

15 January 2015

**ASX Release**

Kidman Resources  
Limited  
ABN 88 143 526 096

**Corporate Details:**

ASX Code: KDR

**Issued capital:**

119.61M ordinary shares

**Substantial Shareholders:**

Holdex Nominees 11.3m  
(9.45%)

**Directors:**

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

**Company Secretaries:**

Melanie Leydin  
Justin Mouchacca

**Contact Details:**

Kidman Resources Limited  
Suite 3, Level 4  
12 - 20 Flinders Lane  
Melbourne  
Victoria 3000  
Australia

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Fax: +61 (0)3 9671 3523

Email:  
[info@kidmanresources.com.au](mailto:info@kidmanresources.com.au)

Website:  
[www.kidmanresources.com.au](http://www.kidmanresources.com.au)

## Amended Form 603

Kidman Resources Limited (ASX: KDR) today provided an Amended Notice of Initial Substantial Holder – Form 603 (**Amended Notice**), which replaces the Notice of Initial Substantial Holder – Form 603 in KBL Mining Limited ACN 129 954 365 (ASX: KBL) dated 12 November 2014 (**Original Notice**).

The Amended Notice includes the note issuance and share sale agreement dated 7 November 2014 (as Annexure A of the Amended Notice) under which KDR acquired its initial substantial holding in KBL. There is no other change to the information contained in the Original Notice.

**For more information please contact;**

**Investors**

Kidman Resources  
Martin Donohue, Managing Director  
Tel: +61-3 9671 3801

**Media Inquiries**

Read Corporate  
Paul Armstrong/Nicholas Read  
Tel: +61-8 9388 1474

**Form 603**Corporations Act 2001  
Section 671B**Amended notice of initial substantial holder****To** Company Name/Scheme **KBL Mining Limited**ACN/ARSN **129 954 365****1. Details of substantial holder (1)**Name **Kidman Resources Limited**ACN/ARSN (if applicable) **143 526 096**The holder became a substantial holder on **12 November 2014****2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully Paid Ordinary Shares	37,925,836	37,925,836	9.64%

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Kidman Mining Pty Ltd	Increase in FPOs	FPO Shares 37,925,836

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Kidman Mining Pty Ltd	Kidman Mining Pty Ltd	Kidman Mining Pty Ltd	FPO Shares 37,925,836

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Kidman Mining Pty Ltd	Transfer of shares completed on 12 November 2014	-	Refer to Annexure A (Note Issuance and Share Sale Agreement dated 7 November 2014)	FPO Shares 37,925,836

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Kidman Mining Pty Ltd (ACN 602 696 819)	Kidman Mining Pty Ltd is a wholly owned subsidiary of Kidman Resources Limited

**7. Addresses**

The addresses of persons named in this form are as follows:

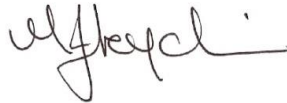
Name	Address
Kidman Resources Limited	Suite 3, Level 4, 12-20 Flinders Lane, Melbourne VIC 3000

**Signature**

print name MELANIE LEYDIN

capacity **Company Secretary**

sign here



date 15 January 2015

**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

## **Annexure A**

This is Annexure "A" of 41 pages referred to in the Form 603 signed by me and dated 15 January 2015



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MELANIE LEYDIN  
COMPANY SECRETARY  
KIDMAN RESOURCES LIMITED

Date: 15/01/2015

# Note issuance and share sale agreement

relating to KBL Mining Limited ACN 129  
954 365

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Capri Trading Pty Ltd ACN 055 782 380 as trustee for the  
Capri Family Trust (Vendor)

RIKID511 Pty Ltd ACN 602 701 351 (Capri SPV)

Kidman Mining Pty Ltd ACN 602 696 819 (Purchaser)

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L A W Y E R S

# Note issuance and share sale agreement

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## Details

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Date

7 NOVEMBER 2014

## Parties

Name **Capri Trading Pty Ltd (as trustee for the Capri Family Trust)**  
ACN **ACN 055 782 380**  
Short form name **Vendor**  
Notice details **Address: Level 32 Australia Square, 264 George Street, Sydney NSW 2000**  
**Email: geoff.kinghorn@kvaviation.com**  
**Attention: Mr Geoff Kinghorn**

Name **RIKID511 Pty Ltd**  
ACN **602 701 351**  
Short form name **Capri SPV**  
Notice details **Address: Level 32 Australia Square, 264 George Street, Sydney NSW 2000**  
**Email: geoff.kinghorn@kvaviation.com**  
**Attention: Mr Geoff Kinghorn**

Name **Kidman Mining Pty Ltd**  
ACN **ACN 602 696 819**  
Short form name **Purchaser**  
Notice details **Address: Suite 3, Level 4, 12-20 Flinders Lane, Melbourne VIC 3000**  
**Email: martin@kidmanresources.com.au**  
**Attention: Mr Martin Donohue**

## Background

- A Capri SPV has provided the Capri Loan to the Company.
- B The Vendor is the legal and beneficial owner of the KBL Shares.
- C The Vendor has agreed:
- (i) to sell all the issued shares in Capri SPV to the Purchaser; and
  - (ii) to sell the KBL Shares to the Purchaser,
- and the Purchaser has agreed:
- (iii) to purchase the issued shares in Capri SPV; and
  - (iv) to purchase the KBL Shares from the Vendor,
- on the terms and conditions set out in this agreement.

# Agreed terms

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## 1. Defined terms & interpretation

### 1.1 Defined terms

In this agreement:

**ASX means**, as the case requires, ASX Limited or the Australian Securities Exchange.

**Business** means the businesses carried on by the Company as at the date of this agreement or the Completion Date (as the case requires).

**Business Day** means:

- (a) for receiving a notice under clause 13.1, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Victoria, Australia.

**Business Hours** means from 9.00am to 5.00pm on a Business Day.

**Capri Loan** means the financial accommodation provided to the Company as detailed in the Capri Note Deed.

**Capri Note Deed** means the note issuance deed between the Company, KBL Sorby Hills Pty Ltd ACN 162 451 363 and the Vendor dated 6 March 2013.

**Capri SPV Purchase Price** means the amount specified in clause 4.1.

**Capri SPV Share Sale** means the purchase by the Purchaser from the Vendor of the Capri SPV Shares.

**Capri SPV Shares** means all of the issued shares in Capri SPV.

**Claim** includes a claim, notice, demand, action, proceeding, litigation, investigation, judgment, damage, loss, cost, expense or liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort or statute and whether involving a third party or a party to this agreement.

