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ACN 129 954 365

6 September 2016

APPENDIX 3B AND NOTICE UNDER SECTION 708A(5) OF THE CORPORATIONS ACT

KBL Mining Limited (**KBL** or the **Company**) releases this Appendix 3B today, 6 September 2016, related to the following movements in capital.

1. The issue of an additional 47 convertible notes, for total face value of \$470,000 in accordance with the approval set out in Resolution 7 at the Company's Shareholder Meeting held on 28 July 2016.
2. The Conversion of 20 (therefore total \$200,000 face value) of those convertible notes, resulting in the issue of a total of 200,000,000 new, quoted shares coded KBL. The convertible notes were converted on the basis of the formula set out in Resolution 7 the Company's Shareholder Meeting held on 28 July 2016 and approved by the Company's shareholders.
3. The issue of 21,363,636 shares coded KBL and 117,500,000 new, unquoted options expiring 6 September 2018 and with exercise price \$0.002 in consideration of fees for issue of the convertible notes at 1. above. The issue of these securities takes place under the Company's shareholder approval pursuant to Resolution 11 at the Company's Shareholder Meeting held on 28 July 2016 (21,363,636 shares) and the Company's ASX Listing Rule 7.1 capacity (117,500,000 options).

The Company has therefore today issued 221,363,636 ordinary shares as set out in the attached Appendix 3B. With regard to that share issue, the Company gives notice under Section 708A(5)(e)(i) of the Corporations Act 2001 (Cth) ("Act") that:

- 1. the abovementioned shares were issued without disclosure to investors under Part 6D.2 of the Act.*
- 2. as at the date of this notice the Company has complied with:*
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and*
 - (b) section 674 of the Act; and*
- 3. as at the date of this notice there is no information to be disclosed which is "excluded information" as defined in subsection 708A(7) and (8) of the Act that is reasonable for investors and their professional advisors to find in a disclosure document.*



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Yours sincerely

A handwritten signature in brown ink, appearing to read 'H Roberts', with a horizontal line drawn underneath.

Heath Roberts
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

KBL MINING LIMITED

ABN

38 129 954 365

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

1. Convertible notes
2. Shares coded KBL
3. Unquoted Options

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

1. 47 Convertible notes, \$10,000 face value each, \$470,000 gross face value
2. 221,363,636 Shares coded KBL
3. 117,500,000 unquoted options

+ See chapter 19 for defined terms.

| | |
|--|--|
| <p>3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <ol style="list-style-type: none"> 1. 47 Convertible Notes – per shareholder approval resolution 7, Shareholder Meeting 28 July 2016. 2. 221,363,636 Shares coded KBL 3. 117,500,000 unquoted options – expire 6 September 2018, exercise price \$0.002. |
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <ol style="list-style-type: none"> 1. 47 Convertible notes – no 2. 221,363,636 Shares coded KBL – yes 3. 117,500,000 unquoted options - no |
| <p>5 Issue price or consideration</p> | <ol style="list-style-type: none"> 1. 47 Convertible notes – nil 2. 221,363,636 Shares coded KBLO – 200,000,000 on conversion of 20 convertible notes, converted in accordance with Resolution 7 Shareholder Meeting 28 July 2016 at \$0.001 per share. 21,363,636 fee shares issued at \$0.0022 per share; these shares issued pursuant to Resolution 11 Shareholder Meeting 28 July 2016. 3. 117,500,000 unquoted options – nil issue price |

| | | |
|----|---|---|
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | To raise working capital |
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i | Yes |
| 6b | The date the security holder resolution under rule 7.1A was passed | 17 November 2015 |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | 3. 117,500,000 unquoted options |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | Nil |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | <ol style="list-style-type: none"> 1. 47 Convertible notes - approved by Shareholders Res 7 EGM 28 July 2016 2. 200,000,000 Shares – in accordance with Convertible Note conversion terms approved by Shareholders Res 7 EGM 28072016 4. 21,363,636 Shares – pursuant to the approval in Resolution 11 Shareholder Meeting 28 July 2016. 3. |
| 6f | Number of securities issued under an exception in rule 7.2 | Nil |
| 6g | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | N/A |

+ See chapter 19 for defined terms.

| | | |
|----|---|------------------|
| 6h | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | See Annexure 1 |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | 6 September 2016 |

| | | | |
|---|--|---------------|---|
| 8 | Number and +class of all +securities quoted on ASX (<i>including</i> the securities in section 2 if applicable) | Number | +Class |
| | | 2,687,550,436 | Ordinary fully paid shares (KBL) |
| | | 28,954,516 | 12% pa Convertible Notes exp 16 February 2017 (KBLGA) |
| | | 1,474,354,120 | Options exercisable at \$0.005 expiring on 4 August 2018 (KBLO) |

