

KBL Mining Limited  
ACN 129 954 365

# Prospectus

For a pro-rata non-renouncable issue of Entitlement Options at an offer price of \$0.001 per Entitlement Option and on the basis of one Entitlement Option for every fully paid ordinary share held by Eligible Shareholders

30 June 2016

## **Important Information**

This Prospectus is an important document and should be read in its entirety. If you do not understand the information contained in this Prospectus you should consult your professional advisers without delay. The securities offered by this Prospectus should be considered speculative.

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It is the responsibility of overseas applicants to ensure compliance with all laws of any country relevant to their application.

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary.

Money as expressed in this Prospectus is in Australian dollars or else as indicated.

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## Key Dates \*

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Lodgement of Prospectus with ASIC and ASX **30 June 2016**  
Notice to Shareholders..... **1 July 2016**  
“Ex” date ..... **5 July 2016**  
Record Date for determining Entitlements ..... **6 July 2016**  
Offer opens and despatch of Prospectus to Eligible Shareholders ..... **11 July 2016**  
Closing Date of Offer ..... **27 July 2016**  
Notify ASX of shortfall ..... **1 August 2016**  
Issue of Entitlement Options ..... **2 August 2016**  
Statements for Entitlement Options mailed..... **3 August 2016**  
Commencement of trading ..... **3 August 2016**

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## Offer Statistics

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Entitlement Option issue price:..... \$0.001

Entitlement Option exercise price:..... \$0.005

Offer: One Entitlement Option for every fully paid ordinary share held by an Eligible Shareholder on the Record Date

Number of Entitlement Options to be issued under the Offer..... up to 990 million

\* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates of the Offer.

### **Important Notice**

This Prospectus is dated 30 June 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. Neither ASIC nor ASX Limited (**ASX**) takes any responsibility for the contents of this Prospectus.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the Options will be made to ASX within 7 days of the date of this Prospectus.

The Offer is being made in Australia and New Zealand only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make such an offer.

No person named in this Prospectus, nor any other person, guarantees the performance of KBL Mining Limited (**KBL or the Company**), the repayment of capital or the payment of a return on any securities in the Company.

The Entitlement Options offered by this Prospectus should be considered speculative. Please read this document carefully and in its entirety before you make a decision to invest. An investment in the Company has specific risks which you should consider before making a decision to invest.

**An investment in these Entitlement Options may not be suitable for all Eligible Shareholders. Eligible Shareholders should seek professional advice regarding this investment.**

This Prospectus has been prepared having regard to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Eligible Shareholders and professional advisers who Eligible Shareholders may consult.

## Chairman's Letter to Shareholders

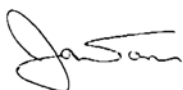
Dear Shareholder,

Attached is a prospectus offer to Eligible Shareholders whereby you can acquire Entitlement Options at a cost of \$0.001 each to purchase new Shares in the Company at an exercise price of \$0.005 per share up to 2 August 2018. All Eligible Shareholders have the right to apply to for one Entitlement Option for each Share they hold.

The Offer provides Eligible Shareholders the opportunity to invest in the Company on a similar basis to recent placements made to sophisticated investors.

KBL Mining is currently processing gold ore from the high grade Pearse open cut deposit at Mineral Hill and is evaluating a range of other deposits for production, including the nearby Pearse North deposit. Funds which are raised from the issue and exercise of the Entitlement Options will be used to augment the Company's working capital and provide the opportunity for the Company to further explore some of the exciting targets within the large Mineral Hill system.

Details of the Company's operations are contained within announcements to the ASX (refer page 15 and onwards of the Prospectus for a list of announcements) as well as Quarterly and Annual reports. These are available on the Company's web site ([www.kblmining.com.au](http://www.kblmining.com.au)) as well as the ASX announcements site. Please read the Prospectus carefully before you make a decision to invest.



**Jim Wall**  
Chairman

# 1. DETAILS OF THE OFFER

## 1.1 Description of the Offer

The Company is offering pursuant to this Prospectus approximately 990 million Entitlement Options exercisable at \$0.005 each on or before 2 August 2018 at an issue price of \$0.001 per Entitlement Option to all Eligible Shareholders.

Shareholders have a right under the Offer to apply for one (1) Entitlement Option for every Share they hold. The Offer is non-renounceable. This means that you may not sell or transfer all or part of your Entitlement.

Refer to Section 4.2 for a summary of the terms and conditions attaching to the Entitlement Options and Section 4.3 for a summary of the rights attaching to the Shares to be issued on exercise of the Entitlement Options.

## 1.2 Important dates for Eligible Shareholders

The following dates apply to the Offer:

<b>Announcement of Offer to ASX</b>	30 June 2016
<b>Release of Prospectus and Appendix 3B to ASX</b>	30 June 2016
<b>"Ex" date</b>	5 July 2016
<b>Record Date</b>	7.00pm (Sydney time), 6 July 2016
<b>Offer opens and documents mailed to Eligible Shareholders</b>	11 July 2016
<b>Offer closes (at 5.00pm Sydney time)</b>	27 July 2016
<b>Notification to ASX of shortfall</b>	1 August 2016
<b>Expected allotment of Entitlement Options under this Offer</b>	2 August 2016
<b>Expected despatch of holding statements for Entitlement Options</b>	3 August 2016
<b>Commencement of trading of Entitlement Options on ASX</b>	3 August 2016

These dates are indicative only. The Company may vary the dates and times of this Offer or withdraw it without notice.

## 1.3 Applying for Entitlement Options

The enclosed personalised Application Form allows you to apply for Entitlement Options offered under this Prospectus.

There is no minimum subscription under the Offer.

