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18 December 2014

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

Legal Proceedings commenced against Kidman Companies

KBL Mining Limited (“the Company”) advises that it has commenced proceedings in the NSW Supreme Court against Kidman Resources Limited, Kidman Mining Pty Limited and RIKID511 Pty Ltd (“Kidman Companies”) for declarations and orders set out in the attachment.

The Company is seeking an expedited hearing of the proceedings.

A handwritten signature in black ink, appearing to read 'Ivo Polovineo', written in a cursive style.

Ivo Polovineo
Company Secretary

ATTACHMENT

- 1 A declaration that, in all of the circumstances, KBL Mining Limited (**KBL**) is not 'Insolvent' within the meaning of clause 1.1(33) of the General Security Agreement between KBL and Capri Trading Pty Limited as trustee of The Capri Family Trust dated 6 March 2013 (the **GSA**).
- 2 A declaration that, in all of the circumstances, there was no reasonable basis for RIKID511 Pty Limited (**RIKID**) to form the view that an 'Event of Default' had occurred under the GSA when it issued its notice to KBL dated 10 December 2014 (the **RIKID Notice**).
- 3 A declaration that, in all of the circumstances, the RIKID Notice is invalid and of no effect.
- 4 A declaration that, in all of the circumstances, KBL is not required to:
 - (a) permit any representative of Nicols + Brien (or any other investigator appointed by RIKID) access to its premises or records;
 - (b) co-operate or otherwise comply with any request made by Nicols + Brien (or any other investigator appointed by RIKID) of:
 - (i) KBL or its officers, servants and/or agents; or
 - (ii) any other person who has possession or control of records or information relating to KBL or its business activities or financial affairs; and
 - (c) pay the costs of Nicols + Brien (or any other investigator appointed by RIKID).
- 5 A declaration that, in all of the circumstances, the statement released by KBL to the Australian Securities Exchange (**ASX**) on 12 December 2014 is not an 'Event of Default' within the meaning of in clause 10.1 of the GSA (the **ASX Announcement**).
- 6 A declaration that, in all of the circumstances, the refusal of KBL to allow representative of Nicols + Brien access to its records relating to its business activities or financial affairs is not an 'Event of Default' within the meaning of in clause 10.1 of the GSA.
- 7 A declaration that, in all of the circumstances, no 'Event of Default' within the meaning of in clause 10.1 of the GSA has occurred.

8 An order that each of:

- (a) Kidman Resources Limited (**KDR**);
- (b) Kidman Mining Pty Limited; and
- (c) RIKID,

by themselves and their officers, servants and agents, be restrained from making representations, expressly or impliedly, to the effect that an 'Event of Default' within the meaning of in clause 10.1 of the GSA has occurred and/or that KBL is 'Insolvent' within the meaning of clause 1.1(33) of the GSA by reason of:

- (d) any matter the subject of the meeting pursuant to KBL's notice of meeting of noteholders dated 18 November 2014; and/or
- (e) the RIKID Notice; and/or
- (f) the ASX Announcement; and/or
- (g) KBL's refusal to allow representative of Nicols + Brien access to its records relating to its business activities or financial affairs.

9 An order that the KDR remove all material from its website (<http://kidmanresources.com.au/>) that represents, expressly or impliedly, that an 'Event of Default' within the meaning of in clause 10.1 of the GSA has occurred and/or that KBL is 'Insolvent' within the meaning of clause 1.33 of the GSA by reason of:

- (a) any matter the subject of the meeting pursuant to KBL's notice of meeting of noteholders dated 18 November 2014; and/or
- (b) the RIKID Notice; and/or
- (c) the ASX Announcement; and/or
- (d) KBL's refusal to allow representative of Nicols + Brien access to its records relating to its business activities or financial affairs.

10 Damages.

11 Costs and interest on costs.