

Level 3, 2 Elizabeth Plaza, NORTH SYDNEY NSW 2060  
PO Box 98, NORTH SYDNEY NSW 2059  
Phone: +61 2 9927 2000  
Fax: +61 2 9927 2050  
Website: [www.kblmining.com.au](http://www.kblmining.com.au)  
ACN: 129 954 365

17 October 2014

Company Announcements Office  
Australian Securities Exchange  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

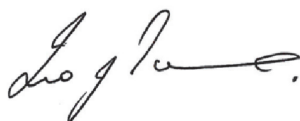
Dear Sir / Madam

**2014 Annual General Meeting Notice**

Enclosed is a copy of the Notice of Meeting and Proxy Form for the Company's 2014 Annual General Meeting to be held on 19 November 2014.

Holders of convertible notes (KBLGA) are also entitled to attend the Meeting but have no right to vote and a copy of the invitation to noteholders is also enclosed. These documents are being mailed today.

Yours faithfully



Ivo J Polovineo  
Company Secretary

# Notice of Annual General Meeting

Explanatory Memorandum  
and Proxy Form



Date of Meeting:  
**Wednesday 19 November 2014**

Time of Meeting  
**9.30 am (Sydney Time)**

Place of Meeting  
**BD0 East Coast Partnership,  
Level 11, 1 Margaret Street,  
Sydney, NSW**

## Agenda

### Notice of General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of KBL Mining Limited, ABN 38 129 954 365 (the "Company"), will be held at BDO East Coast Partnership, Level 11, 1 Margaret Street, Sydney, NSW, on Wednesday, 19 November 2014, commencing at 9.30 am (Sydney time) for the purpose of transacting the following business.

## Ordinary Business

### 2014 Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2014, consisting of the Financial Report, the Directors' Report and Auditor's Report.

### Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That the Remuneration Report of the Company for the year ended 30 June 2014 be adopted."*

### Resolution 2 – Election of Mr Greg Starr as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Greg Starr, who retires in accordance with Clause 6.1(e) of the Constitution of the Company, and, being eligible, offers himself for election, be elected a Director of the Company."*

### Resolution 3 – Election of Mr James Wall as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That James Wall, who retires in accordance with Clause 6.1(f)(i)(A) of the Constitution of the Company, and, being eligible, offers himself for election, be elected a Director of the Company."*

#### **Resolution 4 – Issue of Shares to Managing Director, Mr Brian Wesson**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That approval is hereby given, for the purpose of ASX Listing Rule 10.11 and all other purposes, to the issue of 3,000,000 ordinary fully paid shares in the Company to Brian Wesson or his nominee on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice.”*

#### **Resolution 5 – Approval of Employee Share Plan**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That approval is hereby given, for the purpose of ASX Listing Rule 7.2, Exception 9 and the Corporations Act 2001 and all other purposes, to the Company’s Employee Share Plan on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice.”*

#### **Resolution 6 – Approval for the Prior Issue of Options to BBY Nominees Pty Ltd**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That approval is hereby given, for the purpose of ASX Listing Rule 7.4 and all other purposes, to the issue of 8,000,000 unlisted options to BBY Nominees Pty Ltd on 3 October 2014 on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice.”*

### **Special Business**

---

#### **Resolution 7 – Issue of Shares up to an additional 10% of the Company’s Issued Capital**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to an additional 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice.”*

By order of the Board,



**Ivo Polovineo**

*Company Secretary*

Dated: 3 October 2014

# Notes

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Memorandum.

## Voting Exclusion

### Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

If a shareholder wishes to nominate the Chairman as their proxy for the purpose of Resolution 1 the shareholder can direct the Chairman to vote by marking one of the boxes for Resolution 1 on the Proxy Form. If a shareholder appoints the Chairman as proxy or the Chairman of the meeting is appointed as proxy by default but the shareholder does not mark a voting box for Resolution 1, the shareholder will be taken to have expressly authorised the Chairman of the meeting to exercise the proxy in respect

of Resolution 1 even though the item is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 1.

