



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

12 August 2016

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

KBL Mining Limited (**KBL** or the **Company**) has today issued 38,562,500 ordinary shares as part of the issues of securities in the attached Appendix 3B.

Accordingly 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
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.

A handwritten signature in black ink, appearing to read 'Ivo Polovineo', written in a cursive style.

Ivo Polovineo
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	(a) Ordinary Shares (b) Unlisted Options (c) Unlisted Convertible Notes
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	(a) 38,562,500 Ordinary Shares (b) 50,000,000 Unlisted options (c) 50 Unsecured Convertible Notes

+ See chapter 19 for defined terms.

<p>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)</p>	<p>(a) N/A</p> <p>(b) Unlisted Options exercisable at 0.6 cents each expiring 3 years after date of issue.</p> <p>(c) Unsecured Convertible Notes</p> <ul style="list-style-type: none"> • Each note with a face value \$10,000 – total face value \$500,000 • Repayable in 12 months • No interest coupon • If the holder elects to convert into KBL shares, the conversion price is the lesser of: <ul style="list-style-type: none"> 85% of the average of the two (2) lowest daily VWAPs per Share during the fifteen (15) consecutive trading days immediately prior to the relevant conversion date notice - rounded down to 1 decimal point of 1 cent (or if the VWAP calculation results in a Share price of less than \$0.006, then 80% of that amount) or: \$0.006 per share.
<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>(a) Rank equally with existing Ordinary Shares</p> <p>(b) No - The shares issued on exercise of the Options will rank equally with existing Ordinary Shares</p> <p>(c) No - The shares issued on conversion of the Convertible Notes will rank equally with existing Ordinary Shares</p>

5	Issue price or consideration	<p>(a) 38,562,500 shares issued at 0.4 cents per share.</p> <p>(b) Nil</p> <p>(c) \$500,000 face value – consideration received \$425,000</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>Issue of Convertible Notes to provide working capital.</p> <p>The other securities are issued in support of the convertible note arrangement details of which were set out in the notice of general meeting held on 28 July 2016.</p>
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i> , 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	<ul style="list-style-type: none"> 1,062,500 ordinary shares 50,000,000 unlisted options
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)	<ul style="list-style-type: none"> 37,500,000 ordinary shares for \$150,000 consideration – general meeting held on 28 July 2016 (Resolution 8) 50 Convertible Notes of \$10,000 each - general meeting held on 28 July 2016 (Resolution 7)

+ See chapter 19 for defined terms.

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	Not applicable
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	12 August 2016

8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Number	⁺ Class
		1,662,069,422	Ordinary fully paid shares (KBL)
		28,954,516	12% pa Convertible Notes exp 16 February 2017 (KBLGA)
		1,221,158,490	Options exercisable at \$0.005 expiring on 4 August 2018 (KBLO)

	Number	Class
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
	50	Unsecured Convertible Notes – face value \$10,000 each repayable 12 August 2017
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	<p>Names of countries in which the entity has ⁺security holders who will not be sent new issue documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p>	
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) **38,562,500 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

<p>40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	
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<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	
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42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38)	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: 12 August 2016

Company Secretary

Print name:

Ivo J Polovineo

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: <ul style="list-style-type: none"> 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 <p><i>Note:</i></p> <ul style="list-style-type: none"> 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 	<p>15,779,237– issued on 4 December 2015 # # approved at AGM held on 17 November 2015</p> <p>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</p> <p>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 – this issue ^ ^ approved at General Meeting held on 28 July 2016</p>
Subtract the number of fully paid ordinary securities cancelled during that 12 month	-

+ See chapter 19 for defined terms.

period	
“A”	1,489,631,241

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	223,444,686
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <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> 	<p>6,470,588 – issued on 10 March 2016</p> <p>8,000,000 – issued on 18 March 2016</p> <p>6,153,846 –issued on 24 March 2016</p> <p>5,833,333 – issued 31 March 2016</p> <p>2,341,667 – issued 7 April 2016</p> <p>10,000,000 – issued 12 April 2016</p> <p>14,545,455 –issued 18 April 2016</p> <p>10,909,091 – issued 22 April 2016</p> <p>341,667 - shares issued 16 May 2016</p> <p>12,000,000 – issued on 18 May 2016</p> <p>29,780,034 – issued on 29 July 2016</p> <p>1,062,500 – shares – this issue</p> <p>50,000,000 – options – this issue</p>
“C”	157,438,181
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	223,444,686
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	157,438,181
Total [“A” x 0.15] – “C”	<p>66,006,505</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

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>	1,489,631,241
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	148,963,124
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> <ul style="list-style-type: none"> • 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>	148,963,124
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	65,000,000
Total [“A” x 0.10] – “E”	83,963,124