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ACN 129 954 365

17 March 2016

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

Dear Sir / Madam

Notice of General Meeting

Enclosed is a copy of the Notice of Meeting and Proxy Form for a General Meeting of shareholders to be held on 15 April 2016.

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 despatched today.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ivo J Polovineo'.

Ivo J Polovineo
Company Secretary



Notice of General Meeting

Explanatory Memorandum
and Proxy Form

Date of Meeting:

15 April 2016

Time of Meeting:

10.00 am (Sydney time)

Place of Meeting:

**BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney, NSW**

Notice of General Meeting

Notice is hereby given that a 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 Friday, 15 April 2016, commencing at 10.00 am (Sydney time) for the purpose of transacting the following business.

Resolution 1 – Approval of Prior Issue of Shares to Choice Investments Dubbo Pty Ltd

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 1 March 2016 of 11,850,000 Shares to Choice Investments Dubbo Pty Ltd at an issue price of \$0.0247 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 2 – Approval of Prior Issue of Shares to Pybar Holdings Pty Ltd

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 1 March 2016 of 23,780,363 Shares to Pybar Holdings Pty Ltd at an issue price of \$0.0197 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 3 – Approval of Prior Issue of Shares to Pan Process Pty Limited

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 1 March 2016 of 21,726,140 Shares to Pan Process Pty Limited at an issue price of \$0.0197 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 4 – Approval of Issue of Shares to Pybar Mining Services Pty Ltd or its Nominee

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue of 48,742,429 Shares to Pybar Mining Services Pty Ltd, or its nominee, at an issue price of \$0.0197 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 5 – Approval of Issue of Shares to Sun Engineering (Qld) Pty Ltd or its Nominee

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue of 44,531,905 Shares to Sun Engineering (Qld) Pty Ltd, or its nominee, at an issue price of \$0.0197 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 6 – Approval of Future Placements

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the placement by Directors of up to 100,000,000 ordinary fully paid shares in the Company to one or more placees not later than 3 months after the date of this meeting, each share to be issued at not less than 80% of the volume weighted average market price of the Company's shares on the ASX calculated over the last 5 days on which sales of KBL shares were recorded prior to the date on which such share is issued."

Resolution 7 – Grant of Options to Managing Director, Greg Starr

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

"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the grant of 52,000,000 options to Greg Starr (or his nominee) on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice."

Resolution 8 – Approval of Prior Issue of Shares to Investor

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 4 March 2016 of 11,500,000 Shares to Investor at an issue price of \$0.0209 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 9 – Approval of Prior Issue of Options to Investor

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 4 March 2016 of 10,869,565 options to Investor each at an exercise price of \$0.026 on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 10 – Election of Charles Brown as a Director

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

"That Charles Brown, 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."



Ivo Polovineo
Secretary

Date: 17 March 2016



Notes

Explanatory Memorandum

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

Voting Exclusions

Resolution 1

The Company will disregard any votes in respect of Resolution 1 if they are cast by or on behalf of Choice Investments Dubbo Pty Ltd, or any associate of Choice Investments Dubbo 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 2

The Company will disregard any votes in respect of Resolution 2 if they are cast by or on behalf of Pybar Holdings Pty Ltd, or any associate of Pybar Holdings 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 3

The Company will disregard any votes in respect of Resolution 3 if they are cast by or on behalf of Pan Process Pty Limited, or any associate of Pan Process Pty Limited.

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 4

The Company will disregard any votes in respect of Resolution 4 if they are cast by or on behalf of Pybar Mining Services Pty Ltd, or its nominee, or any associate of Pybar Mining Services Pty Ltd and all persons who may participate in the issue and persons who might obtain a benefit, except a benefit solely in the capacity of ordinary securities, if the resolution is passed.

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 Sun Engineering (Qld) Pty Ltd, or its nominee, or any associate of Sun Engineering (Qld) Pty Ltd and all persons who may participate in the issue and persons who might obtain a benefit, except a benefit solely in the capacity of ordinary securities, if the resolution is passed.