Applications must be made either:

- by using the enclosed personalised Application Form; or
- by making payment under the KBL 2016 Entitlement Offer by Bpay\* (\*Registered to BPAY Pty Ltd ABN 69 079 137 518),

and must be received by the Company's Share Registry with the correct payment no later than the Closing Date.

By returning the Application Form or by making payment by Bpay, you agree to be bound by the terms and conditions set out in the Application Form.

## 1.4 Non-qualifying Shareholders

The Offer is being made only to Eligible Shareholders with registered addresses in Australia or New Zealand.

In accordance with the ASX Listing Rules and the Corporations Act, the Company has decided that it would be unreasonable to extend the Offer to Shareholders in countries other than Australia and New Zealand, having regard to:

- the number of Shareholders with a registered address in those countries;
- the number and value of Entitlement Options that would be issued under the Offer to Shareholders with a registered address in those countries; and
- the costs of complying with legal and other regulatory requirements in those countries.

## 1.5 Closing Date

The Company will accept Application Forms until 5.00pm Sydney time on the Closing Date, being 27 July 2016, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

If you do not take up your Entitlement it will lapse at 5.00pm (Sydney time) on the Closing Date.

## 1.6 Application for additional Entitlement Options

Eligible Shareholders may also apply for Entitlement Options in excess of their Entitlement (**Additional Options**). If there are Applications for Additional Options in excess of available Entitlement Options after allocation of the accepted Entitlements, then the available Entitlement Options will be allocated on a pro-rata basis based on each Applicant's Entitlement to Entitlement Options.

## 1.7 Shortfall

The Offer is not underwritten. In the event that not all Eligible Shareholders accept their full right to Entitlement Options pursuant to the Offer, the Directors reserve the right, subject to any restrictions imposed by the Corporations Act and the ASX Listing Rules, to issue any Entitlement Options that are not applied for under the Offer (**Shortfall Options**) at their sole discretion (**Shortfall Offer**).

If the Directors exercise their sole discretion to issue the Shortfall Options then, pursuant to this Prospectus, the Company will offer the Shortfall Options as a separate offer.

Shortfall Options will be offered at an issue price of \$0.001 each, which is the issue price at which the Offer has been made to Eligible Shareholders.

## 1.8 Allotment and ASX quotation

The Entitlement Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date.

Holding statements will be dispatched, as soon as possible after the issue of the Entitlement Options. It is the responsibility of Applicants to determine their allocation prior to trading in the Entitlement Options.

Applicants who sell Entitlement Options before they receive their holding statements will do so at their own risk.

The Company will apply to the ASX for quotation of the Entitlement Options within 7 days of the date of this Prospectus. If the ASX accepts the application, quotation of the Entitlement Options will commence after the allotment of the Entitlement Options.

If any Entitlement Options are not granted quotation on the ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, the Company will not issue those entitlement Options and the Application Moneys in respect of those Entitlement Options will be refunded to Applicants, without interest, within the time prescribed by the Corporations Act.

## 1.9 Application Moneys held on trust

All Application Moneys received for the Entitlement Options will be held in trust in a bank account maintained solely for the purpose of depositing Application Moneys received pursuant to this Prospectus until the

Entitlement Options are issued. All Application Moneys will be returned (without interest) if the Entitlement Options are not issued.

### **1.10 Investment risks**

Eligible Shareholders should carefully read the risk outlined in Section 3. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

### **1.11 Taxation**

The Directors consider that it is not appropriate to give Eligible Shareholders advice regarding the taxation consequences of subscribing for Entitlement Options under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences. Accordingly, Eligible Shareholders should seek and rely on their own taxation advice in connection with subscribing for Entitlement Options under this Prospectus.

### **1.12 Company's Share price**

The value of the Entitlement Options will be affected by the prevailing price of the Company's Shares on the ASX. In the last 3 months immediately prior to the date of issue of this Prospectus with ASIC, the lowest closing sale price has been \$0.004 on 29 June 2016 and the highest sale closing price has been \$0.017 on 15 April 2016. The closing price on the last Business Day prior to the issue of this Prospectus (being 29 June 2016) was \$0.004.

### **1.13 Enquiries**

Enquiries concerning this Prospectus or the Entitlement Options should be directed to the Company by telephone on 02 9927 2006 (within Australia) or +61 2 9927 2006 (outside Australia).

## 2. PURPOSE AND EFFECT OF THE OFFERS ON THE COMPANY

### 2.1 Use of funds

The funds raised from the issue and exercise of Entitlement Options will be used to augment the Company's working capital and provide the opportunity for the Company to further explore targets within the large Mineral Hill system.

### 2.2 Effect on the capital structure of the Company

The potential effect of the Offer on the capital structure of the Company depends on:

- (a) the level of subscriptions from Eligible Shareholders under the Offer. The maximum number of Entitlement Options that may be issued under the Offer is approximately 990 million Options. However the exact number of Entitlement Options that will be issued is unknown at the date of this Prospectus; and
- (b) the level of exercise of Entitlement Options which in turn depends on the market value of the Company's Shares.

The tables below illustrate the potential effect of the Offer on the capital structure of the Company assuming that:

- (a) no Shares are issued or options granted other than under this Prospectus, before the Closing Date; and
- (b) the different subscription levels described in the tables below are achieved.

The Company's actual position on completion of the Offer may differ from the position illustrated in the pro forma capital structure tables below.

#### **Issued Shares – undiluted basis**

The following table illustrates the potential effect of the Offer on the capital structure of the Company assuming that none of the Entitlement Options granted under this Prospectus, the 195,488,812 existing unlisted options or the outstanding 28,954,516 listed convertible notes (which at the noteholders' option could convert to 28,954,516 Shares) at the date of this Prospectus are exercised or converted.

