
Issue of Securities for Convertible Note Funding

Further to the announcement dated 6 April 2016 KBL Mining Limited (ASX: “KBL” or “the Company”) advises that it has today issued a total of 2,341,667 Ordinary Shares and one (1) Convertible Note with a face value of \$410,000 pursuant to the announcement dated 6 April 2016.

Attached is a section 708A(5) Notice for the issue of the Shares and an Appendix 3B for the issue of all the securities.

Of the securities issued the 2,341,667 shares have been issued pursuant to Listing Rule 7.1A.

The Company provides the following information relating to the shares issued under Listing Rule 7.1A as required under Listing Rule 3.10.5A in respect of those share issues:

(a) Dilution to existing shareholders as a result of the issue of securities under LR 7.1A:

The 2,341,667 shares issued today under Listing Rule 7.1A represent 0.32% of the post issue ordinary share capital.

(b) Reasons why the securities have issued as a Placement and not an entitle offer to shareholders:

As announced on 6 April 2016 the company has entered into an additional Convertible Note arrangement to provide further working capital as envisaged in the announcement dated 22 February 2016. The 2,341,667 shares have been issued in support of the Convertible Note facility.

(c) No underwriting arrangements were applicable to the LR 7.1A issue.

(d) No fees or other costs were applicable to the LR 7.1A issue.

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 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.



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ACN 129 954 365

ASX Announcements

7 April 2016

APPENDIX 3B AND NOTICE UNDER SECTION 708A(5) OF THE CORPORATIONS ACT

KBL Mining Limited (**KBL** or the **Company**) notes that it has today issued 2,341,667 ordinary shares.

Accordingly the Company gives notice under Section 708A(5)(e)(i) of the *Corporations Act 2001* (Cth) ("Act") that:

1. the abovementioned shares were issued without disclosure to investors under Part 6D.2 of the Act.
2. as at the date of this notice the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act; and
3. as at the date of this notice there is no information to be disclosed which is "excluded information" as defined in subsection 708A(7) and (8) of the Act that is reasonable for investors and their professional advisors to find in a disclosure document.

An Appendix 3B is attached for the issues of the shares.

A handwritten signature in black ink, appearing to read 'Ivo Polovineo', is written in a cursive style.

Ivo Polovineo
Company secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

KBL MINING LIMITED

ABN

38 129 954 365

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	(a) Ordinary Shares (b) Unsecured Convertible Note
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	(a) 2,341,667 (b) 1

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

<p>3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>Refer announcement on 6 April 2016</p> <p>(a) N/A</p> <p>(b) Unsecured Convertible Note</p> <ul style="list-style-type: none"> • Face value \$410,000 • Repayable in 12 months • No interest coupon • If the holder elects to convert into KBL shares, the conversion price is the lesser of: <ul style="list-style-type: none"> ➤ 85% of the average of the two (2) lowest daily VWAPs per share during the fifteen (15) consecutive trading days immediately prior to the relevant conversion notice date; or ➤ 125% of the average of the daily VWAPs per Share for the five (5) consecutive trading days immediately prior to the relevant closing date for the purchase of the note.
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+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>(a) Rank equally with existing Ordinary Shares</p> <p>(b) No - The shares issued on conversion of the Convertible Note will rank equally with existing Ordinary Shares</p>
<p>5 Issue price or consideration</p>	<p>(a) 2,341,667 shares issued at 1.2 cents per share.</p> <p>(b) \$410,000 face value – consideration \$360,000</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Convertible Note has been issued to provide additional working capital as envisaged in the Company's announcement dated 22 February 2016. The Shares have been issued in support of the Convertible Note Facility.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>17 November 2015</p>

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	(a) 2,341,667
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	<p>a) 15 Day VWAP to close of business on 6 April 2016 (day before price was agreed) was 1.46 cents</p> <p>b) Source – Orient Capital Pty Ltd</p> <p>c) Issue price represents 82.2% of a) above</p>
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	7 April 2016

+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>741,641,089</td><td>Ordinary fully paid shares (KBL)</td></tr><tr><td>28,954,516</td><td>12% pa Convertible Notes exp 16 February 2017 (KBLGA)</td></tr></table>	Number	⁺ Class	741,641,089	Ordinary fully paid shares (KBL)	28,954,516	12% pa Convertible Notes exp 16 February 2017 (KBLGA)								
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741,641,089	Ordinary fully paid shares (KBL)															
28,954,516	12% pa Convertible Notes exp 16 February 2017 (KBLGA)															
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (<i>including</i> the securities in section 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>44,000,000</td><td>Opts exp 14 March 2020 ex 11 cents</td></tr><tr><td>8,000,000</td><td>Opts exp 14 March 2020 ex 11 cents</td></tr><tr><td>49,080,785</td><td>Opts exp 16 March 2018 ex price 2.47 cents</td></tr><tr><td>10,869,565</td><td>Opts exp 4 March 2019 ex price 2.6 cents</td></tr><tr><td>1</td><td>Unsecured Convertible Note – residual face value \$120,000 repayable 4 March 2017</td></tr><tr><td>1</td><td>Unsecured Convertible Note – face Value \$410,000 repayable 7 April 2017</td></tr></table>	Number	⁺ Class	44,000,000	Opts exp 14 March 2020 ex 11 cents	8,000,000	Opts exp 14 March 2020 ex 11 cents	49,080,785	Opts exp 16 March 2018 ex price 2.47 cents	10,869,565	Opts exp 4 March 2019 ex price 2.6 cents	1	Unsecured Convertible Note – residual face value \$120,000 repayable 4 March 2017	1	Unsecured Convertible Note – face Value \$410,000 repayable 7 April 2017
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1	Unsecured Convertible Note – residual face value \$120,000 repayable 4 March 2017															
1	Unsecured Convertible Note – face Value \$410,000 repayable 7 April 2017															
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable														

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the ⁺ securities will be offered	

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | | |
|----|---|--|
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |

+ See chapter 19 for defined terms.

26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	
33	⁺ Despatch date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
 (tick one)
- (a) ☒ Securities described in Part 1 – 2,341,667 Ordinary Shares only – refer 1(a)
- (b) ☐ All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

Number	⁺ Class

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 7 April 2016

Print name:

Company Secretary
Ivo J Polovineo

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	495,765,509
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	11,450,000 – issued on 31 July 2015 74,364,826 – issued on 20 July 2015 16,781,008 – issued on 20 July 2015 # 22,569,440 – issued on 30 July 2015 # 15,779,237 – issued on 4 December 2015 # # approved at AGM held on 17 November 2015 -
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	636,710,020

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	95,506,503
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>45,506,503 - issued on 1 March 2016</p> <p>10,869,565 - Options issued on 4 March 2016</p> <p>6,470,588 – issued on 10 March 2016</p> <p>8,000,000 – issued on 18 March 2016</p> <p>6,153,846 –issued on 24 March 2016</p> <p>5,833,333 – issued on 31 March 2016</p>
“C”	82,833,835
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	95,506,503
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	82,833,835
Total [“A” x 0.15] – “C”	<p>12,672,668</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	636,710,020
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	63,671,002
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	11,850,000 - issued on 1 March 2016 11,500,000 – issued on 4 March 2016 7,275,132 – issued on 10 March 2016 2,341,667 - this issue
“E”	32,966,799

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	63,671,002
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	32,966,799
Total [“A” x 0.10] – “E”	30,704,203

+ See chapter 19 for defined terms.