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ACN 129 954 365

31 August 2016

APPENDIX 4E

KBL Mining Limited (**KBL** or the **Company**) today releases its Appendix 4E (unaudited) for the year ended 30 June 2016.

The Company's financial performance during the year was adversely affected by a severe weather event in mid June 2016, resulting in cracking below the haul access road in the Pearse Pit. Remedial work was carried out immediately and production recommenced in mid July. The Company is undertaking a programme of negotiations to mitigate the impacts on production and cashflow arising from this event. Those negotiations are underway at present.

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

G B Starr
Managing Director



KBL Mining Limited

ABN 38 129 954 365

Appendix 4E

2016

KBL Mining Limited
Corporate Directory

Directors	J A Wall R E Besley G B Starr O Rodz L Roulston C Brown
Company Secretary	H Roberts
Registered office and principal place of business	Level 3, 2 Elizabeth Plaza NORTH SYDNEY NSW 2060 Telephone: +61 2 9927 2000 Facsimile: +61 2 9927 2050 Email: info@kblmining.com.au
Share Registry	Boardroom Pty Limited Level 7, Kent Street SYDNEY NSW 2000 Telephone: 1300 737 760 Facsimile: 1300 653 459
Auditor	BDO East Coast Partnership Level 11, 1 Margaret Street SYDNEY NSW 2000
Bankers	St George Bank Level 3, 1 Chifley Square SYDNEY NSW 2000
ASX Codes	KBL – Shares KBLGA – Convertible Notes KBLO – Options
Website	www.kblmining.com.au

KBL Mining Limited
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Appendix 4E

This information should be read in conjunction with the attached 2016 Financial Report

Name of entity

KBL Mining Limited

ABN or equivalent company reference	Half-yearly (tick)	Preliminary final (tick)	Financial year ended ('current period')
38 129 954 365		✓	Financial year ended 30 June 2016

Details of the reporting period and the previous corresponding period

Current period: 1 July 2015 to 30 June 2016

Previous corresponding period: 1 July 2014 to 30 June 2015

Results for announcement to the market⁽¹⁾

	Year ended 30 June 2016 \$'000	Year ended 30 June 2015 \$'000	Changes from previous corresponding period \$'000	Change from previous corresponding period %
Total revenue	33,868	26,282	7,586	29%
Loss from ordinary activities after tax	(10,597)	(34,240)	23,643	69%
Net Loss attributable to members	(10,597)	(34,240)	23,643	69%

Dividends per ordinary shares

No dividends were declared or paid during the financial year.

Not applicable

Net tangible assets per security	30 June 2016 (cents)	30 June 2015 (cents)
	(0.37)	(1.61)

Details of entities over which control has been gained or lost during the financial year.

None

Investment in associates and joint venture entities

Sorby Hills Joint Venture 75%

Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified

During the reporting period, the Company appointed Westech (HK) Limited as Equipment Procurement and Construction Manager (EPCM) for the installation of the A\$8 million Carbon in Leach Plant (CIL) at KBL's Mineral Hill Mine. Westech International Limited had earlier provided the engineering design for the CIL. Unfortunately, the provision of critical equipment impeded the construction process and the CIL was unable to be completed on schedule.

The CIL construction was delivered over budget and the first gold pour was completed in January 2016, approximately 2 months later than forecast. This had a sustained effect on forecast cash flow during the period.

Following construction completion, an extended commissioning phase limited initial CIL performance. Complete processing optimisation was not achieved until March 2016 with the commissioning of the carbon regeneration kiln (some three months late).

Further unbudgeted expenditure was attributed to the installation of a second filter press necessary to increase plant throughput and allow production of saleable high grade gold-silver concentrate from the Pearse ore.

On rectification of plant issues and final optimisation of the Pearse processing, record production was achieved during the March 2016 quarter; producing some 9,209oz of gold and 111,826oz of silver. These results continued during April and May though following a severe weather event in early June 2016, cracking occurred beneath the haul access road within the Pearse Pit causing a cease in mining operations.

Remedial work to re-establish the haul road was sufficiently completed on the 12th July to enable access to the pit bottom to resume mining operations. While the initial estimate of the cost of this remedial work was \$1 million, the final cost of the work is yet to be finalised but is not expected to adversely affect the Financial Statements.

Status of audit

The accounts have not yet been audited.