	Before Entitlement Offer	After Entitlement Offer		
		25% of Entitlements	50% of Entitlements	All Entitlements
Entitlement Options	-	247,414,612	494,829,225	989,658,490
Existing Shares	989,658,490	989,658,490	989,658,490	989,658,490
Listed Convertible Notes Options	28,954,516	28,954,516	28,954,516	28,954,516
Existing Unlisted Options	195,488,812	195,488,812	195,488,812	195,488,812
Unlisted Convertible Notes *	107,500,000	107,500,000	107,500,000	107,500,000
<b>Total Shares</b>	989,658,490	989,658,490	989,658,490	989,658,490
<b>Total Options</b>	195,488,812	442,903,424	690,318,037	1,185,147,302
Amount raised		\$247,414	\$494,829	\$959,658
<b>Fully diluted share capital</b>	1,321,601,818	1,569,016,430	1,816,431,043	2,311,260,282

\* estimated number of shares required for conversion of the unlisted convertible notes with a total face value of \$430,000.

In the table above:



- (a) the 'After Entitlement Offer' columns refer to a situation in which:
  - (i) at completion of the Offer assuming 247,414,612 Entitlement Options (25% of the maximum amount of Entitlement Options) are subscribed for under the Offer;
  - (ii) at completion of the Offer assuming 494,829,225 Entitlement Options (50% of the maximum amount of Entitlement Options) are subscribed for under the Offer; and
  - (iii) at completion of the Offer assuming 989,658,490 Entitlement Options (the maximum amount of Entitlement Options) are subscribed for under the Offer.
- (b) the 'Amount raised' row refers to the amount the Company's cash reserves would increase by as a result of the Offer (after deducting the estimated expenses of the Offer);
- (c) the 'Total Options' row includes existing Unlisted and Entitlement Options issued pursuant to the Offer.
- (d) The Fully diluted Share Capital illustrates the potential effect of the Offer on the capital structure of the Company on a fully diluted basis assuming that all of the Entitlement Options granted under this Prospectus, the 195,488,812 existing unlisted options and the outstanding 28,954,516 listed convertible notes (which at the noteholders' option could convert to 28,954,516 Shares) are exercised or converted.

## 2.3 Effect on the financial position of the Company

To illustrate the effect of the Offer on the Company's financial position, the following summary pro-forma unaudited Statement of Financial Position has been prepared based on the Company's reviewed consolidated Statement of Financial Position as at 31 December 2015.

The financial information is presented in an abbreviated form insofar as it does not include all of the disclosures applicable to annual financial reports prepared in accordance with the Corporations Act.

However, the accounting policies adopted in the preparation of the summary pro-forma Statement of Financial Position are consistent with the policies adopted and as described in the Company's Annual Report for the year ended 30 June 2015 and should be read in conjunction with that Report.

The summary pro-forma Statement of Financial Position shows the effects of the Offer as if it had been made on 31 December 2015, based on the following assumptions:

- (a) **for Pro-forma A:-** the issue of approximately 990 million Entitlement Options under the Offer at an issue price of \$0.001 cent to raise \$990,000 and expenses of the Offer, being approximately \$87,000 (excluding GST) – ie the Offer is fully subscribed; and
- (b) **for Pro-forma B:-** the issue of approximately 495 million Entitlement Options under the Offer at an issue price of \$0.001 cent to raise \$495,000 and expenses of the Offer, being approximately \$81,000 (excluding GST) – ie the Offer is 50% subscribed.

The Company's actual position on completion of the Offer may differ from the position illustrated in the summary pro-forma Statement of Financial Position.

	Audit-reviewed 31 December 2015 A\$	Pro-forma A Assuming Entitlement Offer fully subscribed 31 December 2015 A\$	Pro-forma B Assuming Entitlement Offer 50% subscribed 31 December 2015 A\$
<b>Current assets</b>			
Cash and cash equivalents*	21,770	924,770	435,770
Receivables	4,727,207	4,727,207	4,727,207
Other financial assets	162,000	162,000	162,000
Inventories	2,308,560	2,308,560	2,308,560
<b>Total current assets</b>	<b>7,219,537</b>	<b>8,122,537</b>	<b>7,633,537</b>
<b>Non-current assets</b>			
Other financial assets	1,497,000	1,497,000	1,497,000
Property, plant and equipment	23,441,310	23,441,310	23,441,310
Mining property	25,330,361	25,330,361	25,330,361
Investment in joint venture	12,394,510	12,394,510	12,394,510
Exploration and evaluation assets	826,333	826,333	826,333
<b>Total non-current assets</b>	<b>63,489,514</b>	<b>63,489,514</b>	<b>63,489,514</b>
<b>Total assets</b>	<b>70,709,051</b>	<b>71,612,051</b>	<b>71,123,051</b>
<b>Current liabilities</b>			
Trade and other payables	17,544,153	17,544,153	17,544,153
Financial liabilities	9,347,432	9,347,432	9,347,432
Deferred revenue	3,675,147	3,675,147	3,675,147
Provisions	459,296	459,296	459,296
<b>Total current liabilities</b>	<b>31,026,028</b>	<b>31,026,028</b>	<b>31,026,028</b>
<b>Non-current liabilities</b>			
Financial liabilities	1,905,285	1,905,285	1,905,285
Provisions	684,488	684,488	684,488
Deferred revenue	26,897,238	26,897,238	26,897,238
Convertible note	10,524,332	10,524,332	10,524,332
<b>Total non-current liabilities</b>	<b>40,011,343</b>	<b>40,011,343</b>	<b>40,011,343</b>
<b>Total liabilities</b>	<b>71,037,372</b>	<b>71,037,372</b>	<b>71,037,372</b>
<b>Net (liabilities)/assets</b>	<b>(328,321)</b>	<b>574,679</b>	<b>85,679</b>
<b>Equity</b>			
Contributed equity	71,214,350	71,214,350	71,214,350
Reserves	3,043,691	3,946,691	3,457,691
Accumulated losses	(74,586,362)	(74,586,362)	(74,586,362)
<b>Total equity</b>	<b>(328,321)</b>	<b>574,679</b>	<b>85,679</b>

## Notes

\* Changes to cash amounts reflect net proceeds from the Offer based on the amount raised less anticipated expenses.

