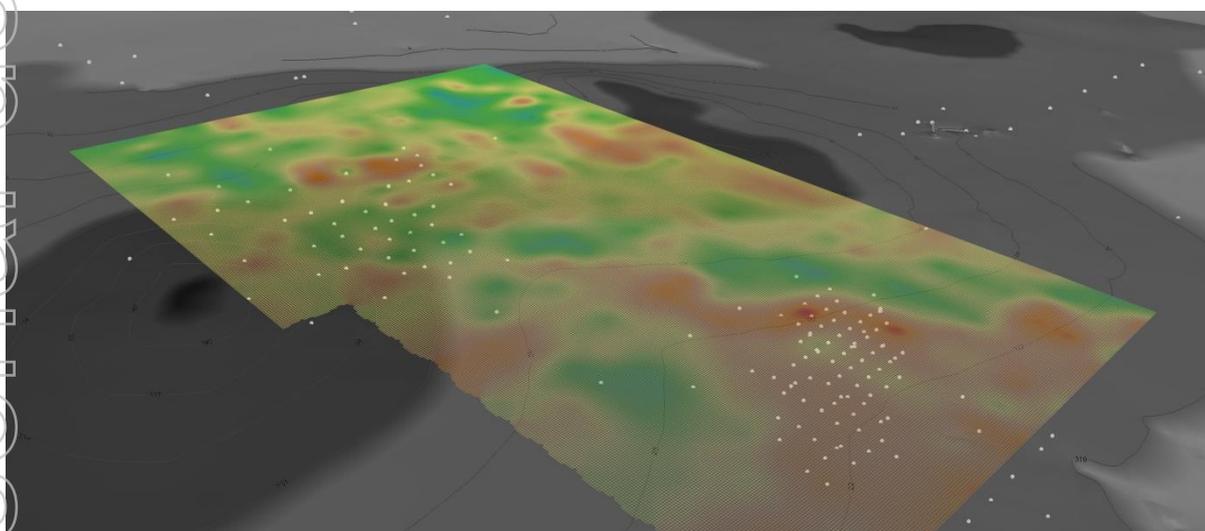


Figure 3. Iron concentration/distribution in soils (looking north-east).

Table 1. Ore Reserve estimate for the Pearse North deposit (at a cut-off of 1g/t Au for Oxide & 1.5g/t for Transitional and Fresh) detailed by Reserve category and oxidation state. Note small rounding errors may have occurred in the compilation of this table.

| Classification | Tonnes (thousands) | Density     | Grade      |           |             |            | Contained Metal |                |
|----------------|--------------------|-------------|------------|-----------|-------------|------------|-----------------|----------------|
|                |                    |             | Au (g/t)   | Ag (g/t)  | As ppm      | Sb ppm     | Au (oz)         | Ag (oz)        |
| Proved         | 55                 | 2.54        | 2.3        | 17        | 2348        | 372        | 4,000           | 31,100         |
| Probable       | 124                | 2.54        | 2.6        | 22        | 2122        | 402        | 10,500          | 87,100         |
| <b>Total</b>   | <b>179</b>         | <b>2.54</b> | <b>2.5</b> | <b>21</b> | <b>2192</b> | <b>393</b> | <b>14,500</b>   | <b>118,200</b> |

| Oxidation    | Tonnes (thousands) | Density     | Grade      |           |             |            | Contained Metal |                |
|--------------|--------------------|-------------|------------|-----------|-------------|------------|-----------------|----------------|
|              |                    |             | Au (g/t)   | Ag (g/t)  | As ppm      | Sb ppm     | Au (oz)         | Ag (oz)        |
| Oxide        | 80                 | 2.45        | 1.9        | 11        | 2140        | 313        | 4,900           | 27,800         |
| Transitional | 43                 | 2.57        | 3.5        | 27        | 2100        | 401        | 4,800           | 37,400         |
| Fresh        | 57                 | 2.65        | 2.6        | 29        | 2335        | 499        | 4,800           | 53,000         |
| <b>Total</b> | <b>179</b>         | <b>2.54</b> | <b>2.5</b> | <b>21</b> | <b>2192</b> | <b>393</b> | <b>14,500</b>   | <b>118,200</b> |

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#### **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).*

#### **Competent Persons Statement**

*The information in this report that relates to drilling results and Mineral Resources 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 2004 & 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.*

*The information in this report that relates to Ore Reserve Estimation is based on information compiled by Peter Gilligan, BSc Eng.(Hons)(Lond),ARSM,MBA who is a Member of the Australian Institute of Mining and Metallurgy and is a full time employee of the Company. Mr Gilligan 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 2004 & 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Gilligan consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.*