



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

1 July 2016

## **Entitlement Offer of Options**

Dear Shareholder

On 30 June 2016, KBL Mining Limited (**KBL** or **Company**) lodged a prospectus dated 30 June 2016 (**Prospectus**) with the Australian Securities and Investments Commission (**ASIC**) offering a pro-rata non-renounceable issue of new options (**New Options**), at an offer price of \$0.001 (**Offer Price**) per New Option. This offer is for one New Option for every fully-paid ordinary share (**Shares**) recorded in the Company's register at 7.00pm (AEST) on 6 July 2016 (**Record Date**) (**Entitlement Offer**).

### **Terms of the Entitlement Offer**

If you are an Eligible Shareholder (defined below), you will be able to subscribe for one New Option for every Share you hold in the Company as at 7.00pm on the Record Date at the Offer Price of \$0.001 per New Share.

Assuming no existing options on issue in the Company are exercised, the Entitlement Offer will result in the issue of up to 989,658,490<sup>1</sup> New Options and will raise up to \$0.989 million before expenses.

### **Offer**

We believe you may be eligible to participate in the Entitlement Offer. As an Eligible Shareholder, from 11 July 2016, you will be mailed a Prospectus, together with a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) which contains details of the number of New Options for which you, as an Eligible Shareholder, are entitled to subscribe for under the Entitlement Offer.

### **Prospectus**

The Prospectus sets out:

1. the details of the Entitlement Offer;
2. the purpose and effect of the Entitlement Offer;
3. the prospective use of funds raised under the Entitlement Offer;
4. the risks involved in participating in the Entitlement Offer;
5. the rights and liabilities attaching to New Options;
6. the details of the Shortfall Offer (described below).

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<sup>1</sup> Assuming no KBL Optionholders exercise any of their options to acquire ordinary shares in the Company before the Record Date so as to participate in the Entitlement Offer.

The Prospectus may also be viewed on the ASX's website ([www.asx.com.au](http://www.asx.com.au)), as well as on the Company's website ([www.kblmining.com.au](http://www.kblmining.com.au)).

It is important that you read the Prospectus carefully and in full prior to participating in the Entitlement Offer. It is also important that you inform yourself about the Company by considering information about the Company available from the ASX. The Prospectus does not contain some of this information as it is reported to the ASX on a regular basis.

### **Participation**

Eligible Shareholders may take up their entitlement under the Entitlement Offer (**Entitlement**) in full or in part. Your Entitlement will be determined based upon the number of Shares you hold as at 7.00pm (AEST) on the Record Date.

You may apply to take up your Entitlement by completing and returning to the Company's Share Registrar, Boardroom Pty Ltd, the Entitlement and Acceptance Form, by no later than 5.00pm (AEST) on 27 July 2016 (**Closing Date**). Payment must be made by cheque payable to KBL Mining Limited or by BPAY® (as detailed in your Entitlement and Acceptance Form). The Company retains discretion to accept or reject any Entitlement and Acceptance Forms received after this time and date.

If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer (defined below).

### **Shortfall Offer**

Any Entitlements not subscribed for under the Entitlement Offer by the Closing Date will form part of a further offer under the Prospectus (the **Shortfall Offer**). Eligible Shareholders who wish to apply for New Options above their Entitlement can do so using the Shortfall Offer.

The Entitlement and Acceptance Form contains information on how to apply for further New Options under the Shortfall Offer.

Should the number of New Options applied for under the Shortfall Offer exceed the amount of New Options available for subscription, the allocation of New Options forming part of the Shortfall Offer will be determined at the sole discretion of the Board.

Some Eligible Shareholders will not be able to subscribe for Shortfall due to constraints in the Listing Rules and the *Corporations Act 2001* (Cth). It is your responsibility to ensure that you will not breach the ASX Listing Rules or the *Corporations Act 2001* (Cth) by applying to participate in the Shortfall Offer.

### **Eligibility**

The Entitlement Offer is extended to shareholders who are registered shareholders of the Company at 7.00pm on the Record Date with a registered address recorded on the Company's share register in Australia and New Zealand (**Eligible Shareholders**). Shareholders with registered addresses in countries other than Australia and New Zealand will not be entitled to participate in the Entitlement Offer.

### **Optionholders**

Persons who currently hold options in the Company (**Options**) are only eligible to participate if they exercise their Options before 7.00pm (AEST) on 6 July 2016.

**Timetable**

The indicative timetable for the Entitlement Offer is set out below.

<b>Event</b>	<b>Date</b>
Lodgement of Prospectus with ASIC	Thursday 30 June 2016
Notice to Shareholders [and Optionholders+]	Friday 1 July 2016
Lodgement of Appendix 3B	Friday 1 July 2016
Shares quoted on an ex basis	Tuesday 5 July 2016
Record Date for determining Entitlements	Wednesday 6 July 2016
Opening date and despatch of Prospectus to Shareholders	Monday 11 July 2016
Closing Date of Entitlement Offer – 5.00pm AEST	Wednesday 27 July 2016
Notify ASX of under subscriptions	Monday 1 August 2016
Issue of Entitlement Options	Tuesday 2 August 2016
Despatch date	Wednesday 3 August 2016
Commencement of trading	Wednesday 3 August 2016

Yours faithfully



Greg Starr  
**Managing Director**



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## NOTICE TO INELIGIBLE SHAREHOLDERS

Dear Shareholder

### **KBL Mining Limited — Entitlement Offer**

On 30 June 2016, KBL Mining Limited (**KBL** or **Company**) announced to the Australian Securities Exchange (**ASX**) that it would be launching a pro-rata, non-renounceable entitlement issue of options to its existing shareholders to raise up to A\$0.989 million before offer costs (**Entitlement Offer**).

### **Details of the Entitlement Offer**

Each eligible shareholder will be offered one new option in the Company (**New Option**) for every fully-paid ordinary share recorded in the Company's register at 7.00pm (AEST) on 6 July 2016 (**Record Date**) at an offer price of \$0.001 for each New Option (**Offer Price**).

You are not required to do anything in response to this letter. This letter is to inform you that unfortunately you will not be eligible to subscribe for your Entitlement under the Entitlement Offer and to explain why.

This letter is not an offer to issue New Shares to you nor is it an invitation for you to apply for New Shares.

### **Eligible shareholders**

The Company has determined that it would be unreasonable to make an offer of Entitlements to shareholders with registered addresses outside Australia and New Zealand (**Ineligible Shareholders**) after taking into account:

- the relatively small number of shareholders in those countries;
- the small number and value of securities held by Ineligible Shareholders; and
- the potential cost of complying with legal and regulatory requirements of those countries.

This is pursuant to Listing Rule 7.7.1 of the ASX Listing Rules and section 9A of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Shareholders who are eligible to participate in the Entitlement Offer are shareholders who, as at the Record Date:

- are registered as holders of fully paid ordinary shares in the Company at 7.00pm on the Record Date; and
- have an address in the Company's share register in Australia and New Zealand.

Unfortunately, according to our records, you do not satisfy the eligibility criteria stated above and the Company informs you that you will not:

- be sent a prospectus or other documents relating to the Entitlement Offer; or
- be able to subscribe for New Options (that is Entitlements) under the Entitlement Offer.

For further information on the Entitlement Offer, please contact us on +61 2 9927 2000 from 9.00am to 5.00pm (Sydney time) Monday to Friday.

If you have any further questions you should contact your accountant, stockbroker or other professional adviser.

On behalf of the Company board and management, thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G. Starr', written over a faint circular stamp or watermark.

**Greg Starr**  
Managing Director  
KBL Mining Limited