KBL Mining Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated	
		2016	2015
		\$	\$
Revenue from continuing operations		33,868,125	26,281,978
Other income		9,828	885,548
Expenses			
Raw materials and consumables used		(23,128,428)	(27,256,873)
Employee benefits expense		(6,574,661)	(5,985,481)
Depreciation and amortisation expense		(4,984,197)	(3,641,059)
General and administration expense		(3,552,655)	(3,291,000)
Finance costs		(4,478,729)	(2,555,196)
Impairment of exploration assets		-	(1,390,141)
Impairment of mining assets		-	(17,275,640)
Share of joint venture loss		(20,070)	(12,224)
Loss from foreign exchange		(1,735,810)	-
Loss before income tax from continuing operations		(10,596,597)	(34,240,088)
Income tax benefit		-	-
Loss after income tax from continuing operations		(10,596,597)	(34,240,088)
Loss after income tax for the year attributable to members of the parent entity		(10,596,597)	(34,240,088)
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to members of the parent entity		(10,596,597)	(34,240,088)

	Cents	Cents
Earnings per share from continuing operations attributable to the owners of KBL Mining Limited		
Basic earnings per share	(1.57)	(7.91)
Diluted earnings per share	(1.57)	(7.91)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with accompanying notes.

KBL Mining Limited
Consolidated statement of financial position
As at 30 June 2016

		Consolidated	
	Note	2016	2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		593,172	4,139,475
Trade and other receivables		2,020,201	2,149,378
Other financial assets		-	200,000
Inventories		817,279	2,004,891
Total current assets		<u>3,430,651</u>	<u>8,493,744</u>
Non-current assets			
Other financial assets		1,659,000	1,497,000
Property, plant and equipment	2	23,413,847	16,039,693
Mining property	3	27,348,232	18,091,942
Investment in joint ventures		12,599,636	12,168,406
Exploration and evaluation		1,355,985	311,248
Total non-current assets		<u>66,376,700</u>	<u>48,108,289</u>
Total assets		<u>69,807,350</u>	<u>56,602,033</u>
Liabilities			
Current liabilities			
Trade and other payables	4	18,095,424	9,838,128
Financial liabilities	5	5,416,514	2,925,414
Deferred revenue	7	3,461,066	3,988,485
Provisions		502,453	397,865
Convertible notes	9	10,518,638	-
Total current liabilities		<u>37,994,095</u>	<u>17,149,892</u>
Non-current liabilities			
Financial liabilities	6	1,795,982	1,723,834
Deferred revenue	8	24,403,429	18,251,098
Convertible notes	9	-	10,524,332
Provisions		728,980	645,115
Total non-current liabilities		<u>26,928,391</u>	<u>31,144,379</u>
Total liabilities		<u>64,922,486</u>	<u>48,294,271</u>
Net assets		<u>4,884,865</u>	<u>8,307,762</u>
Equity			
Issued capital	10	76,295,121	69,930,268
Reserves		3,586,090	3,253,515
Accumulated losses		(74,996,346)	(64,876,021)
Total equity		<u>4,884,865</u>	<u>8,307,762</u>

The above consolidated statement of financial position should be read in conjunction with accompanying notes.

KBL Mining Limited
Consolidated statement of changes in equity
For the year ended 30 June 2016

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Consolidated				
Balance at 1 July 2015	69,930,268	3,253,515	(64,876,021)	8,307,762
Loss after income tax benefit for the year	-	-	(10,596,597)	(10,596,597)
Transfer between reserves	-	(476,272)	476,272	-
Total comprehensive income for the year	69,930,268	(476,272)	(10,120,325)	(10,596,597)
<i>Transactions with owners in their capacity as owners:</i>				
Ordinary shares issued	6,544,853	-	-	6,544,853
Transaction costs	(180,000)	-	-	(180,000)
Share-based payments	-	808,847	-	808,847
Total	6,364,853	808,347	-	7,173,700
As at 30 June 2016	76,295,121	3,586,090	(74,996,346)	4,884,865
	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Consolidated				
Balance at 1 July 2014	67,846,445	2,651,120	(31,015,893)	39,481,672
Loss after income tax benefit for the year	-	-	(34,240,088)	(34,240,088)
Transfer between reserves	-	(379,960)	379,960	-
Total comprehensive income for the year	-	(379,960)	(33,860,128)	(34,240,088)
<i>Transactions with owners in their capacity as owners:</i>				
Ordinary shares issued	2,083,823	-	-	2,083,823
Share-based payments	-	982,355	-	982,355
Total	2,083,823	982,355	-	3,066,178
As at 30 June 2015	69,930,268	3,253,515	(64,876,021)	8,307,762

The above consolidated statement of changes in equity should be read in conjunction with accompanying notes.