**Company** means KBL Mining Limited ACN 129 954 365, further details of which are set out in Schedule 1.

**Completion** means completion of the sale and purchase of the Capri SPV Shares and KBL Shares as contemplated by this agreement.

**Completion Date** means the date on which Completion occurs.

**Conditions** means the conditions set out in clause 2.1.

**Conditions of Issue** means the conditions of issue of the Kidman Notes set out in Schedule 1 to the Kidman Note Deed.

**Confidential Information** means:

- (a) all information of or used by the Company or the Business relating to their transactions, operations and affairs;
- (b) all other information treated by the Company as confidential;

- (c) all notes, data, reports and other records (whether or not in tangible form) based on, incorporating or derived from information referred to in paragraphs (a) or (b) of this definition; and
- (d) all copies (whether or not in tangible form) of the information, notes, reports and records referred to in paragraphs (a), (b) or (c) of this definition,

that is not public knowledge (otherwise than as a result of a breach of a confidentiality obligation of a party).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Disclosing Party** has the meaning given in clause 10.1(a).

**Encumbrance** includes a Security Interest and any mortgage, charge, lien, pledge, claim, restriction against transfer, encumbrance and other third party interest.

**Extension Fee** means 25,200,000 Kidman Shares.

**Governmental Authority** includes any governmental, semi-governmental, municipal or statutory authority, instrumentality, organisation, body or delegate (including any town planning or development authority, public utility, environmental, building, health, safety or other body or authority) having jurisdiction, authority or power over or in respect of the Company, the Business or the Properties.

**KBL Notes** means notes issued pursuant to the Capri Note Deed.

**KBL Shares Purchase Price** means the amount specified in clause 4.2.

**KBL Share Sale** means the sale to the Purchaser by the Vendor of the KBL Shares.

**KBL Share Sale Settlement Date** mean 31 March 2015 (or such other date agreed in writing by the parties).

**KBL Shares** means 37,925,836 Shares in respect of which the Vendor is registered as the holder in the Company's register of members.

**Kidman Note Deed** means a deed in substantially the form set out in Schedule 4.

**Kidman Notes** means the 12,600 convertible notes to be issued to the Vendor pursuant to the Kidman Note Deed.

**Kidman Share** means a fully paid ordinary share in Kidman Resources Limited ACN 143 526 096 (**Kidman Resources**).

**law** includes any statute, legislation, law, regulation, by-law, scheme, determination, ordinance, rule or other statutory provision (whether Commonwealth, State or municipal).

**Liabilities** includes all liabilities (whether actual, contingent or prospective), losses, damages, costs and expenses of whatever description.

**Mineral Hill Mine** means the mining tenements, leases and interests registered in the name of the Company or a Related Body Corporate of the Company, or in which any of those entities have a legal or equitable interest, located in the Lachlan fold belt in central western NSW.

**Perfected** has the meaning given in section 21 of the PPSA.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Recipient** has the meaning given in clause 10.1.

**Related Body Corporate** has the meaning given to that term in the Corporations Act.

**Representatives** means, in relation to a person or entity, its officers, employees, contractors, agents, advisers or financiers.

**Scheduled Completion Date** means 7 November 2014.

**Securities** means the Security Interests set out in Schedule 2 and any other Security Interests relating to the KBL Shares or the Capri Loan.

**Security Interest** has the meaning given in section 12 of the PPSA.

**Share** means a fully paid ordinary share in the Company.

**Sunset Date** means 14 November 2014 or any later date agreed between the parties.

**Tax** includes income tax, capital gains tax, franking deficit tax, franking additional tax, over-franking tax, withholding tax, fringe benefits tax, pay-as-you-earn, pay-as-you-go, sales tax, customs duty, payroll tax, land tax, stamp duty, financial institutions duty, debits tax, water and municipal rates, gift tax, estate tax, superannuation contributions and charges, social security and national insurance contributions, purchase, goods and services tax, value added tax, prescribed payments and all other taxes, charges, assessments, contributions, withholdings, remittances, imposts, duties, excises, rates and levies in any part of the world and any penalties, interest, fines or other costs in relation to any Tax.

**Tax Act** means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth), as the context requires.

**Third Party** means a person that is not a party or an Associate of a party.

**Third Party Claim** means:

- (a) a Claim made by a Third Party against the Purchaser or the Company that is reasonably likely to result in a Claim by the Purchaser under this agreement; or
- (b) a Claim the Purchaser or the Company is entitled to make against a Third Party based on anything that is reasonably likely to result in a Claim by the Purchaser under this agreement.

**Transaction Document** means each of:

- (a) this agreement;
- (b) any documentation executed in connection with the Kidman Note Issue;
- (c) the Securities.

**Warranties** means each of the representations and warranties given under clause 7 and set out in Schedule 3.

**Warranty Claim** means a Claim by the Purchaser for a breach of Warranty.

## 1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Victoria, Australia time;

- (g) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it;
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day;
- (p) a reference to a document in **agreed form** is to a document the form of which has been agreed by the parties before the date of this agreement;
- (q) a reference to **except as disclosed** (or words to that effect) is a reference to something that is fully and fairly disclosed in this agreement, or in writing by the Vendor to the Purchaser. In this context, for a matter to be fully and fairly disclosed it must be disclosed to the Purchaser in sufficient detail so as to enable a reasonable person to identify the nature and scope of the relevant matter, event or circumstance (including in each case, the financial effect of the relevant matter, event or circumstance must be reasonably ascertainable from the information disclosed); and
- (r) a reference to **as far as the Vendor is aware**, or to **the Vendor's knowledge** or words to that effect, in relation to a matter, is to the knowledge the Vendor has after making, or would have if it had made, due and careful enquiries in relation to that matter.

### 1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

## 2. Conditions

### 2.1 Conditions

Completion must not occur until all of the Conditions are fulfilled (or waived in accordance with clause 2.2).