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 cast on Resolution 6 by any person who may participate in the proposed placements and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and an associate of that person (or those persons)

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 in respect of Resolution 7 if they are cast by or on behalf of Greg Starr, or any associate of Greg Starr. The Company will disregard any votes in respect of Resolution 7 if they are cast as proxy by a member of Key Management Personnel or their Closely Related Parties if no direction is given on the proxy form as to how to vote on Resolution 7.

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.

If a shareholder wishes to nominate the Chairman as their proxy for the purpose of Resolution 7 the shareholder can direct the Chairman to vote by marking one of the boxes for Resolution 7 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 7, the shareholder will be taken to have expressly authorised the Chairman of the meeting to exercise the proxy in respect of Resolution 7 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 7.

Alternatively, shareholders can nominate as their proxy for the purpose of Resolution 7 a proxy who is not a member of the Company's Key Management Personnel or their Closely Related Parties. That person would be permitted to vote undirected proxies.

Resolutions 8 and 9

The Company will disregard any votes in respect of Resolutions 8 and 9 if they are cast by or on behalf of Investor, or any associate of Investor. 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.

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 13 April 2016 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Proxies

- (a) Votes at the 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 attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the corporation'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 General Meeting, that is no later than 10.00 am Sydney time on 13 April 2016. Any proxy form received after that time will not be valid for the scheduled meeting.

Hand delivery

Boardroom Pty Limited
Level 12, 225 George St
SYDNEY NSW 2000

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 General Meeting convening the general meeting of shareholders of KBL Mining Limited (**Company**) to be held on 15 April 2016. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice of 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.

Resolution 1 – Approval of Prior Issue of Shares to Choice Investments Dubbo Pty Ltd

On 1 March 2016 the Company issued 11,850,000 Shares to Choice Investments Dubbo Pty Ltd. The Shares were issued pursuant to the Company's securities issue capacity under ASX Listing Rule 7.1A.

ASX Listing Rule 7.1A provides that certain eligible companies may seek shareholder approval at their AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12 month period commencing on the date of the AGM ('10% issue capacity'). The Company is an eligible company and received shareholder approval to the additional 10% issue capacity at its AGM on 17 November 2015. The shareholder approval was valid for 12 months from the date of the AGM (that is, until 17 November 2016).

Although this issue was within the Company's capacity under ASX Listing Rule 7.1A when made, the issue diminishes the Company's future placement capacity under ASX Listing Rule 7.1A.

ASX Listing Rule 7.4 provides that an issue of securities made under Listing Rule 7.1A can be ratified subsequently by shareholders so that the Company's placement capacity is refreshed by the specific resolution approved by shareholders.

If Shareholders approve Resolution 1, the issue of 11,850,000 Shares will be excluded from the calculations of the Company's equity issue capacity under the Listing Rules.

In accordance with ASX Listing Rule 7.5 the following information is provided:

- (a) A total of 11,850,000 ordinary fully paid shares were allotted on 1 at an issue price of \$0.0247 per share.
- (b) The securities were ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (c) The shares were issued to Choice Investments Dubbo Pty Ltd.
- (d) The shares were issued as part of the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.
- (e) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 1 as the effect of this approval will be that the Company's capacity to issue additional ordinary securities in the next 12 months will not be diminished.

Resolution 2 – Approval of Prior Issue of Shares to Pybar Holdings Pty Ltd

On 1 March 2016 the Company issued a total of 23,780,363 Shares to Pybar Holdings Pty Ltd. The Shares issued represent part of the Shares to be issued to Pybar Mining Services Pty Ltd, or its nominee, pursuant to the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.

A further 48,742,429 ordinary shares are required to be issued Pybar Mining Services Pty Ltd, or its nominee, subject to shareholders' approval of Resolution 4.

The Shares were issued pursuant to the Company's capacity under Listing Rule 7.1.