### Resolution 4

The Company will disregard any votes in respect of Resolution 4 if they are cast by or on behalf of Brian Wesson, or any person who may obtain a benefit from the issue of securities under Resolution 4, or any associate of Brian Wesson.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 5

The Company will disregard any votes in respect of Resolution 5 if they are cast by or on behalf of any person who may participate in the Employee Share Plan including any Director (except those who are ineligible to participate in any employee incentive scheme in relation to the Company) and their associates.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 6

The Company will disregard any votes in respect of Resolution 6 if they are cast by or on behalf of BBY Nominees Pty Ltd, or any person who may obtain a benefit from the issue of securities under Resolution 6, or any associate of BBY Nominees Pty Ltd.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 7

The Company will disregard any votes cast on Resolution 7 by:

- (a) a person who may participate in the proposed issue of shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the resolution is passed; and
- (b) any associate of those persons.

However, the Company need not disregard any vote by any such persons on Resolution 7 if:

- (c) it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- (d) it is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

## Record date

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the holders of Shares recorded in the Company's register as at 7pm (Sydney time) on 17 November 2014 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

## Proxies

- (a) Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative;
- (b) Each shareholder has a right to appoint one or two proxies;
- (c) A proxy need not be a shareholder of the Company;
- (d) If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution;

- (e) Where a shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (f) If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands;
- (g) A proxy must be signed by the shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the Company's Constitution and the Corporations Act.
- (h) To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, that is no later than 9.30 am Sydney time on 17 November 2014. Any proxy form received after that time will not be valid for the scheduled meeting.

### Hand Delivery

Boardroom Pty Limited  
Level 7, 207 Kent Street  
SYDNEY NSW 2000 By Mail

### By Mail

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

### By Facsimile

(02) 9290 9655

## Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.



# Explanatory Memorandum

This Explanatory Memorandum forms part of a Notice of Annual General Meeting convening the annual general meeting of shareholders of KBL Mining Limited (**Company**) to be held on 19 November 2014. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice of Annual General Meeting and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

All the resolutions are separate resolutions and are in no way dependent on each other.

## Ordinary Business

### 2014 Financial Report

This item of business relates to the receipt and adoption of the Company's Financial Report for the year ended 30 June 2014. The 2014 Annual Report can be accessed on the Company's website at [www.kblmining.com.au](http://www.kblmining.com.au).

### Resolution 1 Remuneration Report

The Remuneration Report is a section of the Directors Report contained in the 2014 Annual Report. It is a requirement of the Corporations Act that the Report be provided to shareholders and voted upon by a vote which is advisory only and does not bind the Directors or the Company. However, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution that another meeting be held within 90 days at which all of the Company's Directors who are subject to a re-election requirement must go up for re-election. At the 2013 AGM, 7.03% of votes were cast against approval of the Remuneration Report.

The Remuneration Report:

- explains the Board's policies relating to remuneration of Directors, secretaries and executives of the Company;
- discusses the relationship between such policies and the Company's performance;
- provides details of any performance conditions attached to such remuneration; and
- sets out remuneration details for each Director and certain named executives.

### Resolution 2 Election of Greg Starr as a Director

Pursuant to clause 6.1(d) of the Company's Constitution the Directors may at any time appoint any person as a director. In accordance with clause 6.1(e) of the Company's Constitution that person must retire at the next annual general meeting and shall be eligible for election at that meeting.

The Company provides the following information concerning Mr Starr:

#### *Biographical details*

Mr Starr has over 30 years' experience in corporate and operational financial management, with the last 24 years focused on the resources and mining sector. Mr Starr is currently managing director of Crater Gold Mining Company Limited. He has previously been Chief Executive Officer/Managing Director of Golden China Resources Corporation, Michelago Limited and Emperor Mines Limited.

Mr Starr is a member of the Australia Society of Certified Practising Accountants and a member of the Australian institute of Company Directors.

#### *Details of relationships between the Candidate and the Company*

Mr Starr is a non-executive Director of the Company.

#### *Details of relationships between the Candidate and Directors of the Company*

Not applicable.



#### ***Other directorships held***

Mr Starr is managing director of Crater Gold Mining Company Limited.

#### ***The term of office already served by Mr Starr***

Mr Starr joined the Board on 18 November 2013.

The Directors (other than Mr Starr) do not have an interest in the outcome of Resolution 2 and recommend that shareholders vote in favour of Resolution 2.