On 1 March 2016 the Company announced an issue of 57,365,503 ordinary shares valued at \$1,189,173 which is not reflected in the above Pro-forma.

On 10 March 2016 the Company announced an issue of 13,745,720 ordinary shares valued at \$262,778 which is not reflected in the above Pro-forma.

On 18 March 2016 the Company announced an issue of 8,000,000 ordinary shares valued at \$120,000 which is not reflected in the above Pro-forma.

On 24 March 2016 the Company announced an issue of 6,153,846 ordinary shares valued at \$80,000 which is not reflected in the above Pro-forma.

On 31 March 2016 the Company announced an issue of 5,833,333 ordinary shares valued at \$70,000 which is not reflected in the above Pro-forma.

On 12 April 2016 the Company announced an issue of 10,000,000 ordinary shares valued at \$110,000 which is not reflected in the above Pro-forma.

On 18 April 2016 the Company announced an issue of 107,819,789 ordinary shares valued at \$1,997,504 which is not reflected in the above Pro-forma.

On 20 April 2016 the Company announced an issue of 6,946,854 ordinary shares valued at \$104,203 which is not reflected in the above Pro-forma.

On 22 April 2016 the Company announced an issue of 10,909,091 ordinary shares valued at \$120,000 which is not reflected in the above Pro-forma.

On 18 May 2016 the Company announced an issue of 12,000,000 ordinary shares valued at \$120,000 which is not reflected in the above Pro-forma.

On 24 June 2016 the Company announced an issue of 100,000,000 ordinary shares valued at \$500,000 which is not reflected in the above Pro-forma.

## 2.4 Potential effect on control

The Entitlement Options have no participating rights or entitlements until exercised. It is only upon exercise of the Entitlement Options and the issue of Shares that rights such as voting rights arise.

The effect of the Offer on the capital structure of the Company is set out in Section 2.2. If all the Entitlement Options are issued under the Offer they will (on a converted basis) represent approximately 50% of the capital of the Company on a non-diluted basis and approximately 42.8% of the capital of the Company on a fully diluted basis.

## 3. RISKS

### 3.1 Introduction

An investment in the Company involves a degree of risk particularly having regard to the stage of the Company's business development.

The Company owns and operates the Mineral Hill Mine near Condobolin in central western New South Wales. Both open cut and underground mining activities have been and are being undertaken at the mine, which produces precious metal (gold and silver) and base metal (copper, lead and zinc with precious credits) concentrates which are exported to customers in China. The Company also operates a recently constructed gold processing facility recovering gold and silver from ore mined from the Pearse open pit together with previously mined ore tailings, to produce gold concentrates and bullion for sale. There are a number of factors that could have a material adverse effect on the Company's future operating and financial performance and these are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Company and cannot be mitigated.

Eligible Shareholders should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Entitlement Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 3.2 Mineral Hill risk

Successful operation of the Mineral Hill mine and processing facility involves:

- (a) the mining of sufficient high grade ore (either gold, copper, lead or zinc) to support the processing plant and ongoing successful Resource / Reserve definition to ensure continuity of satisfactory ore for mining (mining risk);
- (b) operation of the processing plant to produce a marketable concentrate and gold bullion (processing risk);
- (c) hiring and retention of required professional and other staff (administration risk); and
- (d) moving concentrates (either gold, copper, lead or zinc) to customers in China (logistics risk).

These risks have been or will, be mitigated through management initiatives but cannot be entirely eliminated.

The production operation at Mineral Hill involves commitments to substantial fixed and variable costs. To the extent that the above risks, particularly mining risk and processing risk operate to delay generation of cash flow, then there is a risk that the remaining cash resources of the Company may be insufficient to fund a protracted deferment of cash flow, or that working capital otherwise earmarked for exploration and development drilling must be diverted to replacing lost or delayed cash flow.

### 3.3 General market risk

The Entitlement Options will be listed on ASX but the value of the Entitlement Options will be closely affected by the prevailing ASX market price of the Company's Shares. Accordingly the price and value of Entitlement Options may fall as well as rise.

Many other factors will also affect the price of the Entitlement Options, including general fluctuations in the performance of local and international stock markets, movements in interest and inflation rates, exchange rates, commodity prices and investor sentiment.