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of that Listing Rule if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

If Shareholders approve Resolution 2, the issue of 23,780,363 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

In accordance with ASX Listing Rule 7.5 the following information is provided:

- (a) A total of 23,780,363 ordinary fully paid shares were allotted on 1 March 2016 at an issue price of \$0.0197 per share.
- (b) The securities were ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (c) The shares were issued to Pybar Holdings Services Pty Ltd
- (d) The shares were issued as part of the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.
- (e) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 2 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the issue of the Shares.

Resolution 3 – Approval of Prior Issue of Shares to Pan Process Pty Ltd

On 1 March 2016 the Company issued 21,726,140 Shares to Pan Process Pty Ltd. The Shares were issued pursuant to the Company's securities issue capacity under ASX Listing Rule 7.1. The Shares issued represent part of the Shares to be issued to Sun Engineering (Qld) Pty Ltd, or its nominee, pursuant to the restructuring arrangement with the company's major service providers as announced on 22 February 2016.

A further 44,531,905 ordinary shares are required to be issued to Sun Engineering (Qld) Pty Ltd, or its nominee, subject to shareholders' approval of Resolution 5.

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of that Listing Rule if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

If Shareholders approve Resolution 1, the issue of 21,726,140 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

In accordance with ASX Listing Rule 7.5 the following information is provided:

- (a) 21,726,140 ordinary fully paid shares were allotted on 1 March 2016 at an issue price of \$0.0197 per share.
- (b) The securities were ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (c) The shares were issued to Pan Process Pty Ltd.
- (d) The shares were issued as part of the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.
- (e) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 3 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the issue of the Shares.

Resolution 4 – Approval of Issue of Shares to Pybar Mining Services Pty Ltd or its Nominee

As stated in Resolution 2 above the Company is required to issue a further 48,742,429 Shares to Pybar Mining Services Pty Ltd, or its nominee, as part of the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.

The issue of these Shares is subject to approval by shareholders at this General Meeting pursuant to Listing Rule 7.1.

In accordance with ASX Listing Rule 7.3 the following information is provided:

- (a) A total of 48,742,429 shares will be issued.
- (b) Subject to Shareholders' approval the Shares will be issued as soon as practicable after the date of this General Meeting but in any event no later than 3 months after the General Meeting.
- (c) The issue price will be \$0.0197 per Share.

- (d) The Shares will be issued as soon as practicable after the date of this General Meeting.
- (e) The securities to be issued are ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (f) The Shares are to be issued as part consideration pursuant to the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.
- (g) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 4 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the proposed issue of the Shares. If this resolution is not passed the Company will be obliged to either utilise its equity issue capacity (subject to the passing of Resolutions 1 to 3) or to settle the underlying value of the proposed shares in cash.

Resolution 5 – Approval of Issue of Shares to Sun Engineering (Qld) Pty Ltd or its Nominee

As stated in Resolution 3 above the Company is required to issue a further 44,531,905 Shares to Sun Engineering (Qld) Pty Ltd, or its nominee, as part of the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.

The issue of these Shares is subject to approval by shareholders at this General Meeting pursuant to Listing Rule 7.1.

In accordance with ASX Listing Rule 7.3 the following information is provided:

- (a) A total of 44,531,905 shares will be issued.
- (b) Subject to Shareholders' approval the Shares will be issued as soon as practicable after the date of this General Meeting but in any event no later than 3 months after the General Meeting.
- (c) The issue price will be \$0.0197 per Share.
- (d) The Shares will be issued as soon as practicable after the date of this General Meeting.
- (e) The securities to be issued are ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (f) The Shares are to be issued as part consideration pursuant to the restructuring arrangement with the Company's major service providers as announced on 22 February 2016.
- (g) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 5 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the proposed issue of the Shares. If this resolution is not passed the Company will be obliged to either utilise its equity issue capacity (subject to the passing of Resolutions 1 to 3) or to settle the underlying value of the proposed shares in cash.

Resolution 6 – Approval of Future Placements

Further to the announcement on the restructuring arrangement with the Company's major service providers on 22 February 2016 and the operational improvements referred to therein the Directors would like to be in the position where additional equity can be raised.