### **Resolution 3 Election of Mr James Wall as a Director**

Pursuant to clause 6.1(f)(i)(A) of the Company's Constitution, at each annual general meeting of the Company 1/3 of all the Directors must retire from office and are eligible for re-election.

The Company provides the following information concerning Mr Wall:

#### ***Biographical details***

Mr Wall was Managing Director of Nicron Resources Limited during the 1980s and in 1991 became Executive Director of Aztec Mining Company Limited. From late 1991 until mid-1997, he was Managing Director of Savage Resources Limited during which time its market capitalisation on ASX increased by 40 times to over \$600 million. Under his management, Savage Resources was transformed from a loss making company into a profitable mining company with substantial operating assets in coal, copper/gold and zinc in Australia and zinc in the USA.

He is a fellow of the Australasian Institute of Mining and Metallurgy and is the former Executive Chairman of CBH Resources Limited, retiring in March 2009. He was a non-executive Director of Ferraus Limited up until 13 September 2011 due to the completion of a takeover, and has previously been a director of other listed companies including Emperor Mines Limited (Chairman) and BMA Gold Limited.

#### ***Details of relationships between the Candidate and the Company***

Mr Wall is the non-executive Chairman of the Company.

#### ***Details of relationships between the Candidate and Directors of the Company***

Not applicable.

#### ***Other directorships held***

Nil

#### ***The term of office already served by Mr Wall***

Mr Wall joined the Board on 29 February 2008.

The Directors (other than Mr Wall) do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

### **Resolution 4 Issue of Shares to Managing Director, Brian Wesson**

In accordance with Resolution 4 the Company proposes to issue 3,000,000 Ordinary Shares to the Managing Director, Brian Wesson, pursuant to his terms of employment and as a component of his equity based remuneration. The Shares will vest to Mr Wesson as follows:

- 1,500,000 shares to vest 12 months after date of issue; and
- 1,500,000 shares to vest 24 months after date of issue.

Subject to the terms of a legally binding agreement between the Company and Mr Wesson ("Participation Agreement"), the Company shall:

- (i) subject to shareholder approval of this Resolution 4, issue 3,000,000 ordinary shares to Mr Wesson or his nominee ("Placement Shares") at the ASX closing price on the date of the issue ("Placement Price").
- (ii) advance an interest free loan to Mr Wesson of an amount equal to the Placement Price multiplied by the number of Placement Shares ("Loan Amount") to fund the purchase of the Placement Shares.
- (iii) confirm that upon sale of any Placement Share by Mr Wesson in accordance with the Participation Agreement at a price equal to or in excess of the Placement Price, Mr Wesson shall repay the Loan Amount in respect of that Share and shall be entitled to retain the surplus, if any.
- (iv) commit that if, at the end of the four year term of the Loan Agreement or upon Mr Wesson earlier ceasing to be employed by the Company, the Loan Amount has not been repaid then the Company may cause the shares to be sold by the Company on the behalf of Mr Wesson and for the proceeds of sale to be paid to the Company. Upon sale of the shares as aforesaid, Mr Wesson shall cease to have any liability to the Company in respect of the Loan Amount.

Mr Wesson is a related party of the Company due to the fact that he is a Director. The issue of the Placement Shares constitutes a "financial benefit" as described in the Corporations Act.

Under Chapter 2E of the Corporations Act a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have, in a general meeting, approved the giving of that financial benefit to the related party. It is the view of the Board that the issue of the shares to Mr Wesson, as a component of his remuneration and pursuant to the terms of his employment, does not require shareholder approval under Chapter 2E of the Corporations Act because the Placement Shares and the Loan Amount constitute reasonable remuneration in terms of the exemption in section 211(1) of the Corporations Act.



The Board considers that the issue of the Placement Shares to Mr Wesson constitutes reasonable remuneration given the circumstances of the Company and the responsibilities involved in Mr Wesson's role as Managing Director and the terms of Mr Wesson's employment. In this respect, the Board has specifically considered the number of Placement Shares and the Loan Amount proposed to be provided to Mr Wesson. Accordingly, the Company is not seeking shareholder approval under Chapter 2E of the Corporations Act for the issue of Placement Shares and the Loan Amount provided to Mr Wesson.

