



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

ACN 129 954 365

18 November 2014

Dear Noteholder,

I am pleased to enclose with this letter a Notice of a Meeting of Noteholders to be held at 10.00am on 10 December 2014 to consider approving amendments to the Trust Deed relating to your Convertible Notes (ASX Code KBLGA).

In discussions with potential financiers a key condition has consistently been that for finance to be made available to the Company the lender is to be repaid before the date on which the Company's convertible Notes are required to be redeemed. Accordingly Resolution 2 is a special resolution which in effect is seeking approval for a 6 month extension to the Maturity Date of the Notes on the basis that KBL will pay interest on the Notes at a rate of 12% pa, rather than the current rate of 10% pa, from the Interest Period beginning on 1 January 2015 until the proposed new Maturity Date of 16 February 2017.

Full details are set out in the Notice of Meeting.

I hope that you will support the changes and, if you are unable to attend the Meeting, you can participate in the decisions by completing and returning the enclosed Proxy Form.

I thank you for your support of the Company and look forward to seeing you at the Meeting on 10 December 2014.

Sincerely

A handwritten signature in black ink, appearing to read 'Jim Wall', written in a cursive style.

Jim Wall
Chairman



KBL MINING LIMITED

ABN 38 129 954 365

NOTICE OF MEETING OF NOTEHOLDERS

Date of Meeting
Wednesday 10 December 2014

Time of Meeting
10.00am

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

KBL MINING LIMITED
ABN 38 129 954 365

NOTICE OF MEETING OF NOTEHOLDERS

NOTICE IS HEREBY GIVEN that a Meeting of holders of convertible Notes (ASX Code KBLGA) ("Noteholders") issued by 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, 10 December 2014, commencing at 10.00am for the purpose of transacting the following business.

In accordance with the Trust Deed, Noteholders eligible to vote at the Meeting are those who are named as a Noteholder in the Note Register at 10.00am (Sydney time) on 9 December 2014.

As the Meeting includes consideration of a Special Resolution, the quorum for this Meeting (calculated by reference to Noteholders who are present in person or by representative or proxy and are entitled to vote) is more than 50% in number of the Noteholders who are entitled to vote and who between them hold more than 67% of the Outstanding Money.

Noteholders may attend the Meeting personally or through a representative or proxy appointed and notified to the Trustee. A proxy form accompanies this Notice.

The Glossary at the end of this Notice sets out the definitions of certain terms and expressions used in this Notice. Capitalised terms that appear in this Notice and which are not defined in the Glossary have the meaning given to those terms in the Trust Deed.

The Trustee's role is to ensure that the terms of the Trust Deed and the *Corporations Act 2001* (Cth) are observed.

This Resolutions set out in this Notice and to be considered at the meeting on Noteholders on 10 December 2014 have been formulated by KBL without the Trustee's involvement.¹ The Trustee recommends that you read this Notice carefully, obtain your own independent financial and legal advice in relation to the proposals contained in this Notice and consider any publicly available information released by KBL to the Australian Securities Exchange, including KBL's Annual Report for the year ended 30 June 2014, available at www.asx.com.au.

The Trustee makes no recommendation for or against the Resolutions contained within this Notice. Please note that you are under no obligation to vote in favour of the Resolutions and you are entitled to vote against any of them if you wish.

If you wish to appoint a general proxy for the meeting, the Trustee suggests that you should appoint the Chairman of the Noteholder Meeting or another person of your choosing as your general proxy. The Trustee will attend the Noteholder Meeting and will accept special proxies (but not general proxies) from Noteholders, if they wish to appoint the Trustee as their special proxy.

¹ The Trustee reviewed drafts of this Notice. It engaged lawyers to undertake a high level review of this Notice, noting that ultimately, this Notice has been issued by, and is the responsibility of, KBL. As part of that process and in that context, the Trustee's lawyers made a number of comments and requests to KBL on the Trustee's behalf expressly on the basis that that conduct should not be construed by KBL, or represented to any third party, as endorsement by the Trustee of the content of this Notice or as acceptance by the Trustee that this Notice discharges KBL's duties and obligations to Noteholders.