Condition	Party entitled to benefit
1. Completion by the Purchaser (to the Purchaser's satisfaction) of due diligence in respect of the Capri Loan.	Purchaser
2. Completion by the Vendor of the assignment of the Capri Loan to the Capri SPV and confirmation by the Vendor to the Purchaser that the assignment has occurred.	Purchaser
3. As at the Completion Date, the Company not having publicly disclosed that it has obtained any financial accommodation from a person other than the Purchaser that would rank ahead of the Capri Loan, that it had not obtained as at the date of this agreement	Purchaser
4. At or before the Completion Date, the Company:	Purchaser
(a) is not in default under the Capri Loan; or	
(b) has not publicly disclosed that it is in default of the terms of any other agreement or arrangement for the provision to it of financial accommodation	

## 2.2 Waiver of Conditions

A Condition may only be waived in writing by each party entitled to the benefit of that Condition (as specified in relation to each Condition in the second column of the table in clause 2.1) and will be effective only to the extent specifically set out in that waiver.

## 2.3 Failure of Condition

A party may terminate this agreement by giving notice in writing to the other parties if one or more Conditions are not fulfilled by 5.00pm on the Sunset Date or another date agreed by the parties in writing.

## 2.4 Action on termination

On termination of this agreement under clause 2.3, clause 11 applies.

# 3. Sale and purchase

- (a) Subject to satisfaction or waiver of the Conditions, the Vendor as legal and beneficial owner agrees to sell to the Purchaser, and the Purchaser agrees to buy from the Vendor, the Capri SPV Shares:
  - (i) for Capri SPV Purchase Price;
  - (ii) free from Encumbrances;
  - (iii) with all rights, including dividend and voting rights, attached or accrued to them on or after the Completion Date; and
  - (iv) subject to the terms of this agreement.
- (b) Subject to satisfaction or waiver of the Conditions, the Vendor as legal and beneficial owner agrees to sell to the Purchaser, and the Purchaser agrees to buy from the Vendor, the KBL Shares:
  - (i) for the KBL Shares Purchase Price;
  - (ii) free from Encumbrances;



- (iii) with all rights, including dividend and voting rights, attached or accrued to them on or after the Completion Date; and
- (iv) subject to this agreement.

## **4. Consideration**

### **4.1 Capri SPV Purchase Price**

The Capri SPV Purchase Price is the issue by the Purchaser to the Vendor of the Kidman Notes in accordance with the terms of this agreement and the Kidman Note Deed.

### **4.2 KBL Shares Purchase Price**

The KBL Shares Purchase Price is the issue to the Vendor by the Purchaser of 22,249,824 Kidman Shares in accordance with the terms of this agreement.

### **4.3 Payment of the KBL Shares Purchase Price and Capri SPV Purchase Price**

The Purchaser must pay each of the KBL Shares Purchase Price and Capri SPV Purchase Price in accordance with clause 6.3.

### **4.4 Cleared funds**

All cash payments under this agreement must be paid by bank cheque, telegraphic transfer to an account or accounts nominated by, as applicable, the Vendor or the Purchaser or otherwise in cleared funds.

## **5. Obligations prior to Completion**

### **5.1 No action or agreement**

Until Completion, the Vendor and the Capri SPV must not do anything in respect of the KBL Shares, the Capri SPV Shares, the Capri Loan or the Security, as applicable, including exercise any right, power, waiver, release or election, or amend, vary, deal with or consent, propose or agree to do any of those things in respect of the KBL Shares, the Capri SPV Shares, the Capri Loan or the Security, as applicable, without the prior written consent of the Purchaser.

### **5.2 Records and notices**

- (a) The Vendor must provide the Purchaser with all Records and any other information relating to the KBL Shares, the Capri SPV Shares, the Capri Loan or the Security as soon as practicable after it is requested by the Purchaser.
- (b) The Vendor must provide the Purchaser with of any notice, correspondence or other information that it receives from third party (including the Company) relating to the KBL Shares, the Capri SPV Shares, the Capri Loan or the Security as soon as practicable after it is received by the Vendor or Capri SPV.

### **5.3 Material changes**

Until Completion, the Vendor must ensure that the Purchaser is informed of, and consulted about, any matter which materially affects the KBL Share Sale, the Capri SPV Share Sale, the Capri Loan or the Security, subject to any confidentiality agreement to which the Vendor is a party in respect of these matters.

## **6. Completion**

### **6.1 Time and place**

If all of the Conditions have been fulfilled or waived under clause 2.2, Completion will take place at 2.00pm on the Scheduled Completion Date at the offices of Minter Ellison, Level 23, 525 Collins Street, Melbourne Victoria, or another time and place agreed by the parties.

## 6.2 Obligations of the Vendor

At or before Completion, the Vendor must:

- (a) in respect of the KBL Share Sale:
  - (i) deliver to the Purchaser duly executed and completed transfers in favour of the Purchaser of the KBL Shares in registrable form (except for the impression of stamp duty or other Taxes of a similar nature) together with the relevant share certificates (if any); and
  - (ii) deliver to the Purchaser copies of any other consents and waivers required under clause 2 (if any); and
- (b) in respect of the Capri SPV Share Sale:
  - (i) deliver to the Purchaser duly executed and completed transfers in favour of the Purchaser of the Capri SPV Shares in registrable form (except for the impression of stamp duty or other Taxes of a similar nature) together with the relevant share certificates (if any);
  - (ii) deliver to the Purchaser copies of the Securities together with such documentation evidencing the assignment of the Capri Loan and the Securities from the Vendor to the Capri SPV, to the maximum extent possible;
  - (iii) copies of all records and filings relating to the Capri Loan and the Securities under the PPSA, any Tax law or any other law or regulation; and
  - (iv) any other documentation necessary to give effect to the Capri SPV Share Sale; and
- (c) do all other things necessary or desirable to:
  - (i) complete the KBL Share Sale and the Capri SPV Share Sale; and
  - (ii) the assignment by the Vendor of the Capri Loan and the Security to Capri SPV; and
  - (iii) complete any other transaction contemplated by this agreement.

## 6.3 Obligations of the Purchaser

- (a) The Purchaser must:
  - (i) at Completion, deliver to the Vendor certificates in respect of the Kidman Notes;
  - (ii) subject to clauses 6.3(b) and 6.3(c), by no later than the KBL Share Settlement Date, the Purchaser must pay the KBL Shares Purchase Price by procuring the issue by Kidman Resources to the Vendor of 22,249,824 Kidman Shares;
  - (iii) do all other things necessary or desirable to:
    - (A) complete the KBL Share Sale and the Capri SPV Share Sale; and
    - (B) assist the Vendor to complete the assignment by the Vendor of the Capri Loan and the Security to Capri SPV; and
    - (C) complete any other transaction contemplated by this agreement..
- (b) If the Capri Loan has been repaid in full by the Company on or before the KBL Share Settlement Date, the Purchaser will have no obligation to complete the purchase of the KBL Shares and, if it elects not to complete that purchase, it will immediately do all acts and execute all documents necessary to re-transfer the KBL Shares to the Vendor (or as directed by the Vendor). For the avoidance of doubt, in accordance with Conditions 2.1(b) and 4(a) of the Conditions of Issue set out in Schedule 1 to the Kidman Note Deed,



the Kidman Notes will be redeemed within 2 Business Days of the repayment of the Capri Loan by the Company.