General economic conditions, including those outlined above, may also have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency and commodity price fluctuations;

- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### 3.4 General risk factors

The Company is exposed to a number of general risks that could affect its assets and liabilities, financial position, profits and losses and prospects. In common with other enterprises undertaking business in the mining sector, some risks are substantially outside the control of the Company. These include, in no particular order of priority, the following:

- (a) changes in the general economic outlook both in Australia and globally may have an impact upon the performance of the Company. Such changes may include:
  - (i) contractions in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
  - (ii) increases in expenses including costs of goods and services used by the Company;
  - (iii) new or increased government taxes or duties or changes in taxation laws including imposts such as royalties, charges and taxes affecting mining activities; and
  - (iv) strength of the equity and share markets in Australia and throughout the world;
- (b) increases in capital expenditure requirements and/or operating costs;
- (c) failure of customers and counter parties to meet their obligations under sales contracts;
- (d) operating cash flows may be insufficient to generate a surplus for funding mine improvements;
- (e) sales proceeds may be diminished due to lower than expected metal prices and/or a stronger Australian dollar so that operating cash is not available to sustain operations;
- (f) the Mineral Hill mine may not operate profitably and may be temporarily or permanently closed;
- (g) international smelter treatment charges which are a key cost for the Company may increase significantly;
- (h) road, rail and ocean shipping costs and the costs/shortage of critical inputs such as diesel fuel, electricity and water may increase beyond the capacity of the Company to reduce these costs by other efficiencies or economies;
- (i) geotechnical failure may occur in the Mineral Hill mine which sterilises otherwise economically recoverable ore or which adversely impacts on mining access, sequencing or mining methods;
- (j) critical equipment in the Mineral Hill mine or processing plant may breakdown, adversely impacting on the continuity or costs of production; and
- (k) damage to facilities or interruption of access to facilities due to fire, flood or storm.

### 3.5 Other risks specific to an investment in KBL

#### (a) Speculative Nature of Mineral Exploration and Development

Development of the Company's mineral exploration properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk increases substantially when a company's properties are in the exploration as opposed to the development phase. There is no assurance that commercial quantities of ore will be discovered on any of the Company's exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral deposit will be brought into commercial production. The discovery of mineral deposits is dependent

upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the control of the Company.

**(b) Additional Requirements for Capital and Future Financing**

As announced to the ASX on 14 June 2016, the Company's cash flow forecast assumes an equity raise later this year. It is expected that, including amounts raised under the Offer, the Company will need to raise some \$5.2 million over the next 4 to 6 weeks.

A number of the fundraisings contemplated are subject to shareholder approvals.

Although the Company has been successful in raising funds in the past there is no assurance that the Company will be successful in obtaining financing required as and when needed.

If the Company is unsuccessful in raising the funds mentioned above, and there is no other viable alternative available to the Company at the time, there is a real doubt about whether the Company would be able to meet its ongoing obligations to creditors, working capital and project expenditure requirements. In such circumstances the Company would be required to consider whether it is able to continue as a going concern.

**(c) Mineral Resources and Ore Reserves**

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that any level of metal recovery will be realised. Resource and Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. By their very nature, Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

In addition, commodity price fluctuations, as well as increased production costs or reduced recovery rates, may render Ore Reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such Ore Reserves. Moreover, short-term operating factors relating to Ore Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

**(d) Security of Tenure**

Interests in mineral tenements in Australia are governed by State legislation and are evidenced by the granting of licenses or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments.

All tenements in which the Company has interests are subject to renewal conditions or are yet to be granted, which will be at the discretion of the relevant State governmental department. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining required statutory approvals for proposed activities. While the Company anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

**(e) Government Regulations and Approvals**

The Company's activities are subject to extensive and stringent laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted.

While it is possible that costs and delays associated with compliance with such laws, regulations and permits could become such that the Company will not proceed with the development or operation of a mine, the Company is not aware of any particular material issue or constraint affecting its proposed exploration properties that would necessarily preclude the economic development or operation of any specific mine or property.

The Company has been granted Mining Leases and environmental approval for the Sorby Hills Project, however various other required approvals may impact on the potential development of the project.

In relation to the Constance Range iron project, any restrictions that may be imposed by the Queensland Government in respect of the Boodjamulla National Park and related buffer zone and the Wild Rivers preservation area may impact on the potential development of the project. At this stage it is unclear whether exploration and development will be allowable in these regions and if so what restrictions may be imposed on the activities.

There is no certainty that requisite approvals, permits or licences will be available or that the terms thereof will not be such as to impose costs or restrictions which may jeopardise economic operations.

(f) **Volatility of Metal Prices and Exchange Rate Risks**

The mining industry is competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors, including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

As international prices of various commodities are typically denominated in United States dollars, and the Company's expenditures are and will be taken into account in Australian dollars, this will expose the Company to the fluctuations and volatility of the rate of exchange between the currencies as determined in international markets.

(g) **Key Management and Employment Matters**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these key employees cease their employment.

The Company is dependent on hiring and retaining sufficient skilled personnel, generally to work in remote sites in adverse climatic and other conditions. Such personnel are in high demand and there is no assurance that the Company will remain successful in maintaining its workforce.

(h) **Joint Venture Parties, Agents and Contractors**

The Company is unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

(i) **Competition**

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. The Company will be competing with other companies in the resource sector, some of which are large, better established mining companies with substantial capabilities and access to greater financial and technical resources than the Company. Accordingly, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable and there can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

(j) **Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly where ore production, advanced exploration and mine development proceeds.

In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(k) **Native Title**

KBL's mineral tenements and other entitlements to property and minerals may be affected by native title claims, unregistered agreements, transfers or unknown defects in title. Native title claims and Aboriginal heritage issues may have a material adverse impact on the Company's activities and may hinder or prevent its exploration.

It is possible that in relation to tenements which the Company has an interest in or will in the future acquire such an interest in, there may be areas over which legitimate common law native title rights exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving all tenements in which the Company has or may have an interest.

(l) **Insurance**

Insurance against all risks associated with mineral exploration production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Company considers the required premiums to be excessive having regard to the benefits that would accrue.

(m) **Litigation**

The Company is not currently involved in any litigation of a material nature and is not aware of any facts or circumstances which may give rise to any material litigation. However given the nature of its activities the Company may in the future be exposed to potential claims or litigation from third parties. To the extent such claims are not covered by KBL's insurance policies, litigation and the cost of responding to any threats of legal action or investigation may have an adverse impact on the financial prospects or performance of the Company.