AGENDA

Resolution 1 – Approval of Amendments to Permit Alteration of Trust Deed (Ordinary Resolution)

To consider and, if thought fit, to pass the following resolution:

“That Clause 20.1 of the Trust Deed in respect of the Company’s convertible notes (ASX Code KBLGA) and Condition 23.1 of Schedule 1 of such Trust Deed each be amended by deleting the words '(except in relation to existing Notes)'.”

Explanatory Note

Clause 20.1 of the Trust Deed in respect of the Company’s convertible Notes (ASX Code KBLGA) currently provides as follows:

Right to alter document

20.1 The Borrower and the Trustee may jointly modify, alter, cancel, amend or add to all or any of this document (which, for the avoidance of doubt includes this clause, the Conditions of Issue (except in relation to existing Notes) and any one or more of the schedules to this document), in writing (Amendment) and if:

- (a) the Borrower and the Trustee are each of the opinion that the Amendment is:*
 - (i) of a formal or technical nature;*
 - (ii) made to cure any ambiguity or correct any manifest error;*
 - (iii) expedient for the purpose of enabling the Notes to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and is otherwise not considered by the Trustee to be materially prejudicial to the interests of Noteholders as a whole;*
 - (iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority; or*
 - (v) to evidence the succession of another person to the Borrower and the assumption by any such successor of the covenants and obligations of the Borrower in this document; or*
- (b) the Amendment is authorised by an Ordinary Resolution of the Noteholders passed at a meeting (including a meeting held by way of postal ballot) of Noteholders held pursuant to the Meeting Provisions.*

Condition 23.1 of Schedule 1 of the Trust Deed is relevantly identical to the above Clause 20.1.

The purpose of Resolution 1 is to delete the preambular words of Clause 20.1 of the Trust Deed as highlighted above and to delete the same words in Condition 23.1 of Schedule 1 of the Trust Deed. These deletions will make it clear that amendments can be made to the Trust Deed and Schedule 1 which can apply in relation to existing Notes. Unless this amendment is made, amendments can only operate with respect to future Notes, which would mean different rights may attach to future Notes compared to the rights attaching to existing Notes. Given that both existing and future Notes are part of the same class which is listed on the ASX, the creation of differential rights is not practical. In the absence of this amendment, no changes in the rights attaching to the existing Notes would be possible.

Approval of this Resolution 1 is a necessary prerequisite for Resolution 2 below being approved by Noteholders.

The Directors unanimously recommend that Noteholders vote in favour of this Resolution 1.

Resolution 2 –Approval to Extend the Maturity Date (Special Resolution)

To consider and, if thought fit, to pass the following resolution:

“That conditional upon the approval of Resolution 1 before this Meeting, the definition of “Maturity Date” in Condition 24.1 of Schedule 1 of the Trust Deed in respect of the Company’s convertible notes (ASX Code KBLGA) is amended to provide as follows:

“**Maturity Date** means 16 February 2017 for those Notes which have not been converted or redeemed before that date.”

Explanatory Note

On 4 August 2014, the Company announced a plan designed to upgrade Mineral Hill. The plan included a new gold processing plant to improve gold recovery and to develop the Pearse open pit to provide gold ore to the upgraded plant and to otherwise improve the Mineral Hill operation. A copy of the announcement is attached as Annexure 1.

In discussions with potential financiers a key condition has consistently been that for finance to be made available to the Company the lender is to be repaid before the date on which the Company’s convertible Notes (ASX Code KBLGA) are required to be redeemed. It is therefore proposed that the current Maturity Date for the convertible Notes be extended by 6 months to 16 February 2017.

