

8th December 2014

ASX Release

Kidman Resources
Limited
ABN 88 143 526 096

Corporate Details:

ASX Code: KDR

Issued capital:

118.16M ordinary shares

Substantial Shareholders:

Holdex Nominees 11.3m
(9.83%)

Directors:

Non-Executive Chairman:
Garrick Higgins
Managing Director:
Martin Donohue
Non-Executive Director:
Brad Evans

Company Secretaries:

Melanie Leydin
Justin Mouchacca

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Kidman requests key information from KBL Mining.

Kidman also starts legal action to prevent KBL Noteholders meeting from proceeding on the ground that the proposed changes are invalid and misleading to shareholders

Kidman Resources (ASX: KDR) advises that in light of its concerns about the solvency of KBL Mining (ASX: KBL), it has formally requested that KBL provide Kidman with essential information about its financial position.

Kidman is concerned about KBL's ability to repay the \$12.6 million it owes to Kidman and the debts it owes to other parties.

The debt owed to Kidman by KBL is secured by KBL's assets including the Mineral Hill mine and their interest in the Sorby Hills Lead / Silver deposit in the East Kimberley. Under the General Security Agreement attached to the debt, KBL is required to provide Kidman with information about its financial condition and operations when requested by Kidman.

Kidman has advised KBL that should it be insolvent for the purposes of the Security Agreement, KBL would be in breach of the Agreement. If this were the case, Kidman would be entitled to issue KBL with a default notice.

Kidman asked KBL in writing to provide the financial information Kidman is seeking by **midday December 8, 2014**.

Kidman has advised KBL that failure to provide the information requested would constitute an Event of Default under the Security Agreement.

KBL Noteholders Meeting

Kidman has advised KBL that it has serious legal concerns about the resolutions to be considered at a meeting of KBL Noteholders scheduled for December 10, 2014.

Kidman believes that under the Trust Deed which governs the Notes, the proposed changes to the terms of the Notes as contemplated by the resolutions cannot be implemented retrospectively and therefore the resolutions are invalid.

The resolutions to be considered at the Noteholders meeting indirectly include a proposal to increase the ratio at which the notes can be converted to ordinary shares in KBL from one-to-one to one-for-three. Significantly, there is no specific resolution on the proposed change in conversion ratio which potentially dilutes existing ordinary shareholders. Furthermore, existing KBL board members are significant Noteholders.

Kidman believes KBL has not announced the detail of this proposal to the ASX or directly to KBL shareholders.

Other changes proposed by the resolutions include an extension to the Maturity Date of the Notes and an increase in the interest rate paid on the Notes.

In light of its concerns, Kidman has filed and served a writ in the Supreme Court of Victoria. This action is aimed at preventing the Noteholders meeting from proceeding.

Kidman has also written to the Noteholders Trustee advising it of Kidman's concerns and requesting the Trustee does not take steps to modify or alter the terms of the Trust Deed unless the changes are sanctioned by a court.

Kidman's Requisition of KBL Shareholders Meeting

Kidman advises that KBL has asked Kidman to withdraw its request to requisition a meeting of KBL shareholders.

Kidman has advised KBL that it will consider this request only if KBL provides the information outlined above, that KBL cancels the Noteholders meeting, as outlined above, and that KBL puts forward a credible proposal regarding the repayment of its debt to Kidman.

For more information please contact;

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Investors

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