## 4. ADDITIONAL INFORMATION

### 4.1 Transaction specific Prospectus

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

In particular, the Company must comply with the requirement to disclose to ASX any information held by the Company which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued on the exercise of the Entitlement Options issued pursuant to this Prospectus will be in the same class of Shares that have been granted official quotation by ASX in the 3 months prior to the issue of this Prospectus.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Prospectus or options to acquire such securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the Entitlement Options and the underlying securities, the Shares of the Company.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) audited financial statements for the Company for the year ended 30 June 2015;
- (b) any other financial statements lodged in relation to the Company with ASIC and any continuous disclosure notices given by the Company to ASX, in the period starting immediately after lodgement of the annual financial statements of the Company and ending on the date of lodgement of this document with ASIC being the following announcements:

Date	ASX Announcement
30/06/2016	Notice of General Meeting and Proxy Form
29/06/2016	Operational Update
24/06/2016	s708 Notice and Appendix 3B
21/06/2016	Capital Raising
17/06/2016	Trading Halt
16/06/2016	Pearse North Mineral Resource Update and Maiden Ore Reserve
14/06/2016	Interest Payment - KBLGA
14/06/2016	Reinstatement to Official Quotation
14/06/2016	Mineral Hill Operations Update and Funding Arrangements
08/06/2016	Suspension from Official Quotation
06/06/2016	Trading Halt
30/05/2016	KBL Appoints New Chief Operating Officer
24/05/2016	ASX Requirements for Issue of Securities
23/05/2016	Gold Tailings Reprocessing
18/05/2016	Issue of Shares s708 Notice and Appendix 3B
18/05/2016	Gold Production Continues to Increase
16/05/2016	Convertible Note Funding and Issue of Securities
06/05/2016	Appendix 3B - Unlisted Options
04/05/2016	New KBL Mining Website
26/04/2016	Quarterly Activities Report
22/04/2016	Issue of Shares s708 Notice and Appendix 3B
22/04/2016	Becoming a substantial holder
21/04/2016	Becoming a substantial holder
21/04/2016	Appendix 3B - Unlisted Options
21/04/2016	Pearse North Infill Drilling Complete - New Gold Assays
20/04/2016	Issue of Shares s708 Notice and Appendix 3B

18/04/2016	Issue of Shares s708 Notice and Appendix 3B
15/04/2016	Results of General Meeting
12/04/2016	s708 Notice and Appendix 3B
12/04/2016	Quarterly Report to Convertible Note Trustee
08/04/2016	Corporate Presentation - Mines and Money Hong Kong
07/04/2016	Issue of Securities for Convertible Note Funding
07/04/2016	Pearse North - More High Grade Gold Results
06/04/2016	Convertible Note Funding
31/03/2016	s708 Notice and Appendix 3B
29/03/2016	Mineral Hill Process Plant Update
24/03/2016	s708 Notice and Appendix 3B
22/03/2016	Pearse North Mining Lease Application Lodged
18/03/2016	Section 708A Notice
18/03/2016	Appendix 3B
17/03/2016	Notice of General Meeting and Proxy Form
10/03/2016	Amended Appendix 3B
10/03/2016	Issue of Ordinary Shares
10/03/2016	G Lode Underground Sampling Confirms High Grade Gold
04/03/2016	Issue of Securities for Convertible Note Funding
04/03/2016	Convertible Note Funding
01/03/2016	Issue of Shares to Major Service Providers
29/02/2016	Appendix 4D and Half Year Accounts
22/02/2016	Restructuring Arrangements with Major Service Providers
09/02/2016	High Grade Gold Assays from Pearse North
29/01/2016	Quarterly Activities Report
29/01/2016	Quarterly Report to Convertible Note Trustee
20/01/2016	Managing Director's Terms of Employment
19/01/2016	Final Director's Interest Notice - B Wesson
19/01/2016	New Managing Director
18/01/2016	KBL pours first Gold at Mineral Hill
15/01/2016	Initial Director's Interest Notice - C Brown
15/01/2016	Final Director's Interest Notice - D Laing
15/01/2016	Appointment and Resignation of Director
05/01/2016	KBLGA Interest Payment
17/12/2015	Letter to Shareholders and Noteholders
08/12/2015	Change of Director's Interest Notice
07/12/2015	Change of Directors' Interest Notices
07/12/2015	s708 Notice and Appendix 3B
03/12/2015	Interest Payment - KBLGA
01/12/2015	Mines and Money London Presentation
25/11/2015	First slurry through new CIL gold plant
17/11/2015	Results of 2015 AGM
17/11/2015	2015 Annual General Meeting Presentation
17/11/2015	2015 Annual General Meeting Chairman's Address
17/11/2015	KBL completes transition to low cost open cut gold producer
02/11/2015	Quarterly Report to Convertible Note Trustee
29/10/2015	Quarterly Activities Report
15/10/2015	Notice of Annual General Meeting/Proxy Form
14/10/2015	Mineral Hill Pearse Open Pit - First Concentrate Sold
13/10/2015	Appendix 4G and Corporate Governance Statement
13/10/2015	Annual Report to shareholders

## 4.2 Terms and condition of the Entitlement Options

The Entitlement Options to be granted under this Prospectus (**Options**) will be granted on the following terms and conditions:

