



Advisory
Level 38 Tower Three
300 Barangaroo Avenue
Sydney NSW 2000

P O Box H67 Australia Square
Sydney NSW 1213
Australia

ABN: 51 194 660 183
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

Circular to Creditors and Employees

Our ref 27517049_2

19 September 2016

Dear Sir/Madam

KBL Mining Limited (Administrators Appointed) (Receivers and Managers Appointed)
ACN: 129 954 365
("the Company")

I refer to previous correspondence and communication regarding the Company and advise that on 19 September 2016 the secured creditor of the Company appointed Martin Jones, Andrew Smith and Ryan Eagle of Ferrier Hodgson as Receivers and Managers over the assets and undertakings of the Company.

Trading Arrangements and Closure of Administrators' account

The effect of that appointment is that the Receivers immediately take full control of the affairs of the Company including liability for all debts incurred from 19 September 2016. We anticipate the Receivers will be in contact shortly to formally notify you of their appointment and the arrangements they wish to enter into with creditors and employees.

Accordingly, creditors are requested to close any accounts opened in the name of the Administrators effective 18 September 2016 and issue a final invoice to AU-FM-KBL-Mining@kpmg.com.au at your earliest convenience.

Employees

As Administrators we are responsible for meeting the wages of staff during the period of our appointment (together with any accrued annual leave) being the period of 8 September 2016 to 18 September 2016. Any outstanding wages and accrued annual leave for this period will be paid to employees in due course.

First meeting of creditors

Notwithstanding the appointment of receivers the administration of the Company continues but subject to the role of the Receivers.

Accordingly, the first meeting of creditors called for 20 September 2016 at 10.30am will proceed as planned and creditors should refer to our circular dated 12 September 2016 for full details.

As advised in our earlier circular the purpose of the meeting is to allow creditors to determine whether a committee of creditors should be appointed (and if so determine its composition), and to consider the appointment of an alternative administrator should such a resolution be put before the meeting.

Consignment stock/Retention of Title/Pledges/PMSI

If you supplied consignment stock to the Company, or believe you provided stock subject to a 'Retention of Title' clause, please contact Ferrier Hodgson regarding your claimed interest.

If you claim a lien / pledge / Purchase Money Security Interest or hold a Personal Properties and Securities Registration over any of the Company's assets, you are asked to contact Ferrier Hodgson as a matter of urgency.

Leased Assets

Pursuant to section 443B of the Corporations Act, liability under lease or hire agreements does not commence until more than five business days following our appointment. Further, pursuant to section 440C of the Corporations Act, the owner or lessor of property that is used or occupied by the Company is stayed from removing or otherwise taking possession of that property without leave of the Court or written consent from the Administrators.

With the appointment of Receivers they will be responsible for any rent payable under a lease or hire agreement from and including 19 September 2016.

If you are the owner or lessor of property that is currently used or occupied by the Company, we request you send particulars of this arrangement to our office immediately together with your invoice for the period 15 to 18 September 2016 inclusive.

Noteholders

As Administrators we have continued to liaise closely with the Trustee since our appointment regarding the conduct of the administration and Noteholders' position generally. This Circular is sent directly to Noteholders with the Trustee's permission.

Future Communication

As previously advised any creditors wishing to receive any future communication by email, please email KPMG at AU-FM-KBL-Mining@kpmg.com.au and provide your name, name of the creditor entity which you represent (if applicable) and the amount of your claim.

All queries in relation to this matter should be directed to AU-FM-KBL-Mining@kpmg.com.au.

Yours faithfully



Matthew Woods
Joint and Several Administrator