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Private and confidential
To the creditor as addressed

Our ref 32861216_8

18 May 2018

Contact Leah Diprose
(+61 2 9295 3877)

Dear Sir/Madam

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

Circular to creditors and notice of meeting of creditors to consider termination of Deed of Company Arrangement

I refer to our appointment as joint and several Deed Administrators of the Company on 2 May 2017 pursuant to a resolution of the creditors at a meeting held on 6 April 2017.

The purpose of this circular is:

1. **To provide you notice of a meeting of creditors** which will be held at 1:30PM on Friday 22 June 2018 for creditors to consider a resolution to terminate the Deed of Company Arrangement (“the DOCA” or “the Deed”) and to place the Company into liquidation, as well as to consider resolutions in respect of our past and future fees as Administrators and Liquidators. Please refer to Enclosure A, formal Notice of Meeting, for all information relating to this meeting.
2. **To seek your nomination for future electronic delivery of certain notices and documents** – we want to keep in touch with you in the most efficient way possible – if you are happy to receive future notices and documents via email rather than post, we ask that you nominate this to us as soon as practicable at: <http://www.kpmg.com/au/kbl-notify>.

Report to creditors and remuneration approval report available for download at <http://www.kpmg.com/au/kbl-mining>

We have issued a report to creditors and a remuneration approval report (“the Reports”), both of which are available for download publically on the internet in accordance with s600G(4) of the *Corporations Act 2001*. We recommend that creditors download and review the Reports prior to considering the resolutions for the meeting.

Creditors can access the Reports at the KPMG KBL Information Page at <http://www.kpmg.com/au/kbl-mining>.

The Reports include an update as to the progress of the Deed Administration, correspondence from Quintana Mineral Hill Streaming Company in relation to their position, details of the likely outcome for creditors in a liquidation, and our remuneration approval report, which provides detail of the remuneration we are seeking to be approved at the meeting.



To the creditor as addressed
KBL Mining Limited (Subject to a Deed of
Company Arrangement) (Receivers and
Managers Appointed) ACN 129 954 365 ("the
Company" or "KBL")
18 May 2018

In the event that you do not have access to the internet, or wish to have a copy of this report mailed to you, you may request a copy by emailing us at kbl@kpmg.com.au, or by contacting Shirley Song on +61 2 9335 7354. Please ensure that you include your full creditor name and full postal address with this request.

You should now:

1. Read our report to creditors, and the remuneration approval report, available publically on the internet at the KPMG KBL Information Page: <http://www.kpmg.com/au/kbl-mining> – if you do not have access to the internet, or wish to have the Reports mailed to you, you may request a copy by emailing us at kbl@kpmg.com.au, or by contacting Shirley Song on +61 2 9335 7354. Please include your full creditor name and postal address with this request;
2. If you are happy to receive future notices and documents via email rather than post, we ask that you nominate this to us as soon as practicable at: <http://www.kpmg.com/au/kbl-notify>;
3. Decide if you plan to attend the meeting; and, should you wish attend,
4. Complete and return your informal proof of debt (if changed or not already provided), and if required, proxy form **by no later than 3:00pm (AEST) Wednesday 20 June 2018**.

You can access further information which may assist you in understanding our circular, report, annexures, and next steps at the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets")
- For employees, Fair Entitlements Guarantee Scheme at <https://www.jobs.gov.au/fair-entitlements-guarantee-feg>

Should you have any queries, please contact us via email at kbl@kpmg.com.au.

Yours faithfully

Matthew Woods
Joint & Several Deed Administrator
<http://www.kpmg.com/au/kbl-mining>

Encl.

- A. Notice of meeting of creditors.
- B. Appointment of proxy form.
- C. Informal proof of debt form - if you have previously submitted an informal proof of debt form there is no requirement to re-submit unless your debt has changed.
- D. ASIC Information Sheet: listing of 11 insolvency information sheets available for directors, employees, creditors, and shareholders.

*Insolvency Practice Rules 75-15 - 75-35
Corporations Act 2001*

NOTICE OF MEETING OF CREDITORS OF COMPANY

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

Notice is given that a meeting of the creditors of the Company will be held at **1:30PM on Friday 22 June 2018** at KPMG, Level 38, Tower Three, 300 Barangaroo Avenue, Sydney NSW 2000.

The purpose of the meeting is to:

- Consider and to resolve if appropriate the termination of the deed of company arrangement.
- Consider and to resolve if appropriate the appointment of Matthew Woods and Stephen Vaughan of KPMG Restructuring Services as Liquidators of the Company
- Consider and approve the Administrators’ retrospective remuneration and internal disbursements
- Consider and approve the Liquidators’ prospective remuneration
- Consider and determine:
 - Whether to appoint a committee of inspection;
 - if so, who are to be the committee's members; and
 - other resolutions appropriate to the establishment of a committee of inspection.

Attending and voting at the meeting

Creditors are invited to attend the meeting, however they are not entitled to participate and vote at a meeting unless:

- **Proof of debt:** They have lodged with the Administrators or Deed Administrators particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Deed Administrators or Administrators for the purposes of voting at the meeting only. If an informal proof of debt has already been lodged, you do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.
- **Proxies or attendance:** They are either present in person or by electronic facilities or validly represented by proxy, attorney or an authorised person under s250D of the Corporations Act. If a corporate creditor is represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Corporations Act 2001 (“the Act”) must be validly completed and provided to the Deed Administrators at or before the meeting].

A proxy is only valid for a particular meeting and will need to be resubmitted even if previously provided.

To enable sufficient time to review, proofs of debt and proxies (or documents authorising the representation) should be submitted to kbl@kpmg.com.au **by no later than 3:00PM (AEST) on Wednesday 20 June 2018**. If you choose to return these documents, please allow sufficient time for the documents to be received prior to the due date.