- (c) The Purchaser will not be obliged to procure the issue by Kidman Resources of any Kidman Shares to the Vendor to the extent that it would require shareholder approval or regulatory approval to do so (under the ASX Listing Rules, the Corporations Act or any other law) and, in that case, clause 6.4 will apply.

#### **6.4 Review of obligations**

- (a) If the Purchaser requires shareholder approval or regulatory approval of any kind in order to be able to issue Kidman Shares in connection with any transactions contemplated by this agreement, the parties agree that:
  - (i) the date by which the Purchaser must satisfy its obligations under clause . will be extended by 3 months (or any longer period agreed by the parties) during which time the Purchaser will:
    - (A) procure Kidman Resources to convene a general meeting of members to seek approval for the issue of the relevant Kidman Shares; and
    - (B) apply, or procure that Kidman Resources apply, for any regulatory approvals required to enable Kidman Resources to issue the relevant Kidman Shares; and
  - (ii) during that period the Vendor agrees that it will not seek to recover the KBL Shares, or take any action in respect of the KBL Shares, and that the Purchaser will continue to have and enjoy all Rights in respect of the KBL Shares,
- (b) If, after the period agreed by the parties under clause 6.4(a), the Purchaser does not obtain any approvals required to enable it to issue Kidman Shares to the Vendor, the Purchaser will immediately do all acts and execute all documents necessary to re-transfer the KBL Shares to the Vendor (or as directed by the Vendor).

#### **6.5 Simultaneous actions at Completion**

In respect of Completion:

- (a) the obligations of the parties under this agreement are interdependent;
- (b) all actions required to be performed will be taken to have occurred simultaneously on the Completion Date;
- (c) the Purchaser need not complete the purchase of any KBL Shares unless the purchase of all the Capri SPV Shares is also completed simultaneously; and
- (d) the Purchaser need not complete the purchase of any KBL Shares or Capri SPV Shares unless the purchase of all the KBL Shares and Capri SPV Shares is completed simultaneously.

#### **6.6 Conduct until the KBL Shares are registered**

After Completion and until the KBL Shares are registered in the name of the Purchaser, the Vendor must:

- (a) convene and attend at general meetings of the Company; and
- (b) vote at general meetings and take all other action in the capacity of the registered holder of the KBL Shares,

as the Purchaser may lawfully require from time to time by notice in writing to the Vendor.

## **6.7 Records**

The Vendor may retain after Completion copies of any Records necessary for it to comply with any applicable law (including Tax law) and to prepare Tax or other returns required of it by law.

## **7. Security**

### **7.1 Security to be granted by the Purchaser**

- (a) As soon as reasonably practicable after Completion, the Purchaser agrees to procure the execution by Capri SPV of a share mortgage in respect of the Capri SPV Shares and such other security as may be reasonably required by the Vendor to secure the performance by the Purchaser of its obligations in respect of the Kidman Notes, including but not limited to the obligation of Kidman Resources to redeem the Kidman Notes in accordance with the terms of those Notes.
- (b) Without limiting clause 7.1(a), the Purchaser agrees that any security provided or procured by it in support of the obligations of Kidman Resources under the terms of issue of the Kidman Notes will include such negative pledges and other limitations and restrictions on the disposal by the Purchaser of the Capri SPV Shares, the activities of Capri SPV, the waiver of any rights of Capri SPV in respect of the Capri Loan and the disposal by Capri SPV of any interest in the Capri Loan as may be reasonably required by the Vendor to secure its interests under the Kidman Notes.

### **7.2 Assignment of the Security (in respect of the Capri Loan)**

Without limiting any other clause of this agreement, the Vendor and Capri SPV undertake to do at their expense all things necessary to assign, grant and Perfect the Securities, or Security Interests in respect of the property secured by the Securities, in the name of Capri SPV as soon as reasonably possible and to execute any documents and grant any consents or approvals necessary for this purpose.

## **8. Warranties**

### **8.1 Warranties**

The Vendor represents and warrants to the Purchaser that the Warranties are true and accurate at the date of this agreement and will be true and accurate on the Completion Date and KBL Share Settlement Date.

### **8.2 Reliance of the Purchaser**

The Vendor acknowledges that the Purchaser enters into this agreement and will complete the sale and purchase of KBL Shares and the Capri SPV Shares under this agreement in reliance on the Warranties.

### **8.3 Application of the Warranties**

Each Warranty:

- (a) remains in full force and effect after Completion;
- (b) is separate and independent and is not limited by reference to any other Warranty or any other provision in this agreement; and
- (c) is not affected or limited in any way by any investigation made by or on behalf of the Purchaser or any information relating to the Business or the Company of which the Purchaser has actual knowledge except to the extent that it is disclosed (within the meaning of clause 1.2(q)) under clause 8.4.

#### **8.4 Qualifications**

The Warranties are given subject to and are qualified by the matters that are fully and fairly disclosed in this agreement or in writing by the Vendor to the Purchaser prior to the date of this agreement.

#### **8.5 Notice of potential Claim**

As soon as possible after a party first becomes aware of anything which it is aware is or may be reasonably likely to give rise to a Warranty Claim:

- (a) it must notify the other party in writing of that fact, together with all available details; and
- (b) the Vendor must, as and when requested by the Purchaser, provide to the Purchaser any information and details which the Purchaser reasonably requires.

#### **8.6 Effect of payment**

A payment to the Purchaser for a Warranty Claim is to be treated as a reduction in the Capri SPV Purchase Price or KBL Shares Purchase Price (or both, as the case may be).

#### **8.7 No limitations for fraud**

None of the limitations on Claims in this clause 8 will apply if the Vendor fraudulently, dishonestly, deliberately or recklessly makes or omits to make a disclosure to the Purchaser of matters known to the Vendor in such a way as to render any Warranty misleading, false or deceptive.

#### **8.8 Time limits on Claims**

The Vendor has no liability for a Warranty Claim unless, in the case of a Warranty Claim, the Purchaser has given written notice of the Claim to the Vendor on or before the first anniversary of the Completion Date.