As an incentive for Noteholders to approve the 6 month extension to the Maturity Date of the Notes, the Company has executed a binding commitment (evidenced in a Deed between the Company and the Trustee) that it will pay interest on the Notes at a rate of 12% pa, rather than the current rate of 10% pa, from the Interest Period beginning on 1 January 2015 until the new Maturity Date of 16 February 2017. This commitment is conditional on Noteholders having approved both Resolutions 1 and 2. If Noteholders do not approve both Resolutions 1 and 2 then the refinancing will not proceed. In current market conditions, refinancing alternatives are limited and, as unsecured creditors, Noteholders will not be in a position to obtain any additional financial benefits in any refinancing. Approval of Resolutions 1 and 2 will enable KBL to grow its revenues significantly and Noteholders will benefit through the increased interest rate on the Notes and the strengthened capacity of the Company to redeem the Notes on 16 February 2017. If both Resolutions 1 and 2 are approved but the financing does not achieve financial completion, Noteholders will nevertheless be entitled to receive the increased interest rate from 1 January 2015.

The Directors unanimously recommend that Noteholders vote in favour of this Resolution 2.

A copy of the Trust Deed in respect of the Company’s convertible Notes (ASX code KBLGA) is available on the Company’s website together with mark-ups of the changes to the Trust Deed as proposed by these Resolutions.

By order of the Board



Ivo Polovineo
Company Secretary
Dated: 18 November 2014

GLOSSARY

In this Notice, unless the context otherwise requires

Note Register means the Register of Noteholders maintained on behalf of the Company by Boardroom Pty Limited;

Ordinary Resolution means a resolution of Noteholders passed at a meeting duly called and held (or by postal ballot) in accordance with the provisions contained in schedule 2 of the Trust Deed and:

carried by a majority consisting of greater than 50% of the persons voting at the meeting on a show of hands; or

if a poll is duly demanded then by a majority consisting of the holders of Notes representing greater than 50% of the aggregate Outstanding Money of the Notes held by the holders of Notes who are present at the meeting in person, by attorney, by proxy or by representatives;

Outstanding Money means the Redemption Amount, interest and all other money payable in respect of the Notes from time to time under the Trust Deed and the Conditions of Issue;

Redemption Amount in relation to a Note means the issue price of the Note, being 38 cents;

Special Resolution means a resolution of Noteholders passed at a meeting duly called and held (or by postal ballot) in accordance with the provisions contained in schedule 2 of the Trust Deed and:

carried by a majority consisting of greater than 75% of the persons voting at the meeting on a show of hands; or

if a poll is duly demanded then by a majority consisting of the holders of Notes representing greater than 75% of the aggregate Outstanding Money of the Notes held by the holders of Notes who are present at the meeting in person, by attorney, by proxy or by representatives;

Trust Deed means the Convertible Note Trust Deed dated 21 July 2011 as amended and restated on 1 August 2011 between Kimberley Metals Limited (now KBL Mining Limited) and The Trust Company (Australia) Limited;

Trustee means The Trust Company (Australia) Limited.



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 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 10.00 am (Sydney Time) on Monday 8 December 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:

- (a) 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.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy forms (and any Power of Attorney under which it is signed) must be received by the Trustee no later than 48 hours before the commencement of the meeting, therefore by **10.00am (Sydney Time) on Monday, 8 December 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:

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** 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.

PROXY 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)

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 Chairman of the Meeting as my/our proxy at the **General Meeting of holders of Convertible Notes of KBL Mining Limited** to be held at **BDO East Coast Partnership, Level 11, 1 Margaret Street, Sydney NSW on Wednesday, 10 December 2014 at 10:00am (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.

The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* 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.

Ordinary Resolution

Resolution 1 Approval of Amendments to Permit Alteration of Trust Deed

For Against Abstain

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

Special Resolution

Resolution 2 Approval to Extend the Maturity Date

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

STEP 3 SIGNATURE OF NOTEHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014