Shareholder approval for the issue of the Placement Shares is however being sought for the purposes of ASX Listing Rule 10.11. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

If Resolution 4 is passed, it will permit the Company to issue the Placement Shares to Mr Wesson who is a Director, and therefore a related party of the Company.

Section 260A of the *Corporations Act 2001* regulates the giving of financial assistance by the Company to a person to acquire shares in the Company. A company may financially assist a person to acquire shares if the giving of the assistance does not materially prejudice either the interests of the company or its shareholders or the company's ability to pay its creditors. The directors believe it is in the interests of the Company and its shareholders to incentivise and retain Mr Wesson as Managing Director and as there will be no diminution in the Company's cash reserves the assistance will not materially prejudice the Company's ability to pay its creditors.

#### **Disclosure for the purposes of Listing Rule 10.11**

The Company makes the following disclosures in respect of Resolution 4 in accordance with Listing Rule 10.13 and for the purposes of Listing Rule 10.11.

#### **Name of the person**

Mr Brian Wesson, Managing Director of the Company or his nominee.

#### **The maximum number of securities to be issued**

The Company will issue a maximum of 3,000,000 Placement Shares to Mr Wesson or his nominee.

#### **The date by which the Company will issue the securities**

The Company intends to issue the Placement Shares as soon as practicable after the date of the Annual General Meeting but in any event, no later than one month after the date of the Meeting.

#### **The issue price of the securities and a statement of the terms of the issue**

The Placement Shares will be issued at the ASX closing price on the date of the issue.

#### **Intended use of the funds raised**

No net funds will be raised by the issue of the Placement Shares as the issue will be funded by the provision by the Company of the Loan Amount.

#### **Directors' Recommendation**

The Directors (other than Mr Wesson because of his interest) recommend that shareholders vote in favour of Resolution 4.

The Board (other than Mr Wesson) considers that the issue of the 3,000,000 Placement Shares to Mr Wesson and the provision of the Loan Amount is reasonable remuneration for Mr Wesson's employment.

The Board has formed this view having regard to the nature of the role of Mr Wesson as Managing Director, his level of skill and experience and the terms of his employment. Additionally, the issue of Placement Shares to Mr Wesson allows him to further participate in the future growth and prosperity of the Company through share ownership, thus reinforcing his commitment to the Company.

### **Resolution 5 Approval of Employee Share Plan**

Under Listing Rule 7.1, the Company may in effect issue equity securities equivalent to 15% of the total issued equity securities in the Company without obtaining shareholder approval. Listing Rule 7.2.

Exception 9 contains an exception to the 15% limit where shareholders have approved the issue of securities under an employee incentive scheme within 3 years before the date of issue of securities. It is common for companies to obtain approval for the issue of securities pursuant to an employee incentive scheme so that listing Rule 7.2 Exception 9 applies to the Company's employee incentive scheme.

Given that at the time of this 2014 AGM of the Company, almost 3 years have elapsed since the terms and conditions of the Company's Employee Share Plan ("the Plan") were approved at the Annual General Meeting of the Company on 23 November 2011 the Company now seeks shareholder approval for the issue of shares under the Plan in accordance with Listing Rule 7.2 Exception 9.

The Company has established the Plan to assist in the attraction, retention and motivation of employees of the Company.

There have been 3,250,000 shares issued under the plan since the approval of the Plan on 23 November 2011.

The terms and conditions of the Plan are summarised as follows:

- Employees of the Company (including any subsidiary) to be offered participation in the Plan will be selected at the discretion of the Board ("Participants"). The Board intends that Participants will be key employees of the Company.
- The Board will determine the number of shares to be offered to any Participant and the conditions to be satisfied before any shares held by a Participant may be sold. To date the Board has determined that shares will vest in the Participant and thereby become capable of sale in three equal tranches after the first, second and third anniversaries respectively of the date of grant.
- Subject to the terms of a legally binding agreement between the Company and a Participant ("Participation Agreement"), the Company shall:
  - (i) make a placement of the relevant number of shares to the Participant ("Placement Shares") at the ASX closing price on the date of the placement ("Placement Price").
  - (ii) advance a loan to the Participant of any amount equal to the Placement Price multiplied by the number of Placement Shares ("Loan Amount") to fund the purchase of the Placement Shares.
  - (iii) confirm that upon sale of any Placement Share by the Participant in accordance with the Participation Agreement at a price equal to or in excess of the Placement Price, the Participant shall repay the Loan Amount in respect of that Share and shall be entitled to retain the surplus, if any.
  - (iv) commit that if, at the end of the four year term of the Loan Agreement or upon the Participant earlier ceasing to be employed by the Company, the Loan Amount has not been repaid then the Company may cancel the shares or cause the shares to be sold by the Company on the behalf of the Participant and for the proceeds of sale to be paid to the Company. Upon cancellation or sale of the shares as aforesaid, the Participant shall cease to have any liability to the Company in respect of the Loan Amount.

