



(Subject to Deed of Company Arrangement) (Receivers and Managers Appointed)

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8 January 2018

Status of Deed Administration and next steps

Sydney, New South Wales: KBL Mining Ltd (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (“KBL” or “Company”) (**ASX: KBL**) wishes to provide update to shareholders and creditors as to the status of ongoing negotiations with interested parties and next steps in the Deed Administration. Further information is available for creditors at the KBL Information Page on our website outlined at the end of this announcement. This update is adapted from a circular to creditors (including noteholders and employees) that was issued to creditors on 22 December 2017.

Current status

Since our update on 26 September 2017 we have continued negotiations with interested parties and prepared and issued two draft term sheets to two of the parties who had provided alternative amended proposals, and requested a third interested party sign a confidentiality agreement prior to issuing them a draft term sheet.

All DOCA proposals are contingent on the availability of the Sorby Shares. As creditors would be aware, the secured creditor, Quintana, exercised its rights and sold the Sorby Shares to a new entity controlled by Quintana (“the Owner”). All three of the DOCA proposals contemplate the purchase of the Sorby Shares from the Owner, and the development of that asset. Critical to the viability of each of the DOCA proposals is the price required by the Owner for the Sorby Shares.

On 18 December 2017 we were advised by the Owner’s representatives that the required price for the Sorby Shares is substantially greater than previously advised. As such, that price is substantially greater than the price considered in each of the three DOCA variation proposals.

Next steps

No action is required of shareholders or creditors at this stage.

We will now set a deadline of 31 January 2018 for the three new proponents to submit final revised DOCA proposals, taking into consideration the new information received in relation to the Sorby Shares.

We plan to report to creditors by the end of February 2018 regarding the outcome of these negotiations. We expect we will call a meeting of creditors to consider any variation to the Deed or alternatively to terminate the Deed and wind up the Company.

Following the outcome of any meeting of creditors regarding next steps, we will update Shareholders accordingly.

Should you have any queries regarding the above, please continue to refer to the KBL Information Page for all information relating to KBL (kpmg.com/au/kbl-mining) or alternatively contact us via email at kbl@kpmg.com.au. We will endeavour to respond to general enquiries within 10 business days.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'M. Woods', is positioned above the printed name.

Matthew Woods
Joint & Several Deed Administrator