

HAOMA NORTH WEST NL

September 3, 1993

PART B REPLY: KITCHENER MINING NL DIRECTORS CONSIDER A RECOMMENDATION INAPPROPRIATE:
Kitchener Mining NL has prepared a Part B reply to the Part A statement served on it by Haoma North West NL (refer announcement dated August 12, 1993). Extracts from that statement are as follows:

Recommendation of the Directors of Kitchener Mining NL

The directors of Kitchener Mining NL are Gary Cordell Morgan, John Lachlan Charles McInnes and Mark Richardson.

Each of the directors are also directors of Haoma North West. They consider that in view of their association with Haoma it would be inappropriate to make a recommendation to shareholders in relation to the offer.

In the interest of shareholders, the directors provide the following information:

- . The directors engaged the services of KPMG Peat Marwick Corporate (WA) Pty Ltd to prepare an independent expert report to assess the fairness and reasonableness of the offer. In summary the report concludes that the offer is fair and reasonable.
- . Kitchener's operations at Bamboo Creek are subject to significant metallurgical problems. Extensive testing is still being conducted to resolve the problems.
- . The Australian Taxation Office filed a "Winding Up Petition" with the Supreme Court of WA for outstanding group tax and penalties of \$681,807.86. An agreement was reached with the Australian Taxation Office to pay the outstanding sum in instalments. Kitchener has subsequently paid \$571,770.05 of the outstanding sum and has maintained payment of the current monthly liability. Currently \$110,037.81 remains outstanding. It is expected that this liability will be settled by October, 1993. As a result of the agreement the application for the winding up of Kitchener has been withdrawn from the court by the Australian Taxation Office.
- . Kitchener is facing a major dispute with the WA Stamp Duties Office for unpaid stamp duty plus interest and costs. A contingent liability has been provided for in the financial accounts of the entity for the year ended 30/06/92 of \$1,100,000. Kitchener defended its position and appealed to the Supreme Court of Western Australia. On 23/07/93 the Supreme Court allowed the appeal against the decision of the Commissioner of State Taxation and made an order that no stamp duty be payable on the deed lodged with the State Taxation Department on 26/10/88. The Commissioner of State Taxation has appealed against the Supreme Court decision.

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