

# Declaration of Independence, Relevant Relationships and Indemnities

## Section 436DA(5) of the Corporations Act 2001 (the "Act")

12 September 2016

### KBL Mining Limited (Administrators Appointed) ACN: 129 954 365 ("the Company")

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
  - i the circumstances of the appointment;
  - ii any relationships with the Company and others within the previous 24 months;
  - iii any prior professional services for the Company within the previous 24 months;
  - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners, KPMG Australia partnership and related parties covered by the extended definition of firm.

#### **A. Independence**

We, Matthew Woods and Stephen Vaughan of the KPMG Australia partnership ("KPMG Australia"), care of KPMG Level 38 Tower Three, 300 Barangaroo Avenue, Sydney New South Wales 2000 have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

#### **B. Declaration of Relationships**

##### **i. Circumstances of appointment**

This appointment was referred to us by the Company's solicitor, Macaire Bromley of DibbsBarker.

We believe that this referral does not result in a conflict of interest or duty because the referral was unconditional; and referrals from solicitors, business advisors and accountants are commonplace and do not impact on our independence in carrying out our duties as Administrators.

On the morning of 7 September 2016, Ms Bromley of DibbsBarker telephoned one of our partners, Mr Carl Gunther and advised that she had been asked by the Company to contact KPMG about a possible appointment of administrators and whether we would consider acting and consenting to an appointment.

We had a telephone conversation with Ms Bromley and a subsequent call with Ms Bromley and Mr Greg Starr, the managing director during which we were apprised of the circumstances facing the Company and we discussed a possible appointment. That afternoon we forwarded a written

consent to act. We did not provide any advice and did not receive any remuneration in relation to these telephone conversations.

On the morning of 8 September 2016 Ms Bromley called Mr Patrick Lynch of our staff and advised that, in light of further developments overnight, the board of directors intended to hold a meeting that morning to appoint us.

We attended the board meeting at 9.45am at the Company offices at North Sydney, Stephen Vaughan in person and Matthew Woods by telephone. During that meeting the board resolved to appoint us as administrators.

In our opinion, these discussions and the meeting do not affect our independence for the following reasons:

- A company will generally need to approach an insolvency practitioner for advice on the insolvency or likely insolvency of their company before the board resolves to appoint a Practitioner as administrator under s 436A of the Corporations Act
- The information provided during discussions and the meeting were restricted to:
  - the financial situation of the Company;
  - the solvency of the Company;
  - consequences of insolvency; and
  - alternative courses of action available to the Company in the case of insolvency.

We have provided no other information or advice to the Company and its advisors prior to our appointment beyond that outlined in this DIRRI.

**ii. Relevant Relationships (excluding Professional Services to the Insolvent)**

We, or a member of our firm, have, or have had within the preceding 24 months, have undertaken professional services engagements for secured creditors of the Companies. These engagements can be summarised as follows:

Name	Nature of relationship	Reasons
Secured creditors of the Company who have a registered security interest on the Personal Property Security Register (Refer the Schedule for list of creditors) ("PPSA Creditors")	<p>KPMG Australia has an ongoing business relationship and provides a number of services including Audit, Tax and Advisory to many of the PPSA Creditors or their international affiliates</p> <p>We specifically disclose that KPMG Australia has no ongoing business relationship with any creditor holding a registered security interest over all or substantially the whole of the Company's property.</p>	<p>I believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> <li>• Prior to our appointment KPMG Australia has not undertaken any work for any of the PPSA Creditors in respect of the Company.</li> <li>• Any engagements between KPMG Australia and the PPSA Creditors or their international affiliates (which includes audit, tax and advisory services) will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the liquidation of the Companies in an objective and impartial manner.</li> </ul>

**iii. Prior Professional services to the Insolvent**

Neither we, nor our firm, have provided any professional services to the Company in the previous 24 months.

**iv. No other relevant relationships to disclose**

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property that should be disclosed.

**C. Indemnities and up-front payments**

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 12 September 2016



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*Matthew Woods*



.....  
*Stephen Vaughan*

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.