
Convertible Note Funding

KBL Mining Limited (“the Company” or “KBL”) advises that it has entered into a convertible note arrangement with a professional investor under which it will receive \$450,000 upon closing in return for the issue of a convertible security with a face value of \$500,000. The face value of the convertible is repayable in 12 months and the security does not otherwise carry an interest coupon. If the holder elects to convert into KBL shares, the conversion price is the lesser of:

- 90% of the average of the two (2) lowest daily VWAPs per share during the fifteen (15) consecutive trading days immediately prior to the relevant conversion notice date; or
- 125% of the average of the daily VWAPs per Share for the five (5) consecutive trading days immediately prior to 4 March 2016 or, at the holder’s election, prior to the relevant closing date for the purchase of any subsequent note.

Under the arrangement, five further convertible securities (on similar conversion terms) each of a face value of \$150,000 may be issued on payment of \$135,000 at 120 day intervals afterward, subject to conditions. On any such subsequent issue, the noteholder will be issued a number of 3 year options each exercisable at a 5 day VWAP for KBL shares prior to that issue.

Fees in respect of the arrangement will be paid by the allotment of 1,500,000 KBL shares at the time the first convertible security is issued. In addition, 10,869,565, three year options will be issued, each exercisable at 2.6 cents, subject to certain adjustments. The Company will also issue 10 million KBL shares as collateral in respect of its obligations under these arrangements.

These arrangements are part of the finance facilities foreshadowed in the Company’s announcement of 22 February 2016. Further to that announcement the installation of the carbon regeneration kiln has now occurred and is now operational.

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.