| | | |
|--|--------|-------|
| | Number | Class |
|--|--------|-------|

| | | | |
|---|--|-------------|---|
| 9 | Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable) | 44,000,000 | Opts exp 14 March 2020 ex 11 cents |
| | | 8,000,000 | Opts exp 14 March 2020 ex 11 cents |
| | | 49,080,785 | Opts exp 16 March 2018 ex price 2.47 cents |
| | | 10,869,565 | Opts exp 4 March 2019 ex price 2.6 cents |
| | | 15,769,231 | Opts exp 21 April 2019 ex price 1.6 cents |
| | | 26,000,000 | Opts exp 6 May 2021 ex price 2.8 cents |
| | | 26,000,000 | Opts exp 6 May 2021 ex price 3.25 cents |
| | | 15,769,231 | Opts exp 16 May 2019 ex price 1.6 cents |
| | | 50,000,000 | Opts exp 12 August 2016 ex price 0.6 cents |
| | | 1 | Unsecured Convertible Note – residual face value \$10,000 repayable 16 May 2017 |
| | | 1 | Unsecured Convertible Note – face value \$10,000 each repayable 12 August 2017 |
| | | 66,666,667 | Opts exp 25 August 2016 ex price 0.3 cents |
| | | 27* | Unsecured Convertible Note* – face value \$10,000 each repayable 6 September 2017 |
| | | 117,500,000 | Opts exp 6 September 2016 ex price 0.2 cents |

•

*These 27 Convertible notes comprise the 47 Convertible notes subject of this 3B less the 20 Convertible notes simultaneously converted.

⁺ See chapter 19 for defined terms.

| | | |
|----|--|----------------|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Not applicable |
|----|--|----------------|

Part 2 - Bonus issue or pro rata issue

| | | |
|----|---|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |

| | | |
|----|---|--|
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | +Despatch date | |

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1 - (a) **221,363,636 Ordinary shares**

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

The Entitlement Options will form a new class of security and the details below will be provided at the time of issue.

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

| | | | |
|----|---|--------|--------------------|
| 39 | Class of ⁺ securities for which quotation is sought | | |
| 40 | Do the ⁺ securities rank equally in all respects from the date of allotment with an existing ⁺ class of quoted ⁺ securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | | |
| 41 | Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security) | | |
| 42 | Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38) | Number | ⁺ Class |
| | | | |

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.

⁺ See chapter 19 for defined terms.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.


Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 6 September 2016

Company Secretary

Print name:

Heath Roberts

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|--|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue | 620,930,783 |
| Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items | <p>15,779,237– issued on 4 December 2015 # # approved at AGM held on 17 November 2015</p> <p>45,506,503 - issued on 1 March 2016 * 11,850,000 - issued on 1 March 2016 * 11,500,000 – issued on 4 March 2016 * 93,274,334 – issued on 18 April 2016 100,000,000 –issued on 24 June 2016* * approved at General Meeting held on 15 April 2016</p> <p>7,275,132 – issued on 10 March 2016 ^ 6,946,854 – issued on 20 April 2016 ^ 283,000,000 – issued 29 July 2016 ^. 166,304,435 – issued 4 August 2016 ^ 89,763,963 – issued 9 August 2016 ^ 37,500,000 – issued 12 August 2016 ^ 243,439,934– issued 15 August 2016^ 50,000,001– issued 16 August 2016^ 50,000,000– issued 17 August 2016^ 75,000,000– issued 18 August 2016^ 40,000,000– issued 22 August 2016^ 58,677,443– issued 22 August 2016^ 75,000,000 – issued 25 August 2016^* 50,000,000 – issued 26 August 2016^ 160,000,000 – issued 26 August 2016^ 221,363,636 – issued 6 September 2016^ This Appendix 3B</p> <p>^ approved at General Meeting held on 28 July 2016: 200,000,000 per Resolution 7, conversion of Con Note, 21,363,636 per Resolution 11.</p> |
| Subtract the number of fully paid ordinary securities cancelled during that 12 month | - |

+ See chapter 19 for defined terms.

| | |
|--------|---------------|
| period | |
| “A” | 2,513,112,255 |

| | |
|---|--|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 376,966,838 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p>6,470,588 – issued on 10 March 2016</p> <p>8,000,000 – issued on 18 March 2016</p> <p>6,153,846 –issued on 24 March 2016</p> <p>5,833,333 – issued 31 March 2016</p> <p>2,341,667 – issued 7 April 2016</p> <p>10,000,000 – issued 12 April 2016</p> <p>14,545,455 –issued 18 April 2016</p> <p>10,909,091 – issued 22 April 2016</p> <p>341,667 - shares issued 16 May 2016</p> <p>12,000,000 – issued on 18 May 2016</p> <p>29,780,034 – issued on 29 July 2016</p> <p>1,062,500 – shares issued on 12 Aug 2016</p> <p>50,000,000 – options issued 12 Aug 2016</p> <p>2,000,000 - shares issued 25 Aug 2016</p> <p>66,666,667 – options issued 25 Aug 2016</p> <p>117,500,000 – options issued 6 September 2016</p> |
| “C” | 343,604,848 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 376,966,838 |
| Subtract “C” <i>Note: number must be same as shown in Step 3</i> | 343,604,848 |

| | |
|---------------------------------|---|
| Total ["A" x 0.15] – "C" | 33,361,990 <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |
|---------------------------------|---|

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|---|---|
| Step 1: Calculate "A", the base figure from which the placement capacity is calculated | |
| "A" <i>Note: number must be same as shown in Step 1 of Part 1</i> | 2,513,112,255 |
| Step 2: Calculate 10% of "A" | |
| "D" | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply "A" by 0.10 | 251,311,225 |
| Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items | 65,000,000 – issued on 13 July 2016 |
| "E" | 65,000,000 |

+ See chapter 19 for defined terms.

| | |
|--|--------------------|
| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | 251,311,225 |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | 65,000,000 |
| Total [“A” x 0.10] – “E” | 186,311,225 |