This would further strengthen working capital and provide funds for further exploration activities to seek to its increase Reserves/Resources.

This Resolution therefore seeks authority for the Directors to place up to 100,000,000 shares (approximately 15% of the Company's current issued shares) in the 3 months after this meeting at the minimum price provided in the Resolution.

In accordance with ASX Listing Rule 7.3 the following information is provided:

- (a) A maximum of 100,000,000 ordinary shares will be issued.
- (b) Subject to Shareholders' approval the Shares will be issued no later than 3 months after the General Meeting. It is anticipated that a number of allotments may be made progressively.
- (c) If any placement is made under this Resolution, the pricing will be at not less than 80% of the volume weighted average market price of the Company's shares on the ASX calculated over the last 5 days on which sales of KBL shares were recorded prior to the date on which such share is issued.
- (d) The proposed allottee(s) are not yet known but are likely to be institutional or sophisticated investors who are in a position to subscribe for shares without a disclosure document. No related party will participate in a placement made under the authority of this Resolution.
- (e) The securities to be issued are ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (f) The funds raised will be used as working capital as outlined above.
- (g) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 6 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the proposed issue of the Shares.

Resolution 7 – Issue of Options to Managing Director, Mr Greg Starr.

In accordance with Mr Starr's Term of Employment as Managing Director announced on 20 January 2016, Mr Starr is entitled to be issued 52,000,000 options subject to shareholders' approval.

Accordingly In accordance with Resolution 7 the Company proposes to grant a total of 52,000,000 Options to Greg Starr (or his nominee), as a component of his equity based remuneration.

The proposed Options to be issued consist of 2 tranches of 26,000,000 Options each with the following terms and conditions:

- The Options are exercisable within 5 years of the date of grant at an exercise price of \$0.028 (tranche 1) and \$0.0325 (tranche 2). The exercise prices represent an average 30% premium to the VWAP of \$0.0232 on the day the initial offer was made to Mr Starr;
- 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 five years) of the issue date.

Further terms and conditions of the Options are set out in the schedule to this Explanatory Memorandum.

Mr Starr is a related party of the Company due to the fact that he is a Director. The issue of Options 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 Options to Mr Starr, as a component of his equity based remuneration, does not require shareholder approval under Chapter 2E of the Corporations Act and that the exemption in section 211(1) of the Corporations Act applies to the proposed issue of Options.

The Board considers that the issue of Options to Mr Starr constitutes reasonable remuneration given the circumstances of the Company and the responsibilities involved in Mr Starr's role as managing Director. In this respect, the Board has specifically considered the number of Options proposed to be granted to Mr Starr and the underlying value of those Options. Accordingly, the Company is not seeking shareholder approval under Chapter 2E of the Corporations Act for the issue of Options to Mr Starr.

Shareholder approval for the grant of Options is 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 7 is passed, it will permit the Company to issue the Options to Mr Starr who is a Director, and therefore a related party of the Company.

Disclosure for the purposes of Listing Rule 10.11

The Company makes the following disclosures in respect of Resolution 7 in accordance with Listing Rule 10.13 and for the purposes of Listing Rule 10.11.

Name of the person

Mr Greg Starr, Managing Director of the Company or his nominee.

The maximum number of securities to be issued

The Company will issue a maximum of 52,000,000 Options to Mr Starr.

The date by which the Company will issue the securities

The Company intends to grant the Options to Mr Starr as soon as practicable after the date of this 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 Options will be issued for no consideration, The Options are exercisable within 5 years of the date of grant at an exercise price of \$0.028 (tranche 1) and \$0.0325 (tranche 2). The exercise prices represent an average 30% premium to the VWAP of \$0.0232 on the day the initial offer was made to Mr Starr.

The key terms of the Options are set out in the schedule to this Explanatory Memorandum.

Intended use of the funds raised

No funds will be raised by the issue of the Options. Any funds raised by the exercise of the Options will be committed to the Company's working capital requirements.