- (a) The Options will be issued for a subscription price of \$0.001.
- (b) Subject to adjustment in accordance with these terms and conditions, the holder is entitled to subscribe for the allotment and issue of one Share upon payment of the Exercise Price before the Expiry Date.
- (c) The exercise price of each Option is \$0.005 (**Exercise Price**).
- (d) An Option is exercisable at any time after the date of grant and on or before 5.00pm (Sydney time) on 2 August 2018 (**Expiry Date**). Options not exercised by the Expiry Date lapse.
- (e) The Options held by the Option holder are exercisable in whole or in part at any time during the exercise period. Options not exercised before the expiry of the exercise period will lapse.
- (f) Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds.
- (g) The Company proposes to apply for quotation on ASX of the Options.
- (h) 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.
- (i) Options are transferable subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities laws.
- (j) 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 entitlements to the issue. 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.
- (k) 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.
- (l) If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the Option;
  - O = the old exercise price of the Option;
  - E = the number of underlying ordinary shares into which one option is exercisable;
  - P = the volume weighted average market price per ordinary security recorded on the stockmarket of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
  - S = the subscription price for a security under the pro rata issue;
  - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
  - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (m) If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

### 4.3 Rights and liabilities attaching to Shares issued on exercise of Options

The rights attaching to ownership of the Shares of the Company issued on exercise of the Options arise from a combination of the following:

- (a) the Constitution of the Company; and
- (b) in certain circumstances, the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the more significant rights attaching to the Shares of the Company is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

- **Notice of meetings**

Each Shareholder is entitled to at least 28 days' written notice of a meeting of members of the Company. Shareholders are also entitled to all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

- **Voting rights**

Subject to the Constitution and to any rights and restrictions attaching to any class of shares, at meetings of Shareholders or other classes of shareholders, each shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the shareholder is a body corporate, by representative.

On a show of hands every Shareholder present having the right to vote at the meeting has one vote. On a poll every Shareholder present has one vote for each fully paid Share and, in the case of partly paid Shares or Share held by the Shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share or Shares held.

- **Dividends**

Subject to the Corporations Act and to any special rights or restrictions attached to any Shares, Directors may from time to time authorise the Company to pay interim and final dividends as in their judgement the financial position of the Company justifies

- **Transfer of the Shares**

Transfers of Shares may be effected by an instrument of transfer in accordance with any computerised or electronic system recognised by the ASX Listing Rules or the Corporations Act including transfers effected in accordance with the ASX Settlement Operating Rules or by an instrument of transfer in any usual or common form approved by the Directors or recognised by the Corporations Act or the ASX Listing Rules.

- **Refusal to register**

The Directors, may, in their absolute discretion, refuse to register any transfer of Share or other securities where permitted to do so by the ASX Listing Rules or the ASX Settlement Operating Rules. The Directors must refuse to register any transfer of Shares or other securities when required to do so by the ASX Listing Rules or by the ASX Settlement Operating Rules. If the Directors decline to register a transfer, the Company must within five Business Days after the date of lodgement of such transfer give to the lodging party written notice of the refusal and the reasons for it.

- **Winding up**

If the Company is wound up the liquidator may, subject to a special resolution of the Company, divide the assets of the Company amongst the shareholders and may determine how the division will be carried out as between different classes of shareholders.

- **Variation of rights**

The rights attached to any class of share of the Company may, unless their terms of issue state otherwise, be varied or cancelled with the written consent of the holders of three quarters of the issued shares of the class or by a special resolution passed at a separate meeting of the shareholders of the class.

The rights conferred on holders of shares which are not Shares and which have preferential or other special rights will, unless otherwise expressly provided by their respective terms of issue, be taken to be varied or abrogated by the issue of more shares or the conversion of securities to new securities which rank equally with or in priority to those shares.

#### 4.4 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last 2 years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

is set out below.

Other than as set out below or elsewhere in this Prospectus, no-one has paid or agreed to pay any amount, and no-one has given or agreed to give any benefit to any director or proposed director:

- (d) to induce them to become, or to qualify as, a director of the Company; or
- (e) for services provided by a Director in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

Set out below are details of the interests of the Directors in the securities of the Company immediately before lodgement of this Prospectus with ASIC. Interest includes those held directly and indirectly. The table does not take into account any Entitlement Options the Directors may acquire under this Offer.

Director	Number of Shares	Number of Options	Number of Convertible Notes
Mr Jim Wall (Non Exec. Chairman)	10,002,352	nil	1,800,000
Mr Robert Besley (Non Exec. Director)	4,312,649	nil	188,577
Mr Greg Starr (Exec. Director, CEO)	1,940,528	52,000,000 <sup>#</sup>	nil
Mr Oliver Rodz (Non Exec. Director)	1,500,000	nil	nil
Mr Charles Brown (Non Exec. Director)	nil	nil	nil
Mr Lawrence Roulston (Non Exec. Director)	1,500,000	nil	nil
<sup>#</sup> 26,000,000 ex at 2.8 cents expiring 6 May 2021 and 26,000,000 ex at 3.25 cents expiring 6 May 2021, subject to vesting conditions			

## 4.5 Directors' remuneration

The non-executive Directors are paid for their services as Directors. The current maximum aggregate sum which Shareholders have fixed to be paid as fees to the non-executive Directors is \$350,000 per annum. This amount was fixed by Shareholders at the 2011 annual general meeting.

The non-executive Directors, other than the chairman, are paid annual base fees of \$50,000 each, plus superannuation. The chairman is paid annual base fees of \$100,000, plus superannuation.

Remuneration payable by the Company to non-executive Directors is not to be commission on, or a percentage of, profits or operating revenue.

The remuneration of the Chief Executive Officer is fixed by the Board and may consist of salary, bonuses or other elements, but must not be commission on, or a percentage of, profits or operating revenue.

## 4.6 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the offer of Entitlement Options under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of Entitlement Options under this Prospectus.