The Participation Agreement shall contain such other terms and conditions not inconsistent with the above as the Board determines are in the interests of the Company.

The following additional information is provided:

- The aggregate number of shares to be issued under the Plan will not exceed 5% of the Company's issued shares.

- Directors are not entitled to participate in the Plan.

Section 260A of the *Corporations Act 2001* regulates the giving of financial assistance by the Company to a person to acquire shares in the Company. The effect of shareholder approval of the Plan will be to exempt from those provisions of the *Corporations Act 2001* the giving of such financial assistance under the Plan. An additional effect of approval of the Plan will be to enable the Company to selectively buy back and cancel shares issued under the Plan in accordance with Section 257B of the *Corporations Act 2001* without prior shareholder approval in circumstances where a Participant has ceased to have an entitlement to the shares which would normally be upon leaving the Company's employment.

## Resolution 6 Approval of Prior Issue of Options to BBY Nominees Pty Ltd

On 3 October 2014 the Company issued 8,000,000 unlisted options to BBY Nominees Pty Ltd, pursuant to the engagement of BBY Limited ("BBY") to provide marketing services to the Company.

ASX Listing Rule 7.1 precludes the Company issuing securities representing more than 15% of its issued capital (subject to certain exceptions) in any 12 month period unless it obtains shareholder approval. Although this issue was within the Company's capacity under ASX Listing Rule 7.1 when made, the issue diminishes the Company's future placement capacity. ASX Listing Rule 7.4 permits the Company to now seek approval of this issue from shareholders and the effect of approval will be to restore the Company's 15% placement capacity to the extent it has been diminished by this issue. In accordance with ASX Listing Rule 7.5 the following information is provided:

- A total of 8,000,000 unlisted options were issued at an exercise price of 11 cents expiring on 14 March 2020.
- The issue was in consideration for the initial engagement of BBY to provide marketing services to the Company.
- The securities were unlisted options issued for nil consideration with an exercise price of 11 cents expiring on 14 March 2020.
- The allottee was BBY Nominees Pty Ltd.
- No funds were raised as the securities were issued for consideration for the initial engagement of BBY to provide marketing services to the Company.

The terms and conditions of the options are set out in Schedule 1 to this Explanatory Memorandum.



## Special Business

### Resolution 7 Issue of Shares up to 10% of the Company's Issued Capital

Listing Rule 7.1A enables an eligible entity to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12-month period commencing from the Annual General Meeting where shareholder approval is received. The 10% issue capacity allowed under Listing Rule 7.1A ("7.1A 10% Capacity") is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 7.1A 10% Capacity.

The exact number of Equity Securities to be issued under the 7.1A 10% Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### a) Listing Rule 7.1A

##### Shareholder approval required

The ability to issue Equity Securities under Listing Rule 7.1A is subject to shareholder approval by way of special resolution at an Annual General Meeting.

##### Class of equity securities issued

Any Equity Securities issued under the 7.1A 10% Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two quoted classes of Equity Securities:

- fully paid ordinary Shares; and
- convertible notes (ASX Code KBLGA).

##### Calculating 7.1A 10% Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue during the period of the approval a number of Equity Securities calculated in accordance with the following formula:

$$(Ax D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
  - **Plus** the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
  - **Plus** the number of partly paid Shares that became fully paid in the 12 months;
  - **Plus** the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
  - **Less** the number of fully paid Shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% issue capacity.*

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

#### Effect of Listing Rule 7.1 with 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% issue capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 393,535,629 Shares and therefore will have a capacity to issue:

- (i) 51,030,344 Equity Securities under Listing Rule 7.1; and
- (ii) Subject to shareholder approval being sought under this Resolution 6, 39,353,562 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

#### Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class of Equity Securities were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Trading Days of the date referred to above, the date on which the Equity Securities are issued.

