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ACN 129 954 365

10 December 2014

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

Dear Sir/Madam

Notice from Kidman Subsidiary

The subsidiary of Kidman Resources Limited holding the Capri/Kidman Loan, RIKID511 Pty Ltd, (**Kidman**) has issued a notice to KBL purporting to appoint accountants to investigate the records of KBL. A copy of the notice is **attached**.

Kidman has given **no** details to support or explain its allegation that an Event of Default has occurred.

The clause 12.1 of the General Security Agreement relied upon **does not** trigger an Event of Default. Rather, it provides a right of investigation **only** if Kidman has a reasonable basis for believing that a default has taken place.

The Company denies that any Event of Default has occurred.

The Company has sought from Kidman an immediate explanation as to the grounds upon which it alleges that an Event of Default has occurred.

For further information, please contact:

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KBL Mining Limited
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Citadel
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To KBL Mining Limited (**KBL**)
ACN 129 954 365
Level 3
2 Elizabeth Plaza
North Sydney NSW 2060

From RIKID511 Pty Ltd (**RPL**)
ACN 602 701 351
Suite 3, Level 4
12-20 Flinders Lane
Melbourne VIC 3000

Date 10 December 2014

Dear Sir

General Security Agreement dated 3 March 2013 between KBL and Capri Trading Pty Limited ACN 055 702 380 (CTPL) (GSA)

We refer to the GSA. CTPL has assigned its interest in the GSA to RPL.

Words and expressions defined in the GSA shall have the same meaning when used in this letter.

In accordance with clause 12.1 of the GSA, RPL considers that an Event of Default has occurred.

RPL has engaged Nicols and Brien (and its Representatives) as an investigator for the purpose of clause 12.1 of the GSA to do the matters described in clause 12.1 of the GSA.

Representatives of Nicols and Brien will attend your office at 9.00am tomorrow.

Yours faithfully



For and on behalf of
RIKID511 Pty Limited