APP Securities Pty Ltd has provided services to the Company in connection with the Entitlement Offer. APP Securities will not be paid any fee or other consideration for those services.

Stock Assist Group Pty has also provided services to the Company in connection with the Entitlement Offer. The Company must pay Stock a fixed fee of \$6,000 in connection with those services. The fee will be paid by the issue of 1,000,000 Shares and 1,000,000 options issued on the same terms as the Entitlement Options.

DibbsBarker have acted as lawyers to the Offer and has performed work in relation to due diligence enquiries for which it will be paid an estimated \$30,000 plus GST and disbursements.

Boardroom Pty Limited provide share registry services to the Company and it is anticipated that its fees in connection with the Offer will be \$36,000 plus GST.

## 4.7 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are expected to be approximately \$81,000 plus GST (based on 50% take up of the Offer).

## 4.8 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties.

APP Securities Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as Lead Manager of the Offer in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

Stock Assist Group Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as Lead Manager of the Offer in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

Boardroom Pty Ltd has given and, as at the date of this Prospectus, has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Boardroom Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share registrar to the Company. Boardroom Pty Ltd expressly disclaims and takes no responsibility for, any part of this Prospectus.

DibbsBarker has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

The parties referred to in this Section:

- (a) do not make, or purport to make, any statement in this Prospectus other than as specified in this Section;  
  
to the maximum extent permitted by law, expressly disclaims and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (b) has not authorised or caused the issue of this Prospectus.

#### **4.9 ASIC Class Order Relief**

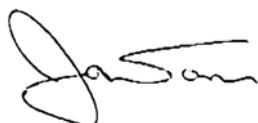
As a result of ASIC Class Order 00/843, this Prospectus is not subject to the minimum 7 day disclosure period ordinarily required under the Corporations Act.

#### **4.10 Directors' statement**

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to the lodgement of this Prospectus with ASIC under section 720 of the Corporations Act.

Signed on the date of this Prospectus on behalf of KBL Mining Limited by:



**Jim Wall**  
Chairman



## 5. DEFINITIONS AND GLOSSARY

Terms and abbreviations used in this Prospectus have the following meaning:

<b>Applicant</b>	A person who submits an Application
<b>Application</b>	An application for Entitlement Options under this Prospectus
<b>Application Form</b>	The application form attached to this Prospectus pursuant to which an Eligible Shareholder can apply for Entitlement Options
<b>Application Moneys</b>	The Issue Price multiplied by the total number of Entitlement Options applied for by an Applicant.
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	ASX Limited ABN 98 008 624 691 and, where the context requires, the market operated by ASX
<b>ASX Listing Rules</b>	The official listing rules of ASX
<b>Business Day</b>	A trading day as defined in the ASX Listing Rules
<b>Closing Date</b>	5.00pm (Sydney time) on 27 July 2016 or such other date determined by KBL
<b>Company or KBL</b>	KBL Mining Limited ACN 129 954 365
<b>Constitution</b>	The constitution of the Company
<b>Corporations Act</b>	The <i>Corporations Act</i> 2001 (Cth)
<b>Directors or Board</b>	The board of directors of the Company from time to time
<b>Eligible Shareholder</b>	Shareholders of the Company with a registered address in Australia or New Zealand on the Record Date
<b>Entitlement</b>	The entitlement of an Eligible Shareholder to subscribe for one Entitlement Option for every Share held by an Eligible Shareholder on the Record Date at an issue price of \$0.001
<b>Entitlement Options or New Options</b>	The Options to be issued under this Prospectus on the terms set out in Section 4.2
<b>Issue Price</b>	\$0.001 per Entitlement Option
<b>market price</b>	The price on the ASX excluding special crossings, overnight sales and exchange traded option exercises
<b>Offer</b>	The pro-rata non-renounceable offer of Entitlement Options on the terms and conditions of this Prospectus to Eligible Shareholders in accordance with their Entitlement
<b>Option</b>	An option to subscribe for an unissued Share
<b>Prospectus</b>	This Prospectus dated 30 June 2016 as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this Prospectus and any supplementary Prospectus
<b>Record Date</b>	The time and date for determining an Eligible Shareholder's entitlement in the Offer, being 7.00pm (Sydney time) on 6 July 2016
<b>Reserve or Ore Reserve</b>	is the economically mineable part of a measured



and/or indicated Mineral Resource

**Resource**

a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction

**Shareholders**

Holders of Shares in the Company from time to time

**Shares**

Fully paid ordinary shares in the capital of the Company

## 6. CORPORATE DIRECTORY

KBL Mining Limited	Directors	Company Secretary
<p>Level 3 2 Elizabeth Plaza North Sydney NSW 2060</p> <p>Tel: +61 2 9227 2000 Fax: +61 2 9227 2050</p>	<p>Mr Jim Wall (Non Exec. Chairman)</p> <p>Mr Robert Besley (Non Exec. Director)</p> <p>Mr Greg Starr (Exec. Director, MD, CEO)</p> <p>Mr Oliver Rodz (Non Exec. Director)</p> <p>Mr Charles Brown (Non Exec. Director)</p> <p>Mr Lawrence Roulston (Non Exec. Director)</p>	<p>Mr Ivo Polovineo</p>
Auditor	Lawyers to the Offer	Share Registry
<p>BDO Level 10 1 Margaret Street Sydney NSW 2000</p> <p>Tel: +61 2 9251 4100 Fax: +61 2 9240 9821</p>	<p>DibbsBarker Lawyers Level 9 123 Pitt Street Sydney NSW 2000</p> <p>Tel: +61 2 8233 9500 Fax: +61 2 8233 9555</p>	<p>Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000</p> <p>GPO Box 3993 Sydney NSW 2001</p>