#### Approval Validity Period

Shareholder approval of the 7.1A 10% Capacity under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- the date that is 12 months after the date of the Annual General Meeting at which the approved is obtained; or
- the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

#### b) Specific Information required by Listing Rule 7.3A

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trading in that class of Equity Securities were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 7.1A 10% Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 7.1A 10% Capacity.
- No Options are exercised which have converted into Shares before the date of issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Variable A in Listing Rule 7.1A.2		Issue Price Assumptions		
		Less: 50% \$0.023	Base \$0.046	Plus: 100% \$0.092
<b>Current</b> <b>393,535,629</b>	10% issue	39,353,562	39,353,562	39,353,562
	Funds raised	\$905,131	\$1,810,263	\$3,620,527
<b>Plus 50%</b> <b>590,303,443</b>	10% issue	59,030,344	59,030,344	59,030,344
	Funds raised	\$1,357,697	\$2,715,395	\$5,430,791
<b>Plus 100%</b> <b>787,071,258</b>	10% issue	78,707,125	78,707,125	78,707,125
	Funds raised	\$1,810,263	\$3,620,527	\$7,241,055

- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 7.1A 10% Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 7.1A 10% Capacity consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is \$0.046 being the closing price of the Shares on ASX on 2 October 2014.
- The Company will only issue and allot the Equity Securities during 12-months following the approval of Resolution 7. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).

The Company may seek to issue the Equity Securities for the following purposes:

- Non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- Cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 7.1A 10% Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- The methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing securities holders can participate;

- The effect of the issue of the Equity Securities on the control of the Company;
- The financial situation and solvency of the Company; and
- Advice from corporate, financial and broking advisers (if applicable).

The allottees under the 7.1A 10% Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 7.1A 10% Capacity will be the vendors of the new resources assets or investments.

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 13 November 2013.

During the previous 12 months the Company issued 8,000,000 Equity Securities. Details of the those Equity Securities issued in the 12 months preceding the Annual General Meeting and other information required under Listing Rule 7.3A are as follows:

- 8,000,000 unlisted options issued to BBY Nominees Pty Ltd on 3 October 2014 for nil consideration and with an exercise price of 11 cents expiring on 14 March 2020.
- Consideration – issued pursuant to the engagement of BBY Limited to provide marketing services to the Company.
- Issue Price, Closing Market Price, Discount/Premium – Not applicable to options.

A voting exclusion statement is included in this Notice of Meeting. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.



# Glossary

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

**ASX** means ASX Limited ACN 008 624 691;

**ASX Listing Rules** means the official listing rules of ASX;

**Board** means the board of Directors;

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth);

**Company** means KBL Mining Limited ACN 129 954 365;

**Corporations Act** means *Corporations Act 2001* (Cth);

**Directors** mean the directors of the Company;

**Equity Securities** has the meaning given to that term in the ASX Listing Rules;

**Key Management Personnel** has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director, whether executor or otherwise, of the Company);

**Meeting** means the meeting of shareholders convened by the Notice of Annual General Meeting;

**Notice of Annual General Meeting** means the notice of annual general meeting to which this Explanatory Memorandum is attached;

**Share** means a fully paid ordinary share in the capital of the Company; and

**Trading Day** means a day determined by the ASX to be a trading day in accordance with the ASX Listing Rules.



# Schedule 1

## Terms and Conditions of Options

- The options held by the Option holder are exercisable in whole or in part at any time 5.00pm Sydney Australia time on 14 March 2020, after which time they will lapse. The Option holder may exercise any of its Options at any time prior to their expiration, by delivery of:
  - (i) a copy, whether facsimile or otherwise, of duly executed Option exercise form to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder); and
  - (ii) payment of an amount equal to the Option Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time, by funds transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder).
- The Company will not apply for official quotation on ASX of the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
- An Option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.





