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Circular to Creditors, Noteholders, and  
Employees

Our ref 30652499\_4

25 September 2017

Dear Sir / Madam

**KBL Mining Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 129 954 365 (“the Company” or “KBL”)**

**RE: Status of negotiations with interested parties and payment of ASX annual listing fee**

I refer to our appointment as Joint & Several Deed Administrators of the Company on 2 May 2017, and to our circular to creditors dated 27 June 2017 (“the 27 June Circular”) notifying creditors of execution of the Deed of Company Arrangement (“the DOCA”), ongoing issues with the original Proponent of the DOCA, and next steps.

The purpose of this circular is to update creditors on the status of ongoing negotiations with two interested parties and payment of the Company’s ASX annual listing fee.

*KBL ASX annual listing fee has been paid*

Several queries have been received regarding the KBL ASX listing fee, we confirm that the Company’s ASX annual listing fee totalling \$27,500 (incl. GST) was paid on Friday, 25 August 2017, within the timeframe for payment allowed by the ASX, hence the company remains listed. The Company’s shares remain suspended from trading pending the outcome of current negotiations around next steps for the Company.

*Advanced ongoing negotiations with two interested parties*

Following the 27 June Circular, we have continued liaising with two parties regarding their interest in proposing a variation to the DOCA.

On Friday 14 July 2017 we held a meeting with your Committee of Inspection (“the Committee”) to discuss the proposals received and to take the Committee’s view in respect of the offers. Following that meeting, we followed direction from the Committee to investigate certain aspects of one of the proposals further.

On Friday 18 August 2017, we received a revised draft proposed variation to the DOCA from one of the parties referred to in the 27 June Circular and we continue to liaise with each party in relation to their respective offers.

*Next steps*

The Deed Administrators intend to provide a more substantive update to creditors as soon as practicable regarding next steps and to convene a meeting of creditors for creditors to consider the options available for the Company and creditors.

There is no action required of creditors at this stage; we are conscious that negotiations can take some time between parties in these circumstances, and we look forward to reporting to creditors on the options available for generating potential returns to creditors as soon as practicable.

Please refer to the KBL Information Page for further information relating to KBL (accessible via the following: [kpmg.com/au/kbl-mining](http://kpmg.com/au/kbl-mining)) - this page contains links to our reports, circulars, and other information for creditors.

Should you have any queries regarding the above, please contact us via email at [AU-FM-kbl-mining@kpmg.com.au](mailto:AU-FM-kbl-mining@kpmg.com.au) or [kbl@kpmg.com.au](mailto:kbl@kpmg.com.au) (same email abbreviated).

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Matthew Woods'.

Matthew Woods  
Joint & Several Deed Administrator