#### **8.9 Maximum aggregate liability for Claims**

The maximum aggregate liability of the Vendor for all Claims made by the Purchaser under this agreement is equal to:

- (a) in respect of the KBL Share Sale, the KBL Shares Purchase Price; and
- (b) in respect of the Capri SPV Share Sale, the face value of the Kidman Note and the value of any interest, issues, distributions, or dividends paid or provided by the Purchaser under the terms of the Kidman Note.

#### **8.10 Survival**

The provisions of clause 8 remain in full force and effect after Completion.

#### **8.11 Gross-up for Tax**

If the Vendor is liable to pay an amount to the Purchaser or the Company pursuant to a Warranty Claim and any such payment is assessable under the Tax Act, the Vendor must pay to the Purchaser such amount as is necessary to ensure the Purchaser is fully compensated for any liability arising from such assessment.

### **9. Representations by the Purchaser**

#### **9.1 Representations**

The Purchaser represents and warrants to the Vendor that each of the following statements is true and accurate at the date of this agreement and will be true and accurate on the Completion Date:

- (a) it is validly existing under the laws of its place of registration or incorporation;
- (b) it has the power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;

- (c) it has taken all necessary action to authorise its entry into and performance of this agreement and to carry out the transactions contemplated by this agreement;
- (d) its obligations under this agreement are valid and binding and enforceable against it in accordance with their terms; and
- (e) no:
  - (i) meeting has been convened, resolution proposed, petition presented or order made for its winding up;
  - (ii) receiver, receiver and manager, provisional liquidator, liquidator, administrator or other officer of the court has been appointed in relation to all or any of its assets; or
  - (iii) mortgagee has taken, attempted to take or indicated an intention to exercise its rights under any security of which it is the mortgagor or chargor.

## 9.2 Application of representations by the Purchaser

Each of the representations by the Purchaser under clause 9.1 remains in full force and effect on and after Completion.

# 10. Confidentiality and publicity

## 10.1 Confidentiality

A party (**Recipient**):

- (a) must keep confidential any confidential information of another party (**Disclosing Party**) disclosed to the Recipient by the Disclosing Party, or of which the Recipient becomes aware, at any time up to Completion, except information which is public knowledge otherwise than as a result of a breach of confidentiality by the Recipient or any of its permitted disclosees; and
- (b) may disclose any confidential information in respect of which the Recipient has an obligation of confidentiality under clause 10.1(a) only:
  - (i) to those of the Recipient's officers or employees or financial, legal or other advisers who:
    - (A) have a need to know for the purposes of this agreement or the transactions contemplated by it; and
    - (B) undertake to the Recipient (and, where required by the Disclosing Party, to the Disclosing Party) a corresponding obligation of confidentiality to that undertaken by the Recipient under this clause 10.1; or
  - (ii) if required to do so by law or the Listing Rules of ASX.

## 10.2 Confidential Information – until Completion or termination

A reference in clauses 10.1(a) and 10.1(b) to **confidential information** includes, as regards the Purchaser, Confidential Information and the Purchaser must comply with those provisions with respect to Confidential Information until the first to occur of:

- (a) Completion; or
- (b) a period of 12 months after termination of this agreement.

## 10.3 Confidential Information – after Completion

The Vendor must not, and must ensure that any related body corporate of it and its and their respective Representatives and Associates must not, after Completion without the prior written

consent of the Purchaser, use or disclose any Confidential Information unless required to do so by law or the Listing Rules of ASX.

#### 10.4 Announcements

A party must not make or authorise a press release or public announcement relating to the negotiations of the parties or the subject matter or provisions of this agreement unless:

- (a) it is required to be made by law or the Listing Rules of ASX and before it is made that party has:
  - (i) notified the Purchaser and the Vendor; and
  - (ii) given the Purchaser and the Vendor a reasonable opportunity to comment on the contents of, and the requirement for, it; or
- (b) it has the prior written approval of the Purchaser and the Vendor.

### 11. Termination

#### 11.1 Default

If:

- (a) the Vendor defaults in the performance of any of its obligations under this agreement;
- (b) prior to 15 March 2015 the Company takes any action, including but not limited to commencement of proceedings in Court, including proceedings for injunctive relief, which in the opinion of the Purchaser, acting reasonably and in good faith, are likely or may have the effect of rendering the transfer of effective control of the Capri Loan to the Purchaser ineffective;
- (c) Capri SPV becomes entitled at any time to serve a notice of default on the Company under clause 8 of the Capri Note Deed (**Default Notice**),

the Purchaser will, unless otherwise agreed by the Vendor, immediately terminate this agreement by giving notice in writing to the Vendor and each party must take such action as is reasonable and practical to return each other party to the position that it had immediately prior to the entry by the parties into this agreement.

*[For clarity, on termination by the Purchaser under this clause 11.1, in practical terms, the KBL Share Sale and Capri SPV Share Sale will be reversed (without liability being incurred by either party to the other) and the Vendor, as the new holder of the Capri SPV Shares, will be solely entitled to direct the enforcement by Capri SPV of its rights under the Securities. The reversal of these transactions and the agreement by the parties to return each other party to the position that it had immediately prior to the entry by the parties into this agreement includes a requirement that the Kidman Notes be redeemed and each party agrees to that occurring.]*

#### 11.2 After termination

On termination of this agreement for any reason, each party must stop, and must cause its permitted disclosees to stop, using confidential information of another party and, at the other party's option:

- (a) return to the other party;
  - (b) destroy and certify in writing to the other party the destruction of; or
  - (c) destroy and permit a representative of the other party to witness the destruction of,
- all confidential information in its possession or control.



### 11.3 Survival

Clauses 10 and 12 continue to apply after termination of this agreement together with any other clauses intended by their nature to survive termination of this agreement.

### 11.4 Accrued rights

Termination of this agreement does not affect any accrued rights or remedies of a party.

## 12. GST

### 12.1 Interpretation

In this clause 12, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

### 12.2 GST gross up

If a party makes a supply under or in connection with this agreement in respect of which GST is payable, the consideration for the supply but for the application of this clause 12.2 (**GST exclusive consideration**) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.

### 12.3 Reimbursements

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with clause 12.2.

### 12.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this agreement until it receives a tax invoice for the supply to which the payment relates.