- If prior to an exercise of an Option, the Company makes an issue of Shares by way of a pro-rata issue (other than a bonus issue) then the Exercise Price of each Option shall be adjusted according to the adjustment formula specified in Listing Rule 6.22.2 (or otherwise).
- In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:
  - (i) the number of the Shares to which each Option holder is entitled on exercise of the outstanding Options shall be reduced or increased in the same proportion as, and the nature of the Shares shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
  - (ii) an appropriate adjustment shall be made to the Option Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options shall not alter.





Level 3, 2 Elizabeth Plaza  
North Sydney NSW 2060  
Telephone: +61 2 9927 2000  
Facsimile: +61 2 9927 2050  
[info@kblmining.com.au](mailto:info@kblmining.com.au)  
[www.kblmining.com.au](http://www.kblmining.com.au)

**ALL CORRESPONDENCE TO:**

**By Mail:**

Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

**By Fax:**

+61 2 9290 9655

**Online:**

www.boardroomlimited.com.au

**By Phone:**

(Within Australia) 1300 737 760  
(Outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:30 am (Sydney Time) on Monday 17 November 2014.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1: Appointment of Proxy

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

#### To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2: Voting Directions to your Proxy

You can tell your Proxy how to vote.

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3: Sign the Form

The form must be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** Where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** To sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** This form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person.

**Please indicate the office held by signing in the appropriate place.**

#### STEP 4: Lodgement of a Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9.30am (Sydney Time) on Monday, 17 November 2014.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Proxy forms may be lodged using the enclosed Reply Paid Envelope or:**

<b>By Fax</b>	+ 61 2 9290 9655
<b>By Mail</b>	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
<b>In Person</b>	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Australia

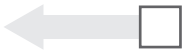
#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# KBL Mining Limited

ABN 38 129 954 365

## YOUR ADDRESS:



This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

## STEP 1: Appoint a Proxy

I/We being a member/s of **KBL Mining Limited** (Company) and entitled to attend and vote hereby appoint:

☐ the **Chair of the Meeting** (mark box with an "X")

**OR** If you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy at the Annual General Meeting of the Company to be held at **BDO East Coast Partnership, Level 11, 1 Margaret Street, Sydney NSW on Wednesday 19 November 2014 commencing at 9.30 am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters:** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this resolution even though resolution 1 is connected with the remuneration of a member of key management personnel for KBL Mining Limited. The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

## STEP 2: Voting Directions to your Proxy – please mark X to indicate your directions

Ordinary Business		For	Against	Abstain*
Resolution 1	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Greg Starr as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr James Wall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Managing Director, Mr Brian Wesson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of prior issue of Options to BBY Nominees Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Business				
Resolution 7	Issue of Shares up to an additional 10% of Issued Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

## STEP 3: Signature of shareholders

This section *must* be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div></div>	<div></div>	<div></div>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Level 3, 2 Elizabeth Plaza, NORTH SYDNEY NSW 2060  
PO Box 98, NORTH SYDNEY NSW 2059  
Phone: +61 2 9927 2000  
Fax: +61 2 9927 2050  
Website: [www.kblmining.com.au](http://www.kblmining.com.au)  
ACN: 129 954 365

17 October 2014

Dear Noteholder,

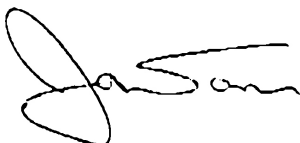
You are recorded as the holder of 5 year, 10% pa convertible notes issued by Kimberley Metals Limited now named KBL Mining Limited ("the Company") and the Trust Deed in respect of these notes provides that

- the Company shall send to each Noteholder a copy of all reports, notices and announcements sent to holders of ordinary shares at the time they are sent to those holders of ordinary shares; and
- Noteholders may attend general meetings of the Company but the Notes do not carry a right to vote at a general meeting of the Company, unless provided for by the Listing Rules or the Corporations Act.

I am therefore pleased to enclose a copy of the Notice for the Company's 2014 Annual General Meeting to be held on 19 November 2014 and to invite you to attend this Meeting. A copy of the Company's 2014 Annual Report is available on the Company's website [www.kblmining.com.au](http://www.kblmining.com.au)

I thank you for your support of the Company and look forward to seeing you at the AGM.

Sincerely



**Jim Wall**  
*Chairman*