
Convertible Note Funding

KBL Mining Limited (“the Company” or “KBL”) refers to the announcement on 4 March 2016 whereby the Company advised that it had entered into a convertible note arrangement with a professional investor under which it received \$450,000 upon closing in return for the issue of a convertible security with a face value of \$500,000.

KBL advises that pursuant to the terms of the convertible note arrangement it has agreed terms for an additional convertible note under which the Company will receive \$360,000 in return for the issue of a convertible security with a face value of \$410,000.

As with the initial facility the face value of the convertible note 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 of this additional drawdown will be the lesser of:

- 85% 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, at the holder’s election, prior to the relevant closing date for the purchase of any subsequent note.

Fees in respect of this convertible note will be paid by the allotment of 341,667 KBL shares at the time the first convertible security is issued. In addition, 15,769,231 three year options will be subsequently issued, each exercisable at 1.6 cents, subject to certain adjustments. The Company will also issue an additional 2 million KBL shares as collateral in respect of its obligations under the arrangement.

This arrangement is pursuant to the finance facilities foreshadowed in the Company’s announcement of 22 February 2016.

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.