Directors' Recommendation

The Directors (other than Mr Starr because of his interest) recommend that shareholders vote in favour of Resolution 7.

The Board (other than Mr Starr) has approved the issue of 52,000,000 Options to Mr Starr as part of the terms of his employment (subject to shareholders' approval) and in recognition of his contribution to the Company and his ongoing responsibilities is appropriate.

The Board has formed this view having regard to the nature of the role of the Managing Director and Mr Starr's level of skill and experience, and to the circumstances of the Company. Additionally, the issue of Options to Mr Starr 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 8 – Approval of Prior Issue of Shares to Investor

On 4 March 2016 the Company issued 11,500,000 Shares to Investor. The Shares were issued pursuant to the Company's securities issue capacity under ASX Listing Rule 7.1A.

ASX Listing Rule 7.1A provides that certain eligible companies may seek shareholder approval at their AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12 month period commencing on the date of the AGM ('10% issue capacity'). The Company is an eligible company and received shareholder approval to the additional 10% issue capacity at its AGM on 17 November 2015. The shareholder approval was valid for 12 months from the date of the AGM (that is, until 17 November 2016).

Although this issue was within the Company's capacity under ASX Listing Rule 7.1A when made, the issue diminishes the Company's future placement capacity under ASX Listing Rule 7.1A.

ASX Listing Rule 7.4 provides that an issue of securities made under Listing Rule 7.1A can be ratified subsequently by shareholders so that the Company's placement capacity is refreshed by the specific resolution approved by shareholders.

If Shareholders approve Resolution 8, the issue of 11,500,000 Shares will be excluded from the calculations of the Company's equity issue capacity under the Listing Rules.

In accordance with ASX Listing Rule 7.5 the following information is provided:

- (a) A total of 11,500,000 ordinary fully paid shares were allotted at an issue price of \$0.0209 per share.
- (b) The securities were ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (c) The shares were issued to Investor
- (d) Working capital
- (e) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 8 as the effect of this approval will be that the Company's capacity to issue additional ordinary securities in the next 12 months will not be diminished.

Resolution 9 – Approval of Prior Issue of Options to Investor

On 4 March 2016 the Company announced the issue of a Convertible Note ('the CN') with a face value of \$500,000. Fees payable in respect of the CN included 10,895,565 options ('Options') each in respect of one Share on the following terms:

- (a) Exercise price of \$0.026.
- (b) Exercisable any time until 4 March 2019.
- (c) Adjustments:
 - (i) If prior to an exercise of an Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of ASX Shares resident in Australia, then on exercise of the Option, the number of Shares over which an Option is exercisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the date on which entitlements to the issue were calculated.
 - (ii) If prior to an exercise of an Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' shareholding at the time of the offer, the Initial Option Exercise Price in relation to those ASX Shares that are to be purchased under the Options shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).
 - (iii) 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:
 - 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
 - an appropriate adjustment shall be made to the relevant Option Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options shall not alter.

Full effect shall be given to the provisions in (c) above, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

- (d) Fully transferable and assignable by holder.
- (e) Company to seek ASX quotation in respect of any Share issued on exercise of an Option but the Options will not be listed.

The Options were issued pursuant to the Company's capacity under Listing Rule 7.1.

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes Options) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the Company's ordinary securities.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of that Listing Rule if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

If Shareholders approve Resolution 9, the issue of 10,895,565 Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

In accordance with ASX Listing Rule 7.5 the following information is provided:

- (a) A total of 10,895,565 Options were issued on 4 March 2016
- (b) The securities were issued as fees in connection with the CN
- (c) The terms of the Options are as set out above
- (d) The Options were issued to Investor
- (e) No funds were raised in respect of issue of the Options but funds raised in respect of the CN are for working capital
- (f) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 9 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the issue of the Options

Resolution 10 – Election of Charles Brown as a Director

Pursuant to clause 6.1(e) of the Company's Constitution the directors may at any time appoint any person as a director. That person shall hold office until the next general meeting and shall be eligible for election at that meeting.

