



Level 3, 2 Elizabeth Plaza, NORTH SYDNEY NSW 2060
PO Box 98, NORTH SYDNEY NSW 2059
Phone: +61 2 9927 2000
Fax: +61 2 9927 2050
Website: www.kblmining.com.au

ACN 129 954 365

3 August 2016

ISSUE OF OPTIONS AND APPENDIX 3B

KBL Mining Limited (**KBL** or the **Company**) advises that it will issue 232,500,000 options on 4 August 2016 at an exercise price of \$0.005 per option and which will expire on 4 August 2018. These options are issued pursuant to the terms set out in resolutions 5 and 10 of the notice of general meeting held on 28 July 2016.

The Company notes that further to the announcement dated 2 August 2016 the options issued under the Entitlement Offer dated 30 June 2016 (**Entitlement Options**) will have an effective issue date of 4 August 2016 and will therefore have an expiry date of 4 August 2018.

Accordingly the options to be issued pursuant to the attached Appendix 3B are in the same class as the Entitlement Options.

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

Ivo Polovineo
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	Options expiring 4 August 2018
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	232,500,000
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)	The Options are exercisable at a price of \$0.005 and will expire on 4 August 2018.

+ See chapter 19 for defined terms.

4	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: • 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	Will rank equally with the listed class of options expiring on 4 August 2018
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	(a) 165,000,000 options issued pursuant to the placement of shares announced on 21 June 2016, whereby the Company agreed to issue to subscribers one free option (exercisable at 0.5 cents) for every one shares issued. (b) 67,500,000 options issued pursuant to the mandate arrangement with Stock Assist Group Pty Ltd in connection with the proposed fund raisings announced by the Company on 21 June 2016. Further details of the above issues were included in the notice of general meeting held on 28 July 2016
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	Nil
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)	232,500,000 options – approved under resolutions 5 and 10 at the general meeting held on 28 July 2016
6f	Number of securities issued under an exception in rule 7.2	
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
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	Not applicable
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	To be issued on 4 August 2016

+ See chapter 19 for defined terms.

8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		1,367,438,524	Ordinary fully paid shares (KBL)
		28,954,516	12% pa Convertible Notes exp 16 February 2017 (KBLGA)
		1,221,158,490	Options exercisable at \$0.005 expiring on 4 August 2018 (KBLO)

9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	Number	Class
		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
		1	Unsecured Convertible Note – residual face value \$10,000 repayable 16 May 2017

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 Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	

⁺ See chapter 19 for defined terms.

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	

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

(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

+ See chapter 19 for defined terms.

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:

- 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

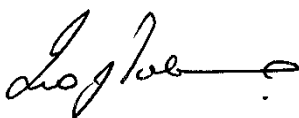
- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why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

- 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: 3 August 2016

Company Secretary

Print name:

Ivo J Polovineo

+ See chapter 19 for defined terms.

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	495,765,509
Add the following: - 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	11,450,000 – issued on 31 July 2015 74,364,826 – issued on 20 July 2015 16,781,008 – issued on 20 July 2015 # 22,569,440 – issued on 30 July 2015 # 15,779,237 – issued on 4 December 2015 # # approved at AGM held on 17 November 2015 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 7,275,132 – issued on 10 March 2016 ^ 6,946,854 – issued on 20 April 2016 ^ ^ approved at General Meeting held on 28 July 2016 283,000,000 – issued on 29 July 2016.
- Number of partly paid ordinary securities that became fully paid in that 12 month period <i>Note:</i> - 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	

<i>securities on different dates as separate line items</i>	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	1,196,062,843

Step 2: Calculate 15% of “A”

“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	179,409,426

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used

Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> <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>	6,470,588 – issued on 10 March 2016 8,000,000 – issued on 18 March 2016 6,153,846 –issued on 24 March 2016 5,833,333 – issued 31 March 2016 2,341,667 – issued 7 April 2016 10,000,000 – issued 12 April 2016 14,545,455 –issued 18 April 2016 10,909,091 – issued 22 April 2016 341,667 - shares issued 16 May 2016 12,000,000 – issued on 18 May 2016 29,780,034 – issued on 29 July 2016
“C”	106,375,681

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1

“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	179,409,426
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	106,375,681

+ See chapter 19 for defined terms.

Total ["A" x 0.15] – "C"	73,033,745 <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>	1,196,062,843
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	119,606,284
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 <i>Notes:</i> • 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>	119,606,284
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	65,000,000
Total [“A” x 0.10] – “E”	54,606,284