## 13. Notices and other communications

### 13.1 Service of notices

A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

### 13.2 Effective on receipt

A Notice given in accordance with clause 13.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, the second Business Day after the date of posting (or the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight Business Hours after the transmission, the recipient informs the sender that it has not received the entire Notice; and
- (d) if sent by email, when sent by the sender unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

## **14. Assignment**

### **14.1 Assignment in general**

Subject to clause 14.2, a party may only assign this agreement or a right under this agreement with the prior written consent of each other party.

### **14.2 Assignment to financier**

On and from 15 March 2015 (or such other date agreed between the parties), the Purchaser may assign, charge or grant a security interest over a right under this agreement to:

- (a) a financier in connection with the acquisition of the KBL Shares (for itself and as agent or trustee for any other such financier); or
- (b) a trustee or an agent of a financier in respect of facilities available to the Purchaser to finance or refinance an amount payable under this agreement,

and if such a security is enforced, the Purchaser, financier or trustee or agent may assign the benefit of the rights under this agreement to any purchaser or assignee from the financier or trustee or agent (or any receiver appointed by any of them) who acquires the Company or all or part of the Business.

## **15. Miscellaneous**

### **15.1 Alterations**

This agreement may be altered only in writing signed by each party.

### **15.2 Approvals and consents**

Except where this agreement expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

### **15.3 Costs**

Each party must pay its own costs of negotiating, preparing and executing this agreement.

### **15.4 Stamp duty**

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this agreement or any transaction contemplated by this agreement, must be paid by the Purchaser.

### **15.5 Survival**

Any indemnity or any obligation of confidence under this agreement is independent and survives termination of this agreement. Any other term by its nature intended to survive termination of this agreement survives termination of this agreement.

### **15.6 Counterparts**

This agreement may be executed in counterparts. All executed counterparts constitute one document.

### **15.7 No merger**

The rights and obligations of the parties under this agreement do not merge on completion of any transaction contemplated by this agreement.

### **15.8 Entire agreement**

This agreement together with the other Transaction Documents constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

### **15.9 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this agreement and any transactions contemplated by it.

### **15.10 Severability**

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or parts of the term of this agreement continue in force.

### **15.11 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

### **15.12 Relationship**

Except where this agreement expressly states otherwise, it does not create a relationship of employment, trust, agency or partnership between the parties.

### **15.13 Governing law and jurisdiction**

This agreement is governed by the law of Victoria and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.



# Schedule 1 – KBL Share details

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<b>Company Name</b>	KBL Mining Limited
<b>ACN</b>	129 954 365
<b>Registered office</b>	Level 3, 2 Elizabeth Plaza, North Sydney, NSW 2060
<b>Share capital</b>	393,535,629 Shares
<b>Number of KBL Shares</b>	37,925,836 KBL Shares, registered in the name of Capri Trading Pty Ltd as trustee for the Capri Family Trust

## Schedule 2 – Securities

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1. General Security Agreement between the Company and Capri dated on or around 6 March 2013.
2. Mortgage over mining tenements given by the Company to Capri dated 6 March 2013 in respect of the mining tenements relevant to Mineral Hill Mine.

# Schedule 3 – Warranties

---

## Warranty 1– Vendor

- 1.1 Each of the Vendor and Capri SPV has full authority and all necessary consents to enter into and perform this agreement.
- 1.2 This agreement and all other agreements contemplated by this agreement will, when executed by the Vendor and Capri SPV, constitute binding obligations of the Vendor and Capri SPV in accordance with their respective terms.
- 1.3 The execution, delivery and performance by each of the Vendor and Capri SPV of this agreement will not:
  - (a) result in a breach of any provision of the constitution of the Vendor and Capri SPV;
  - (b) result in a breach of, or constitute a default under, any instrument to which the Vendor or Capri SPV is a party or by which the Vendor or Capri SPV is bound and which is material in the context of the transactions contemplated by this agreement; or
  - (c) result in a breach of any order, judgment or decree of any court or Governmental Authority to which the Vendor or Capri SPV is a party or by which the Vendor or Capri SPV is bound and which is material in the context of the transactions contemplated by this agreement.
- 1.4 No:
  - (a) meeting has been convened, resolution proposed, petition presented or order made for the winding up of either the Vendor or Capri SPV;
  - (b) receiver, receiver and manager, provisional liquidator, liquidator or other officer of the Court has been appointed in relation to all or any material asset of the Vendor or Capri SPV; or
  - (c) mortgagee or chargee has taken, attempted or indicated an intention to exercise its rights under any security of which the Vendor or Capri SPV is the mortgagor or chargor.
- 1.5 each of the Vendor and Capri SPV:
  - (a) is not insolvent within the meaning of section 95A of the Corporations Act;
  - (b) has not stopped paying its debts as and when they fall due;
  - (c) has not been served with a demand under section 459E of the Corporations Act which it is taken under section 459F of the Corporations Act to have failed to comply with; and
  - (d) is not subject to voluntary administration under Part 5.3A of the Corporations Act.

## Warranty 2 – KBL Shares and Capri SPV Shares

- 2.1 As far as the Vendor is aware, the KBL Shares held by the Vendor:
  - (a) are fully paid; and
  - (b) were validly issued.
- 2.2 The Capri SPV Shares held by the Vendor:
  - (a) are fully paid; and
  - (b) were validly issued.

- 2.3 The Vendor has complete and unrestricted power and right to sell, assign and transfer the KBL Shares and Capri SPV Shares to the Purchaser.
- 2.4 There is no person who holds any rights or securities in respect of the KBL Shares or Capri SPV Shares other than as disclosed to the Purchaser in writing prior to the date of this agreement.
- 2.5 There is no Encumbrance, granted by the Vendor or Capri SPV, over or affecting the KBL Shares or Capri SPV Shares or any of them.
- 2.6 Capri SPV has undertaken no activity and has no assets or liabilities other in respect of its acquisition of legal and beneficial ownership of the KBL Notes and the assignment to it of the Securities.

