
Despatch of Prospectus

The Directors of KBL Mining Limited ("KBL" or "**Company**") are pleased to confirm that the Prospectus dated 30 June 2016 and the Entitlement and Acceptance Forms were despatched by mail to eligible shareholders today.

Eligible shareholders are encouraged to read the Prospectus carefully and to consider the information included as they decide whether they would like to take up the offer. The Entitlement and Acceptance Forms, together with payment, must be received by the Company's Share Registrar, Boardroom Pty Limited, by no later than 5:00pm AEST on 27 July 2016.

The Prospectus was lodged with ASX on 30 June 2016. Attached to this announcement is a copy of the Entitlement and Acceptance Form.

When taking up this offer please use the Entitlement and Acceptance Form mailed to you as it will be personalised with your details.

If you have any queries please phone Boardroom Pty Limited on (02) 9290 9600 or phone our office on (02) 9927 2000.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G. Starr'.

Greg Starr
Managing Director

About KBL Mining

KBL Mining is an Australian Resource Company listed on the ASX (KBL and KBLGA) with a current focus on producing precious metals. KBL's main assets include the Mineral Hill copper-gold-silver-lead-zinc mine near Condobolin in New South Wales and Sorby Hills lead-silver-zinc project in Western Australia. The Company has been operating the refurbished processing plant at Mineral Hill since October 2011 to produce copper-gold concentrates and in 2015 commenced producing a gold-silver concentrate and bullion. KBL also holds Sorby Hills (KBL holds 75% with Henan Yuguang Gold & Lead Co. Ltd (HYG&L) holding 25%) is a large near surface undeveloped silver-lead deposit close to port infrastructure and a short distance from Asian markets.

More information can be found on KBL's website at www.kblmining.com.au.

RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm
AEDT on 6 July 2016

Offer Closes: 5pm AEDT on 27 July 2016

NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER OF NEW OPTIONS AT AN OFFER PRICE OF A\$0.001 EACH ON THE BASIS OF 1 NEW OPTION FOR EVERY SHARE HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER. NEW OPTIONS WILL BE EXERCISEABLE AT \$0.005 EACH ON OR BEFORE 2 AUGUST 2018.

A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this Application Form **WITH YOUR APPLICATION PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this Application Form by the Closing Date with Application Payment or making Application Payment by BPAY will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

| Entitlement to New Options on the basis of 1 New Option for every Share held | Offer Price Per New Option | Amount payable for full acceptance, at A\$0.001 per New Option |
|--|----------------------------------|--|
| | A\$0.001 per New Option = | |

If you wish to accept **ONLY PART OF YOUR ENTITLEMENT** please complete this form showing in the box below the **NUMBER OF NEW OPTIONS BEING ACCEPTED** and the appropriate amount payable.

| Number of New Options accepted | Offer Price Per New Option | Amount enclosed (AUD) |
|--------------------------------|----------------------------------|-----------------------|
| | A\$0.001 per New Option = | \$ |

B Apply for additional options (if available)

If you wish to apply for additional shares to your Rights Entitlement above please insert the number of shares in the box below and the appropriate amount payable. These additional shares will only be allotted if available.

| Number of Additional Options Applied for | Price Per Share | Amount Enclosed |
|--|---------------------------------|-----------------|
| | \$0.001 per New Option = | \$ |

C Application Payment

Payment may only be made by BPAY or cheque, money order or bank draft. Cash will not be accepted via the mail or at the Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Bill Code:
Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form**
- If paying by BPAY the amount of your Application Payment received in the Share Registry's account divided by the Offer Price will be deemed to be the total number of New Options you are Applying for (rounded down to the nearest whole number).

Payment Option 2 – Cheque (Record cheque details below)

| DRAWER | CHEQUE NO. | BSB NO. | ACCOUNT NO. | AMOUNT (AUD) |
|--------|------------|---------|-------------|--------------|
| | | | | \$ |

- Only cheques, money orders or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque, money order or bank draft must be made payable to 'KBL Mining Limited' and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your Application being rejected.

THIS FORM CONTINUES OVERLEAF

C Contact Details

| CONTACT NAME | TELEPHONE WORK | TELEPHONE HOME | EMAIL ADDRESS |
|--------------|----------------|----------------|---------------|
| | () | () | |

By submitting this Application Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on this Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of KBL Mining Limited and agree to the Terms of the Offer. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Offer Document when making my/our decision to invest.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New options for which you are accepting by A\$0.001 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque, money order or bank draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 02 9290 9600
Facsimile No. 02 9279 0664

If you do not deal with your entitlement it will lapse at 5.00 pm AEDT on 27 July 2016.

PAYMENT**Cheques, money orders or Bank Draft**

All cheques, money orders or bank drafts (expressed in Australian currency) are to be made payable to "KBL Mining Limited" and crossed "Not Negotiable".

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm AEDT on 27 July 2016.

PAYMENT - Eligible Shareholders outside Australia

Eligible Shareholders outside Australia who are permitted to Apply for New Options must obtain a draft in Australian currency payable on a bank in Australia, or where the Eligible Shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed Application Form and the documents mailed to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

ELIGIBLE SHAREHOLDERS OUTSIDE AUSTRALIA ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the Application deemed to be invalid.

INTERPRETATION

Capitalised terms used in this Application Form have the same meaning as defined in the Prospectus issued by KBL Mining Limited on 30 June 2016.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

| CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY | | |
|---|--|--|
| | | |
| | | |
| | | |
| | | |
| SIGN HERE FOR ADDRESS AMENDMENTS: | | |
| | | |

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as an option holder (including your name, address and details of the options you hold) to be included in the public register of the entity in which you hold options. Information is collected to administer your option holding and if some or all of the information is not collected then it might not be possible to administer your option holding. Your personal information may be disclosed to the entity in which you hold options. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (http://www.boardroomlimited.com.au/help/Option_privacy.html).