



05/09/16

Dear Client,

We write to you with an update on the restructuring process currently underway with Borelan and the Merco Bond.

Firstly, we again thank you for your continuing patience in this matter. We do appreciate that the restructuring is taking a significant amount of time and are very grateful for your continued support. Whilst much of the information below has been previously communicated, we felt it appropriate to write to you to inform you of the current situation.

The restructuring is a legal process, controlled by the courts here in Uruguay. As often is the case with legal proceedings, they can be lengthy; this is in part due to the schedule of the courts but also the involvement of numerous parties. The restructure allows for a period whereby any enquiries, challenges and administrative matters can be identified and resolved. We understand this is a normal part of the process and it is at this point, which we are currently. Once this phase is complete, the court trustee will assign a new date for the creditor meeting in which we will present a plan, which we hope will be agreed by creditors.

Although, like you, we are disappointed not to have advanced further in the process at this time, we still believe that the benefits of restructuring in a formal manner, with the ongoing assistance of a court appointed trustee, is incredibly beneficial. Not only for Borelan but also yourself as a creditor of the company.

Whilst we are currently restricted in our ability to trade, until we have a proposal agreed with creditors, we continue to plan and identify strategies for the future of the business and project, which could assist us in meeting our obligations to you. The process dictates that we share our proposal with you at a creditors meeting scheduled by the court trustee and we wait the scheduling of this meeting.

We would like to reassure you that the delay in presenting an amended proposal, is not a reflection of our commitment to you or the project but rather a consequence of entering in to this legal process but one we feel will in the longer term allow the best possible opportunity for the project to deliver the best possible outcome for bondholders.

We thank you again for your patience and we assure you that in spite of the delay, we are working hard to structure a solid basis for the project going forward and will inform you of progress with the restructure as soon as we are able.

Finally, so that we can communicate more easily, if you haven't already done so, please do provide us with your email address by emailing your name, address and email to borelansa@borelan.com.

Sincerely,
Borelan