### Warranty 3 – Capri Loan

With respect to the Capri Loan and the agreement for the Capri Loan:

- (a) the agreement for the Capri Loan is valid and binding on the Company and the Vendor;
- (b) as far as the Vendor is aware, no party to the agreement for the Capri Loan is in breach of it;
- (c) as far as the Vendor is aware, there are no grounds for rescission, avoidance or repudiation of that agreement;
- (d) the Vendor is not aware of any actual or threatened challenge by the Company or any third party to the validity of the Capri Loan or the enforceability of the agreement or the Security Interests;
- (e) the Vendor has not agreed to waive any terms of that agreement or grant the Company any additional time or indulgence to comply with its obligations under that agreement, other than as disclosed to the Purchaser prior to the date of this agreement;
- (f) no party has given notice to terminate it or has sought to repudiate or disclaim it or, as far as the Vendor is aware, intends to do so;
- (g) as far as the Vendor is aware, there are no facts or circumstances which are likely to give rise to any of the above; and
- (h) it is not terminable by virtue of the assignment of the Capri Loan or the transfer of the Capri SPV Shares as contemplated by this agreement.

### Warranty 4 – Security Interests

In relation to the Security Interests:

- (a) Schedule 2 contains full details of all Security Interests held by the Vendor in respect of the Company and the Capri Loan, including details of the means by which the Security Interest is Perfected; and
- (b) each Security Interest held by the Vendor in respect of the Company is Perfected with the highest ranking priority possible under the PPSA in relation to that type of Security Interest.

### Warranty 5– Information

- 5.1 The Vendor has disclosed to the Purchaser all information relating to the Company, the KBL Shares, the Capri SPV, the Capri SPV Shares and the Capri Loan or otherwise in relation to the subject matter of this agreement requested by the Purchaser and it has not made any statements to

the Purchaser in respect of the KBL Shares, the Capri SPV or the Capri Loan that are misleading or deceptive or likely to mislead or deceive.

- 5.2 All copies of documents provided by the Vendor to the Purchaser or its Representatives in relation to the Company, the KBL Shares and the Capri Loan are true copies.

## Warranty 6 – Effect of sale of KBL Shares and Capri SPV Share Sale

The entry into and performance of this agreement does not and will not:

- (a) result in the breach of any of the terms, conditions or provisions of the Capri Loan;
- (b) relieve any person (including but not limited to the Company) from any obligation under the Capri Loan;
- (c) result in the creation, imposition, crystallisation or enforcement of any Encumbrance or other third party right or interest on the Company, its assets or undertaking;
- (d) result in any indebtedness of the Company becoming due and payable; or
- (e) result in any obligation of the Company being accelerated.

## Schedule 4 – Kidman Note Deed

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# Note deed

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Kidman Mining Pty Ltd ACN 602 696 819 (**Issuer**)

Capri Trading Pty Ltd ACN 055 782 380 as trustee for the  
Capri Family Trust (**Noteholder**)

MinterEllison

L A W Y E R S

RIALTO TOWERS, 525 COLLINS STREET, MELBOURNE VIC 3000, DX 204 MELBOURNE  
TEL: +61 3 8608 2000 FAX: +61 3 8608 1000  
[www.minterellison.com](http://www.minterellison.com)

# Note deed

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# Details

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## Dated

## By

Name	<b>Kidman Mining Pty Ltd</b>
CAN	602 696 819
Short form name	<b>Issuer</b>
Notice details	Address: Suite 3, Level 4, 12-20 Flinders Lane, Melbourne VIC 3000 Email: martin@kidmanresources.com.au  Attention: Martin Donohue

Name	<b>Capri Trading Pty Ltd as trustee for the Capri Family Trust</b>
CAN	ACN 055 782 380
Short form name	<b>Vendor</b>
Notice details	Address: Level 32 Australia Square, 264 George Street, Sydney NSW 2000 Email: geoff.kinghorn@kvaviation.com Attention: Mr Geoff Kinghorn

## Background

The Issuer has agreed to issue notes to the Noteholder and the Noteholder has agreed to subscribe for notes in accordance with the terms and conditions of this deed.

# Terms

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## 1. Defined terms & interpretation

### 1.1 Defined terms

In this deed capitalised terms have the meaning given to them in the Note Issuance and Share Sale Agreement, unless defined below:

**Business Day** means:

- (a) for receiving a notice under clause 3, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Australia.

**Business Hours** means from 9.00am to 5.00pm on a Business Day.

**Certificate** means a certificate substantially in the form of the certificate in Schedule 2.

**Conditions of Issue** means the conditions in Schedule 1 and **Condition** means one of them.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Issuer from time to time.

**Face Value** in respect of a Note means \$1,000.

**Finance Condition** means the condition subsequent set out in Condition 2.2(b) of Schedule 1.

**Interest Payment Date** means for each Note:

- (a) each 15 March and 15 September in each year which the Note is outstanding (i.e. until the Note is redeemed in accordance with the Conditions of Issue); and
- (b) the redemption date for the Note.

**Interest Rate** means 10% per annum.

**Insolvency Event** means any of the following occurring:

- (a) insolvency official: the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official to the Company, or to the whole or a substantial part of the property or assets of the Company;
- (b) arrangements: the entry by the Company into a compromise or arrangement with their creditors generally;
- (c) winding up: the calling of a meeting to consider a resolution to wind up the Company (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or dissolution of the Company other than where the application or order (as the case may be) is set aside within 14 days;
- (d) insolvency: the Company is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or the Bankruptcy Act or is otherwise presumed to be insolvent under the Corporations Act or the Bankruptcy Act;
- (e) deregistration: the Company being deregistered as a company or otherwise dissolved;

- (f) deed of company arrangement: the Company executing a deed of company arrangement; or
- (g) any act or event analogous to any of those described in paragraphs (a) to (f) immediately above occurring under applicable Australian law.

**Issue Date** for a Note means the date on which the Note is issued.

**Maturity Date** means the final expiry date of a Note (as determined in accordance with Condition 2 of Schedule 1).

**Noteholder** means a person whose name is entered in the Register as the holder of a Note or Notes.

**Note Issuance and Share Sale Agreement** means the agreement of that name between the Issuer, the Noteholder, and RIKID511 Pty Ltd ACN 602 701 351 dated on or around the date of this deed.

**Notes** means the notes created by the Issuer on and in accordance with the Conditions of Issue and issued by the Issuer under this deed and for the time being outstanding and a reference to a **Note** that is outstanding as at a particular date means a Note that has not been redeemed before that date.

**Redemption Date** means, in respect of a Note, the date, other than the Maturity Date, on which the Note is redeemed.

**Register** means the Register of Noteholders maintained by the Issuer in accordance with Schedule 1.

## 1.2 Interpretation

In this deed, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed, and a reference to this deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **AS\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Melbourne, Australia time;
- (g) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;

- (k) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (l) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it;
- (m) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (n) capitalised words or expressions in this deed that are not defined in clause 1.1 have the meaning given to them in the Note Issuance and Share Sale Agreement.