KBL Mining Limited
Consolidated statement of cash flows
For the year ended 30 June 2016

Note	Consolidated	
	2016 \$	2015 \$
Cash flows from operating activities		
Cash receipts during the course of operations	30,898,311	27,585,925
Payments to suppliers and employees	(21,830,230)	(32,891,657)
Interest received	48,131	169,182
Interest paid	(2,800,891)	(1,427,611)
Net cash provided/(used in) by operating activities	6,315,321	(6,564,161)
Cash flows from investing activities		
Payments for development	(11,728,800)	(5,313,162)
Payments for plant and equipment	(9,885,845)	(818,772)
Payments for assets under construction	-	(6,149,609)
Payments for exploration and evaluation	(1,044,736)	(339,921)
Payments for other financial assets	-	(200,000)
Payments for investment in joint venture	(451,300)	(398,250)
Net cash used in investing activities	(23,110,681)	(13,219,714)
Cash flows from financing activities		
Proceeds from issue of equity securities	6,544,853	2,083,822
Proceeds from deferred revenue	3,890,957	23,586,588
Payment of share issue costs	(180,000)	-
Proceeds from borrowings	6,872,497	5,768,667
Repayment of borrowings	(3,879,250)	(14,801,036)
Net cash provided by financing activities	13,249,057	16,638,041
Net decrease in cash and cash equivalents	(3,546,303)	(3,145,834)
Cash at the beginning of the financial year	4,139,475	7,285,309
Cash at the end of the financial year	593,172	4,139,475

The above consolidated statement of cash flows should be read in conjunction with accompanying notes.

KBL Mining Limited
Consolidated notes to the financial statements
30 June 2016

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements for the reporting period ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

KBL Mining Limited
Consolidated notes to the financial statements
30 June 2016

Note 2. Non-current assets - property, plant and equipment

	Consolidated	
	2016	2015
	\$	\$
Plant and equipment at cost	28,793,469	13,481,326
Less: Accumulated depreciation	(7,075,550)	(4,897,666)
	<u>21,717,919</u>	<u>8,583,660</u>
Assets under construction at cost	-	6,815,287
Less: Accumulated depreciation	-	-
	<u>-</u>	<u>6,815,287</u>
Mining building at cost	155,873	148,068
Less: Accumulated depreciation	(73,216)	(57,483)
	<u>82,657</u>	<u>90,585</u>
Mobile plant at cost	2,216,629	852,509
Less: Accumulated depreciation	(638,478)	(366,252)
	<u>1,578,151</u>	<u>486,257</u>
Office equipment at cost	340,771	332,072
Less: Accumulated depreciation	(305,651)	(268,168)
	<u>35,120</u>	<u>63,904</u>
Total property, plant & equipment	<u>23,413,847</u>	<u>16,039,693</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment \$	Assets under construction \$	Mine buildings \$	Mobile plant \$	Office equipment \$	Total \$
Consolidated						
Balance at 1 July 2014	9,832,048	-	104,424	575,260	137,016	10,648,748
Additions	126,175	6,815,287	1,070	21,355	4,494	6,968,381
Disposals	-	-	-	-	-	-
Depreciation expense	(1,374,563)	-	(14,909)	(110,358)	(77,606)	(1,577,436)
Depreciation disposal	-	-	-	-	-	-
Balance at 30 June 2015	<u>8,583,660</u>	<u>6,815,287</u>	<u>90,585</u>	<u>486,257</u>	<u>63,904</u>	<u>16,039,693</u>
Additions	8,497,856	-	7,805	1,364,120	8,699	9,878,480
Disposal	-	-	-	-	-	-
Transfer	6,815,287	(6,815,287)	-	-	-	-
Depreciation expense	(2,177,884)	-	(15,733)	(272,226)	(37,483)	(2,503,326)
Depreciation disposal	-	-	-	-	-	-
Balance at 30 June 2016	<u>21,769,014</u>	<u>-</u>	<u>82,657</u>	<u>1,578,151</u>	<u>35,120</u>	<u>23,413,847</u>

