

8 December 2014

Company Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Kidman initiates litigation against KBL in relation to proposals to amend terms of KBL's Convertible Notes

Kidman Mining Pty Ltd a wholly owned subsidiary of Kidman Resources Limited ("Kidman") has initiated litigation against KBL Mining Limited ("KBL" or "the Company") and two of its Directors in the Victorian Supreme Court in relation to proposals to amend the terms of KBL's Convertible Notes (ASX Code KBLGA).

The amendments are to be considered by a meeting of Noteholders to be held on Wednesday, 10 December 2014. **The Court process does not prevent the meeting proceeding** but at this point it is not clear, if the meeting approves the amendments, how the Court hearing timetable might affect the timing of the amendments becoming effective.

The Company will update the market as further information becomes available.

The Company has already expressed to Kidman that Kidman's arguments, now set out in Court process, lack legal merit. KBL believes the proposed changes to the terms of KBL's Convertible Notes are in the best interests of KBL shareholders and Noteholders and the Company will be vigorously arguing its position to the Court at the first available opportunity.

As Kidman is not a Noteholder, your KBL Directors' believe that this objection by Kidman to changes to the terms of KBL's Convertible Notes is an orchestrated attempt by Kidman to frustrate your Company's ability to secure financing and evinces a CLEAR intention on Kidman's behalf to seek effective control of your Company's primary assets.

A handwritten signature in black ink, appearing to read 'Brian Wesson', with a horizontal line underneath.

Brian Wesson
Managing Director