
Restructuring Arrangements with Major Service Providers

KBL Mining Limited (“KBL” or “the Company”) advises that it has entered into revised payment arrangements with four of its largest service providers. As at 31 December 2015, these providers were owed some \$17 million plus interest.

As reported in the Company’s most recent Quarterly Activities Report there have been significant short term cash flow issues as a result of delays in installing a flotation circuit concentrate filter and the over budget and initial under performance of the new CIL plant.

The concentrate filter is required due to the high clay content of the cons. The existing filter was undersized by 50%. In response, KBL is installing a near new pressure filter which it is expected, will double capacity to the original design. The underperformance of the CIL is as a result of a delay in the installation of a carbon regeneration kiln. The lack of kiln burning off foreign material from the carbon has resulted in the carbon not capturing the gold. The kiln is currently being installed and expected to be operational by month end.

The revised arrangements agreed with the four key suppliers involve a restructure of the Company’s repayment profile for their outstanding amounts. Under the arrangements:

1. Interest will be added to outstanding amounts where that was not previously incurred.
2. Certain interest will be paid through an issue of shares.
3. Revised repayment obligations for the balance of the outstanding amounts are based on actual revenue received. Under the revised payment arrangements, all amounts due to these providers are expected to be paid by around October 2016.
4. In certain circumstances, portions of amounts outstanding will be converted to shares (see below for details).

It has been agreed with certain suppliers that they will accept a portion of their outstanding amount as being satisfied via payment in shares. This involves the issue of ordinary shares which will rank equally with the Company’s existing ordinary shares as follows:

- on around 1 March 2016, 11,850,000 ordinary shares
- on around 1 March 2016, ordinary shares at a 25% discount to VWAP over the five trading days after the date of this announcement
- by around 1 March 2016, ordinary shares at a 25% discount to VWAP over the 15 trading days prior to issue
- by around early April 2016, subject to shareholder approval, ordinary shares at a 25% discount to VWAP over the five trading days after the date of this announcement

The shares will satisfy approximately \$2.9 million owing to these suppliers.

Approval for the issue of the shares where required by the Listing Rules will be sought at a General Meeting to be convened for early April 2016.

The outstanding amounts restructure will enable the Company to now put in place a bridging finance facility for the purpose of smoothing the Company's exposure to variable cash flow receipts and returning general trade creditors, owed around \$3.0 million, to customary payment terms.

Cash generated at Mineral Hill from mining the high grade Pearse open cut orebody is estimated to more than cover the amounts outstanding to all suppliers. This includes factoring in measures to correct recent underperformance.

The Company's major service providers continue to provide services to the Company at Mineral Hill and the Board has expressed its appreciation for their ongoing support and for the loyalty shown by the Company's broader stakeholder group.

For further information, please contact:

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About KBL Mining

KBL Mining is an Australian resource Company listed on the ASX (KBL and KBLGA) with a focus on producing precious and base metals. KBL's main assets include the Mineral Hill copper-gold-silver-lead-zinc mine near Condobolin in New South Wales and Sorby Hills lead-silver-zinc project in Western Australia. The Company has been operating the refurbished processing plant at Mineral Hill since October 2011 to produce copper-gold concentrates and in 2013 commenced producing a separate lead-silver concentrate. Sorby Hills (KBL holds 75% with Henan Yuguang Gold & Lead Co. Ltd (HYG&L) holding 25%) is a large near surface undeveloped silver-lead deposit close to port infrastructure and a short distance from Asian markets. A PFS for stage 1 of the project (400,000tpa open cut ore processed) was released on 6 December 2012. Environmental approvals for stage 1 were granted in 2014. A BFS is in progress to be followed by project financing.

More information can be found on KBL's website at www.kblmining.com.au.