
Correction of Statements by Kidman Resources Limited to Market

Shareholders are advised that Kidman Resources Limited (ASX: KDR) has made various statements to the market in its announcement to the ASX this morning.

Information request

KBL Mining Limited ("KBL" or "the Company") is well aware of the information request by Kidman which KBL is required to respond to by midday **tomorrow**, and **not** by midday today as Kidman has falsely asserted.

On 2 December, KBL received a request from Kidman to provide a **myriad** of information of **varying degrees of relevance** to the financial position of KBL.

Whilst the KBL Board believes that Kidman's right to some of the information request is arguable, KBL **has accommodated** Kidman's request except to the extent limited by its obligations of confidentiality to third parties.

To create **speculation** in the market as to KBL's solvency by pointing to an **unlikely** and **technical** default under KBL's general security agreement with Kidman (**GSA**) in a public announcement, is **contrary to the spirit and objectives of the ASX** to maintain an efficient, competitive and properly informed market.

To this end, KBL has:

- put Kidman on notice of its legal obligation to act in good faith and in compliance with honest standards of conduct in the performance of the GSA. **To seek to engineer a default under the GSA on a technical basis could constitute a breach of Kidman's obligations of good faith;** and
- made a formal report to ASIC as to Kidman's persistent failure to disclose full and complete information in relation to its substantial holding in KBL to the market.

KBL directors believe that shareholders are entitled to know the details of Kidman's agreement with Capri Trading Pty Ltd ATF Capri Family Trust (**Capri**). It would appear from what KBL knows that:

- if KBL **repays** the loan that Kidman has acquired from Capri (**Capri-Kidman Loan**) by the due date, the acquisition of that loan will be wholly reversed such that:
 - Capri will be the party repaid; and
 - **Kidman will receive nothing;**
- if however KBL **defaults** under the Capri-Kidman Loan, **Kidman**, a mining exploration company with complementary mineral asset portfolios with KBL, will have the right to enforce security over, and gain **control** of, all of the assets of KBL;
- therefore, Kidman has **no interest** in enabling KBL to repay the Capri-Kidman Loan; and

- based on its attempts to frustrate KBL's refinancing efforts by seeking to cancel the Noteholder Meeting on baseless assertions (see below) and to destabilise the KBL Board, the KBL directors can only conclude that this is a calculated attempt by Kidman to seek to call a default under the GSA on a technical basis and obtain control over KBL's assets in advance of its own purposes.

Noteholder Meeting

Kidman's concerns regarding the resolutions to be considered at the meeting of KBL Noteholders on 10 December 2014 is **without foundation**. KBL has, through its lawyers, advised Kidman's lawyers of the bases for its position. As such, the KBL directors can only conclude that Kidman's announcement this morning is a wilful attempt by Kidman to misrepresent the situation and confuse the market.

Kidman also falsely represented in its announcement this morning that:

"The resolutions to be considered at the Noteholders meeting indirectly include a proposal to increase the ratio at which the notes can be converted..."

Shareholders are advised that the resolutions to be considered at Wednesday's Noteholder meeting do **not** directly or indirectly propose **any** amendments to the conversion ratio for the Notes.

Further, the court process served on KBL and two of its directors on Friday does not prevent the Noteholder meeting from proceeding, as is advised in KBL's announcement this morning.

Requisition for general meeting

In an attempt to save unnecessary expenses for the company, KBL requested Kidman to withdraw its requisition for a general meeting of KBL given the clear support that the shareholder of KBL showed to the incumbent KBL Board at its recent Annual General Meeting. However, as Kidman has rejected that request, KBL will be proceeding with the meeting and will be dispatching notices of that meeting to shareholders this week.

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About KBL Mining

KBL Mining is an Australian resource company listed on the ASX (KBL and KBLGA) with a focus on producing precious and base metals. KBL's main assets include the Mineral Hill copper-gold-silver-lead-zinc mine near Condobolin in New South Wales and Sorby Hills lead-silver-zinc project in Western Australia. The Company has been operating the refurbished processing plant at Mineral Hill since October 2011 to produce copper-gold concentrates and in 2013 commenced producing a separate lead-silver concentrate. Sorby Hills (KBL holds 75% with Henan Yuguang Gold & Lead Co. Ltd (HYG&L) holding 25%) is a large near surface undeveloped silver-lead deposit close to port infrastructure and a short distance from Asian markets. A PFS for stage 1 of the project (400,000tpa open cut ore processed) was released on 6 December 2012 Environmental approvals for stage 1 were granted in 2014. A BFS is in progress to be followed by project financing.

More information can be found on KBL's website at www.kblmining.com.au.