Electronic facilities

Electronic facilities will be made available at the meeting via conference telephone call. To access those facilities, you need to provide a statement by email to us at kbl@kpmg.com.au, not later than 2 business days before the meeting which sets out:

- **Name:** The name of the person and of the proxy or attorney (if any)
- **Address:** An address to which notices to the person, proxy or attorney may be sent
- **Contact:** The method of contacting the person, proxy or attorney for the purposes of the meeting.

On receipt of this statement, you will be provided with instructions on how to access the facilities for the meeting.

Queries should be directed to kbl@kpmg.com.au or alternatively, Shirley Song on +61 2 9335 7354.

Dated 18 May 2018



Signature of Matthew Woods
Joint and Several Deed Administrator

KPMG Restructuring Services
PO Box H67
Australia Square NSW 1213

Note 1: Entitlement to vote and completing proofs

IPR (Corp) 75 85 Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

*Insolvency Practice Rules 75-25
Corporations Act 2001*

APPOINTMENT OF PROXY

KBL Mining Limited (Subject to a Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 129 954 365 (the "Company")

*I/*We _____ (name of signatory) Of _____ (creditor name)

a creditor of the Company appoint _____ (name of proxy)

of _____ (address of proxy)

or in his or her absence _____ (details of alternate proxy)

as *my/*our *general/*special proxy to vote at the meeting of creditors to be held on Friday 22 June 2018 at 1:30PM, or at any adjournment of that meeting.

Note: A general proxy may use your vote at the meeting to vote however they see fit. Should you wish to dictate how your vote is cast at the meeting by your nominated proxy, you should nominate a special proxy and specify how you wish your proxy to vote for each of the resolutions. Any resolutions left blank will be taken to be a general proxy.

Resolutions

	For	Against	Abstain
1. That the Deed of Company Arrangement be terminated and the company be wound up (liquidation).			
2. That Matthew Woods and Stephen Vaughan of KPMG Restructuring Services be appointed as Liquidators of the Company.			
3. That a Committee of Inspection be established and that the existing Committee of Inspection transfer to the new Committee. In the event that any existing Committee member wishes to resign, that the Committee may still function with a minimum of 3 members and new members may be proposed at the meeting.			
4. That the actual remuneration of the Administrators of KBL Mining Limited (Administrators Appointed) (Receivers and Managers Appointed) for the period 18 March 2017 to 6 April 2017 be approved for an additional \$34,332.50, plus GST and disbursements, in a sum equal to the cost of the time spent by the Administrators and their staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates and the KBL engagement letter, and that such fees are authorised for payment from the assets of the Company, including recoveries obtained through liquidation.			

<p>5. That the actual remuneration of the Administrators of KBL Mining Limited (Administrators Appointed) (Receivers and Managers Appointed) for the period 7 April 2017 to 1 May 2017 be approved for an additional \$22,477.50, plus GST and disbursements, in a sum equal to the cost of the time spent by the Administrators and their staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates and the KBL engagement letter, and that such fees are authorised for payment from the assets of the Company, including recoveries obtained through liquidation.</p>			
<p>6. That the prospective remuneration of the Liquidators of KBL Mining Limited (Subject to a Deed of Company Arrangement) (Receivers and Managers Appointed) be approved up to \$100,000 plus GST and disbursements, in a sum equal to the cost of the time spent by the Administrators and their staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates and the KBL engagement letter, and that such fees are authorised for payment from the assets of the Company, including recoveries obtained through the liquidation.</p>			

*I/*We authorise *my/*our proxy to vote as a general proxy on resolutions other than those specified above *(delete if not required)*

Signature: _____

Dated: _____

*Omit if inapplicable

Submitting this form

For a person to be eligible to attend and vote at the meeting on your behalf, this form is to be completed and submitted **by no later than 3:00PM (AEST) on Wednesday 20 June 2018**, to:

Email (preferred): kbl@kpmg.com.au

By mail: KBL Mining Limited (Subject to Deed of Company Arrangement)(Receivers and Managers Appointed)
c/- KPMG Restructuring Services
PO Box H67
Australia Square NSW 1213

Fax: C/- KPMG Restructuring Services
+61 2 9335 7001

INFORMAL PROOF OF DEBT FORM**KBL Mining Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 129 954 365 (“the Company”)**

Name of creditor:

Address of creditor:

.....

Email of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$)

Consideration for debt (i.e. the nature of goods and/or services supplied and the period during which they were supplied):

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

Balance, if any, after deducting value of security (see note): \$.....

.....

Signature of creditor (or person authorised by creditor)

* Strike out if applicable

Note:

A creditor is not entitled to vote at a meeting unless (Insolvency Practice Rules (Corporations) 2016, Section 75-85):

- a. his or her debt or claim has been admitted wholly or in part by the external administrator; or
- b. he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - i. those particulars; or
 - ii. if required—a formal proof of the debt or claim.

A secured creditor may vote (Insolvency Practice Rules (Corporations) 2016, Section 75-87):

- a. A creditor is entitled to vote only in respect of the balance, if any, due to him or her after deducting the value of his or her security as estimated by him or her.
- b. If a secured creditor votes in respect of his or her whole debt or claim, the creditor must be taken to have surrendered his or her security unless the Court on application is satisfied that the omission to value the security has arisen from inadvertence.

*Please return completed forms to:*Via email (preferred) to kbl@kpmg.com.au; or

Via post to: KBL Mining Limited (Subject to Deed of Company Arrangement) (Receivers And Managers Appointed)
C/- KPMG Restructuring Services
PO Box H67
Australia Square NSW 1213



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.