KBL Mining Limited
Consolidated notes to the financial statements
30 June 2016

Note 3. Non-current assets – mining property

	Consolidated	
	2016	2015
	\$	\$
Mining property - at cost	61,512,245	49,783,445
Less: Accumulated amortisation	(8,246,600)	(5,774,090)
Less: Impairment	(25,917,413)	(25,917,413)
	<u>27,348,232</u>	<u>18,091,942</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated	
	2016	2015
	\$	\$
Movement in carrying amounts:		
Balance at beginning of year	18,091,942	31,060,382
Additions	11,728,800	5,313,162
Transfer from exploration	-	1,057,661
Amortisation	(2,472,510)	(2,063,623)
Impairment	-	(17,275,640)
Carrying amount at end of year	<u>27,348,232</u>	<u>18,091,942</u>

The recoverable amount of the mining property has been determined by a value-in-use calculation.

Key assumptions used 2016:

- Life of mine remaining – 9.0 years
- Pre-tax discount rate of 18.9%
- Exchange rate of AUD/USD 0.75
- Commodity prices:
 - Copper US\$4,880 per tonne
 - Gold US\$1,360 per ounce
 - Silver US\$21 per ounce
 - Lead US\$1,805 per tonne
 - Zinc US\$2,265 per tonne

KBL Mining Limited
Consolidated notes to the financial statements
30 June 2016

Note 4. Current liabilities - trade and other payables

	Consolidated	
	2016	2015
	\$	\$
Trade payables	16,696,447	6,404,613
Other payables	1,398,977	3,433,515
	<u>18,095,424</u>	<u>9,838,128</u>

Note 5. Current liabilities – financial liabilities

	Consolidated	
	2016	2015
	\$	\$
Amount due in hire purchase facilities	546,068	257,152
Amount due to insurance premium funding	73,206	66,805
Amount due to MRI Trading AG	4,797,240	2,601,457
	<u>5,416,514</u>	<u>2,925,414</u>

Note 6. Non-current liabilities – financial liabilities

	Consolidated	
	2016	2015
	\$	\$
Amount due in hire purchase facilities	1,795,982	1,723,834
	<u>1,795,982</u>	<u>1,723,834</u>

KBL Mining Limited
Consolidated notes to the financial statements
30 June 2016

Note 7. Current liabilities – revenue in advance

	Consolidated	
	2016	2015
	\$	\$
Revenue in advance	<u>3,461,066</u>	<u>3,988,485</u>
	<u>3,461,066</u>	<u>3,988,485</u>

The revenue in advance is amortised over the life of Mineral Hill on gold equivalent production calculation. The current balance represents forecast production in FY2017.

Note 8. Non-current liabilities – revenue in advance

	Consolidated	
	2016	2015
	\$	\$
Revenue in advance	<u>24,403,429</u>	<u>18,251,098</u>
	<u>24,403,429</u>	<u>18,251,098</u>

KBL Mining Limited
Consolidated notes to the financial statements
30 June 2016

Note 9. Convertible notes

	Consolidated	
	2016	2015
	\$	\$
Balance at the beginning of the year	10,524,332	10,270,459
Unwinding of finance costs	(5,694)	253,873
Carrying amount at the end of the year	10,518,638	10,524,332

The notes are unsecured, have a 5.5 year term (February 2017) and bear interest at a rate of 12% per annum. The notes can be converted into ordinary shares of the company on a 1 note for 1 share basis at the option of the note holder at quarterly conversion points and at certain other times.

Note 10. Equity - issued capital

	Consolidated		Consolidated	
	2016	2015	2016	2015
	Shares	Shares	\$	\$
Ordinary shares - fully paid	989,658,490	495,765,509	76,295,121	69,930,268

Movements in ordinary share capital

Details	No of shares	\$
Carrying amount at 1 July 2014	393,535,629	67,846,445
Shares issued in terms of employee incentive plans	3,000,000	-
Shares issued during the year	99,229,880	2,083,823
Carrying amount at 30 June 2015	495,765,509	69,930,268
Shares issued in terms of employee incentive plans	21,950,000	-
Shares issued during the year	471,942,981	6,364,853
Carrying amount at 30 June 2016	989,658,490	76,295,121

Note 11. Events since the end of the financial year

There are no events since the end of the financial year.