



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

6 September 2016

Clarification of Conversion Process for Convertible Notes

KBL Mining Limited (**KBL** or the **Company**) has issued a number of convertible notes (the **Convertible Notes**) to investors pursuant to Resolution 7 (**Resolution 7**) considered and approved by shareholders at the Company's General Meeting on 28 July 2016 (the **Meeting**).

A number of the Convertible Notes have been converted to fully paid ordinary shares. The issue of the Convertible notes and subsequent conversions have been addressed in recent Appendix 3B Notices lodged by the Company.

The Company advises that:

1. The issue of the Convertible Notes and subsequent conversions have been undertaken in accordance with the terms of Resolution 7.
2. The wording set out in Resolution 7 generally (and at point (i) in particular), combined with the tabulated example calculations at the top of page 11 of the Notice of Meeting, make it clear that the final step in the process of conversion of the Convertible notes is a round-down to the nearest \$0.001.
3. On each Convertible Note conversion the conversion calculation and VWAP calculations provided by and relied upon by the Convertible Note holder are independently verified by the Company.

A handwritten signature in black ink, appearing to be 'G B Starr', written in a cursive style.

G B Starr
Managing Director