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ACN 129 954 365

25 August 2016

APPENDIX 3B AND NOTICE UNDER SECTION 708A(5) OF THE CORPORATIONS ACT

KBL Mining Limited (**KBL** or the **Company**) releases this Appendix 3B today, 25 August 2016, related to the following movements in capital.

1. The increase in the Company's quoted class of options coded KBLO from 1,473,354,120 (per the second Appendix 3B released on 22 August 2016) to 1,474,354,120 (an increase of 1,000,000 KBLO). This change is the correction of a typographic error.
2. The issue of an additional 40 convertible notes, for total face value of \$400,000 in accordance with the approval set out in Resolution 7 at the Company's Shareholder Meeting held on 28 July 2016.
3. The Conversion of 15 (\$150,000 face value) convertible notes referred to in 2. above, resulting in the issue of a total of 75,000,000 new, quoted shares coded KBL. The convertible notes were converted on the basis of the formula set out in Resolution 7 the Company's Shareholder Meeting held on 28 July 2016 and approved by the Company's shareholders.
4. The issue of 2,000,000 shares coded KBL and 66,666,667 new, unquoted options expiring 25 August 2018 and with exercise price \$0.003 in consideration of fees for issue of the convertible notes at 2. above. The issue of these securities takes place under the Company's ASX Listing Rule 7.1 capacity.

The Company has therefore today issued 77,000,000 ordinary shares as set out in the attached Appendix 3B. With regard to that share issue, the Company gives notice under Section 708A(5)(e)(i) of the Corporations Act 2001 (Cth) ("Act") that:

1. *the abovementioned shares were issued without disclosure to investors under Part 6D.2 of the Act.*
2. *as at the date of this notice the Company has complied with:*
 - (a) *the provisions of Chapter 2M of the Act as they apply to the Company; and*
 - (b) *section 674 of the Act; and*



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3. as at the date of this notice there is no information to be disclosed which is “excluded information” as defined in subsection 708A(7) and (8) of the Act that is reasonable for investors and their professional advisors to find in a disclosure document.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'H Roberts', written over a horizontal line.

Heath Roberts
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

1. Unlisted Convertible Notes
2. Shares
3. Unlisted Options

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

1. 40 Unlisted Convertible notes
2. 77,000,000 Shares
3. 66,666,667 Unlisted Options

+ See chapter 19 for defined terms.

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)	1. Unlisted Convertible Notes (per Res 7, EGM 28 July 2016) 2. Fully paid Ordinary Shares coded KBL 3. Unlisted Options, \$0.003 exercise price, expiry 25 August 2018
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	1. No – will rank with fully paid Ordinary Shares coded KBL on conversion. No dividend entitlement until converted. 2. Yes - Fully paid Ordinary Shares coded KBL 3. No – will rank with fully paid Ordinary Shares coded KBL on exercise. No dividend entitlement until exercised.
5 Issue price or consideration	1. Unlisted Convertible Notes - \$400,000 face value 2. 77,000,000 Shares – 75,000,000 at \$0.002 per Convertible Note conversion terms approved by Shareholders at shareholders meeting 28 July 2016, 2,000,000 at \$0.003 as fees 3. 66,666,667 Unlisted Options – nil – issued as fees.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1., 2. and 3. – raise working capital

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	2. 2,000,000 Shares – at \$0.003 per share as fees 4. 66,666,667 Unlisted Options – nil – issued as fees.
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)	1. 40 Unlisted Convertible Notes - \$400,000 face value – Res 7 EGM 28072016 2. 75,000,000 Shares – 75,000,000 per Convertible Note conversion terms approved by Shareholders Res 7 EGM 28072016
6f	Number of securities issued under an exception in rule 7.2	Nil
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	N/A

+ See chapter 19 for defined terms.

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	25 August 2016

8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		2,256,186,800	Ordinary fully paid shares (KBL)
		28,954,516	12% pa Convertible Notes exp 16 February 2017 (KBLGA)
		1,474,354,120* <u>*This number increased by 1,000,000 from the second Appendix 3B released 22 August 2016 to correct typographic error</u>	Options exercisable at \$0.005 expiring on 4 August 2018 (KBLO)

	Number	Class
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9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	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
		50,000,000	Opts exp 12 August 2016 ex price 0.6 cents
		1	Unsecured Convertible Note – residual face value \$10,000 repayable 16 May 2017
		2	Unsecured Convertible Notes – face value \$10,000 each repayable 12 August 2017
		25	Unsecured Convertible Notes* – face value \$10,000 each repayable 12 August 2017
			*Net result of issue today of 40 new unsecured convertible notes and simultaneous exercise of 15 of those convertible notes.
		66,666,667	Opts exp 25 August 2016 ex price 0.3 cents
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

⁺ See chapter 19 for defined terms.

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	
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	

+ See chapter 19 for defined terms.

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 - (a) **50,000,001 Ordinary shares**

(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

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)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 60px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class				

Quotation agreement

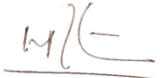
- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why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

+ See chapter 19 for defined terms.

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: 25 August 2016

Company Secretary

Print name:

Heath Roberts

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	620,930,783
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 - 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 securities on different dates as separate line items	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 ^ 283,000,000 – issued 29 July 2016 ^. 166,304,435 – issued 4 August 2016 ^ 89,763,963 – issued 9 August 2016 ^ 37,500,000 – issued 12 August 2016 ^ 243,439,934– issued 15 August 2016^ 50,000,001– issued 16 August 2016^ 50,000,000– issued 17 August 2016^ 75,000,000– issued 18 August 2016^ 40,000,000– issued 22 August 2016^ 58,677,443– issued 22 August 2016^ 70,000,000 – issued 25 August 2016^ This Appendix 3B ^ approved at General Meeting held on 28 July 2016
Subtract the number of fully paid ordinary securities cancelled during that 12 month	-

+ See chapter 19 for defined terms.

period	
“A”	2,076,748,619

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	311,512,292
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 1,062,500 – shares issued on 12 Aug 2016 50,000,000 – options issued 12 Aug 2016 2,000,000 - shares issued 25 Aug 2016 66,666,667 – options issued 25 Aug 2016
“C”	226,104,848
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>	311,512,292
Subtract “C”<i>Note: number must be same as shown in Step 3</i>	226,104,848

Total ["A" x 0.15] – "C"	85,407,444 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>
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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>	2,076,748,619
Step 2: Calculate 10% of "A"	
"D"	0.10 <i>Note: this value cannot be changed</i>
Multiply "A" by 0.10	207,674,861
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>	207,674,861
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	65,000,000
Total [“A” x 0.10] – “E”	142,674,861