The Company provides the following information concerning Mr Brown:

Biographical details

Mr Brown was appointed a Non-Executive Director on 15 January 2016. Mr Brown is a mining professional with over 40 years of extensive, international experience in operations, project development and corporate management. He holds the position of Executive Vice President, Mine Engineering, with Quintana Resources Capital ULC and brings both business acumen and hands on, mining operations experience to our Company.

Most recently, Mr Brown has held the positions of Chief Operating Officer and Senior Vice President, Corporate Development for Great Panther Silver. During this period, he was involved in developing the Company into a growing and profitable silver producing Company.

Mr Brown holds a BSc. Honors Degree in Mining Engineering from the University of Nottingham, U.K.

Details of relationships between the Candidate and the Company

Mr Brown is a non-executive Director of the Company

Details of relationships between the Candidate and Directors of the Company

The Metals Purchase Agreement between the Company and Quintana provides for the Company to take all necessary corporate actions to ensure that the KBL Board include three nominees of Quintana. Mr Brown has been nominated by Quintana to replace Mr Lawrence Roulston who resigned as a director on 15 January 2016.

Other directorships held

Nil.

The term of office already served by Mr Brown

Mr Brown was appointed a Non-Executive Director on 15 January 2016.

The Directors (other than Mr Brown) do not have an interest in the outcome of Resolution 10 and recommend that shareholders vote in favour of Resolution 10.

Glossary

In this Explanatory Memorandum and Notice of 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;

Investor means L1 Capital Global Opportunities Master Fund

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 General Meeting;

Notice of General Meeting means the notice of 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

Terms and conditions of Options

- The Options are exercisable within five years of the date of grant as follows:
 - an exercise price of \$0.028 for Tranche 1; and
 - an exercise price of \$0.0325 for Tranche 2
- 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 the Option Holder the Company.
- 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,
- The options held by the Option holder are exercisable (after vesting) in whole or in part at any time prior to 5.00pm Sydney Australia time, five (5) years from the date of issue, 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
- 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.

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 **10:00am (Sydney time) on Wednesday, 13 April 2016.**

TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/kblgm2016

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

TO VOTE BY SMARTPHONE

Scan QR Code (right) using a
smartphone QR reader app.



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

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 no later than 48 hours before the commencement of the meeting, therefore by **10:00am (Sydney time) on Wednesday, 13 April 2016.** 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:

Online www.votingonline.com.au/kblgm2016

By Fax + 61 2 9290 9655

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

In Person Level 12, 225 George Street
Sydney NSW 2000 Australia

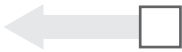
Attending the Meeting

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)**

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 General Meeting of the Company to be held at **BDO East Coast Partnership, Level 11, 1 Margaret Street, Sydney, NSW on Friday, 15 April 2016 commencing 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.

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 7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these resolutions even though Resolution 7 is directly or indirectly connected with the remuneration of a member of key management personnel for KBL Mining Limited. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote, you must provide a direction by marking the 'For', 'Against' or 'Abstain' box opposite that resolution.

The Chair of the Meeting intends to vote all undirected proxies in favour of all Resolutions.

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.

		For	Against	Abstain*
Resolution 1	Approval of Prior Issue of Shares to Choice Investments Dubbo Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Prior Issue of Shares to Pybar Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Prior Issue of Shares to Pan Process Pty Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Issue of Shares to Pybar Mining Services Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Prior Issue of Shares to Sun Engineering (Qld) Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Future Placements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Options to Managing Director, Greg Starr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Prior Issue of Shares to Investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of Prior Issue of Options to Investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Election of Charles Brown as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3: Signature of Shareholders

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: _____ / _____ / 2016



17 March 2016

Dear Noteholder,

You are recorded as the holder of five-year 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 Notice of General Meeting of the Company to be held on Friday 15 April 2016 and to invite you to attend this meeting.

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

Sincerely,

Jim Wall
Chairman