

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	Unlisted Options
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	52,000,000

+ See chapter 19 for defined terms.

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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)

- 26,000,000 options - exercise price \$0.028 expiring 6 May 2021 – (Tranche 1)
- 26,000,000 options - exercise price \$0.0325 expiring 6 May 2021 – (Tranche 2)

Issued to Managing Director Greg Starr In accordance with his Terms of Employment

- Tranche 1 will vest 1 year after the date of issue and Tranche 2 will vest 2 years after the date of issue.
- The vesting of each tranche will be subject to meeting a performance target that KBL's Total Shareholder Return "TSR" = (Share Price appreciation + Dividends), expressed as a percentage of the opening share price exceeds the median TSR of a group of comparable ASX listed gold companies, agreed by Mr Starr and the Company; and
- If the performance measure is not achieved in the twelve month period prior to the vesting date, the vesting is deferred and retested on each anniversary (to a maximum of 5 years) of the issue date.

Further details are set out in the Company's Notice of General Meeting held on 15 April 2016.

+ See chapter 19 for defined terms.

4	<p>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 	N/A
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued In accordance with the Terms of Employment of Managing Director Greg Starr announced on 20 January 2016 and approved at the Company's General Meeting held on 15 April 2016
6a	<p>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>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	17 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	Nil

+ See chapter 19 for defined terms.

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6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	See 6f below
6f	Number of securities issued under an exception in rule 7.2	52,000,000 – exception 14 - approved under Listing Rule 10.11 at General Meeting held on 15 April 2016
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.	Not applicable
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	6 May 2016

+ See chapter 19 for defined terms.

<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in section 2 if applicable)</p>	<table border="1"> <thead> <tr> <th>Number</th> <th>⁺Class</th> </tr> </thead> <tbody> <tr> <td>877,316,823</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> </tbody> </table>	Number	⁺ Class	877,316,823	Ordinary fully paid shares (KBL)	28,954,516	12% pa Convertible Notes exp 16 February 2017 (KBLGA)															
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<p>9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in section 2 if applicable)</p>	<table border="1"> <thead> <tr> <th>Number</th> <th>⁺Class</th> </tr> </thead> <tbody> <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>15,769,231</td> <td>Opts exp 21 April 2019 ex price 1.6 cents</td> </tr> <tr> <td>26,000,000</td> <td>Opts exp 6 May 2021 ex price 2.8 cents</td> </tr> <tr> <td>26,000,000</td> <td>Opts exp 6 May 2021 ex price 3.25 cents</td> </tr> <tr> <td>1</td> <td>Unsecured Convertible Note – residual face value \$10,000 repayable 4 March 2017</td> </tr> <tr> <td>1</td> <td>Unsecured Convertible Note – face value \$130,000 repayable 7 April 2017</td> </tr> </tbody> </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	15,769,231	Opts exp 21 April 2019 ex price 1.6 cents	26,000,000	Opts exp 6 May 2021 ex price 2.8 cents	26,000,000	Opts exp 6 May 2021 ex price 3.25 cents	1	Unsecured Convertible Note – residual face value \$10,000 repayable 4 March 2017	1	Unsecured Convertible Note – face value \$130,000 repayable 7 April 2017	
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<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>Not applicable</p>																					

Part 2 - Bonus issue or pro rata issue

+ See chapter 19 for defined terms.

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

+ See chapter 19 for defined terms.

- | | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 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 | |
| 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

+ See chapter 19 for defined terms.

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34 Type of securities
(tick one)

(a) Securities described in Part 1

(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

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

+ See chapter 19 for defined terms.

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

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)

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.

+ See chapter 19 for defined terms.

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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.
- 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: 6 May 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 <p><i>Note:</i></p> <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 45,506,503 - issued on 1 March 2016 * 11,850,000 - issued on 1 March 2016 * 11,500,000 – issued on 4 March 2016 * 93,274,334 – part (a) of this issue * * approved at General Meeting held on 15 April 2016: -
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	798,840,857

+ See chapter 19 for defined terms.

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	119,826,128
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>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> <p>10,000,000 – issued on 12 April 2016</p> <p>15,769,231 – issued on 21 April 2016</p>
“C”	52,226,998
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>	119,826,128
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	52,226,998
Total [“A” x 0.15] – “C”	67,599,130 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ 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>	798,840,857
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	79,884,085
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><i>Notes:</i></p> <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> 	<p style="text-align: right;">7,275,132 – issued on 10 March 2016</p> <p style="text-align: right;">2,341,667 - issued on 7 April 2016</p> <p style="text-align: right;">14,545,455 – issued on 18 April 2016</p> <p style="text-align: right;">6,946,854 – issued on 20 April 2016</p> <p style="text-align: right;">10,909,091 – issued on 22 April 2016</p>
“E”	42,018,199

+ See chapter 19 for defined terms.

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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>	79,884,085
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	42,018,199
Total ["A" x 0.10] – "E"	37,865,886

+ See chapter 19 for defined terms.