### **1.3 Headings**

Headings are for ease of reference only and do not affect interpretation.

## **2. Issue of Notes**

### **2.1 Creation and issue**

The Issuer agrees to create and issue Notes that:

- (a) are issued to the Noteholder;
- (b) constitutes a separate and individual acknowledgment of the indebtedness of the Issuer to the Noteholder; and
- (c) are issued on the terms and conditions set out in this deed and its Schedules.

### **2.2 Subscription by the Noteholder for Notes**

The Noteholder will, on the date of execution of this deed, agree to subscribe for Notes in consideration for the completion by the Purchaser of its purchase of the Capri SPV Share Sale under and in accordance with the terms of the Note Issuance and Share Sale Agreement.

### **2.3 Issue of Notes**

- (a) On Completion of the Capri SPV Share Sale:
  - (i) the Issuer must issue Notes to the Noteholder with an aggregate Face Value equal to \$12,600,000; and
  - (ii) deliver a Certificate for those Notes to the Noteholder.
- (b) On the Issue Date:
  - (i) the Noteholder is taken to be the holder of the number of Notes referred to in clause 2.3(a)(i) and is deemed to hold each Note regardless of any failure by the Issuer to comply with this deed (subject to the terms of the Note Issuance and Share Sale Agreement); and
  - (ii) in consideration of the issue of the Notes, the Noteholder promises to discharge, and to procure the discharge by Capri SPV, of their respective obligations under the Note Issuance and Share Sale Agreement.

### **2.4 Note remains outstanding**

- (a) A Note will be regarded as remaining outstanding unless:
  - (i) the Note has been redeemed by the Issuer in accordance with the Note Issuance and Share Sale Deed; or
  - (ii) the Note has been cancelled in accordance with this deed.

- (b) If a Note is not outstanding it will be taken to have been cancelled.

## **2.5 Status of the Notes**

The Issuer warrants and represents to the Noteholder that all approvals, consents and authorisations necessary to permit the issue of the Notes to the Noteholder (on the Conditions of Issue) have been obtained.

## **3. Notices and other communications**

### **3.1 Service of notices**

A notice, demand, consent, approval or communication under this deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post or facsimile to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

### **3.2 Effective on receipt**

A Notice given in accordance with clause 3.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight Business Hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

### **3.3 Attorney**

In consideration of the mutual promises in this deed (among other things), the Noteholder:

- (a) severally and irrevocably appoints the Issuer as its agent and attorney with power to:
  - (i) complete any sale contemplated under this deed;
  - (ii) receive any money from the sale and hold it on trust for the Noteholder;
  - (iii) complete and execute any necessary documents to complete the sale on behalf of the Noteholder; and
  - (iv) do anything necessary to give effect to clause 6 or the transactions contemplated by that clause;
- (b) must ratify and confirm whatever its attorney lawfully does or causes to be done under this deed; and
- (c) indemnifies its attorney against any claim, notice, demand, action, proceeding, litigation, investigation, judgment, damage, loss, cost, expense or liability however arising, whether present, unascertained, immediate, future or contingent and, whether based in contract, tort or statute that the attorney may suffer or for which it is liable, to the extent arising from a lawful exercise of all or any of its powers under this deed.

### **3.4 Representations and warranties**

As at the date of this deed, the Issuer represents and warrants to the Noteholder (and the Noteholder is deemed to have represented and warranted to the Issuer) that:

- (a) it is validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into, deliver and perform its obligations under this deed;
- (c) the entry into, delivery and performance of this deed has been duly authorised and will not violate its constitution or any other law or agreement binding upon it;
- (d) neither it nor its assets is immune from suit or execution; and
- (e) this deed constitutes legal, valid and binding obligations, enforceable in accordance with its terms.

## **4. Miscellaneous**

### **4.1 Benefit of this deed**

The Issuer covenants for the benefit of the Noteholder that it will perform and observe the terms of this deed and the Conditions of Issue from the date of this deed and for so long as the Noteholder holds any Notes or the Issuer is actually or contingently liable to make any payment to the Noteholder under or in respect of this deed or the Conditions of Issue of any Notes.

### **4.2 Alteration of deed**

Neither this deed nor the Conditions of Issue may be modified, altered, cancelled, amended or added to in any respect except by notice in writing executed by all parties to this deed.

### **4.3 Governing law**

This deed is governed by the law of Victoria and each party irrevocable and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.



# Schedule 1 – Conditions of Issue

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## 1. General terms of issue

Each Note:

- (a) has a principal amount of, and is issued at, the Face Value;
- (b) bears interest in accordance with Condition 2; and
- (c) is redeemable in accordance with Conditions 4 and 5.

## 2. Maturity

### 2.1 Maturity date

The maturity (expiry) date of the Notes is the earlier to occur of the following dates:

- (a) subject to any extension of the term of the Notes under Condition 2.2, 15 March 2015; and
- (b) 2 Business Days after the date on which the Capri Loan is repaid by the Company.

### 2.2 Extension of the term of the Notes

- (a) If at any time prior to 15 March 2015 the Issuer requests (by notice in writing to the Noteholder) an extension of the term of the Notes, then in consideration of the payment of the Extension Fee and subject to satisfaction or waiver (by the Noteholder) of the Finance Condition, the Noteholder agrees to extend the term of the Notes such that the maturity date of the Notes is 31 March 2018.
- (b) Extension of the term of the Notes is subject to the Issuer providing evidence to the Noteholder by no later than 15 September 2015 confirming, to the reasonable satisfaction of the Noteholder, that it will be able to finance or arrange finance, or procure the financing of the construction and commissioning of a CIL gold circuit at the Mineral Hill Mine (**Finance Condition**).
- (c) If the Issuer is not able to satisfy the Finance Condition, then despite any other clause of these Conditions of Issue or this deed, the maturity date of the Notes will be 15 September 2015 and the Notes must be redeemed in cash for their Face Value on or before such date.

## 3. Interest

### 3.1 Amount of interest

- (a) For each Note, simple interest accrues daily at the rate of 10% per annum.
- (b) Interest accrues on a Note from and including 16 March 2015 up to and including the date on which that Note is redeemed.

### 3.2 When interest is payable

Interest is payable in arrears on each Interest Payment Date during the term of a Note, for the period beginning on the later of:

- (a) 16 March 2015; and
- (b) the immediately preceding Interest Payment Date.

### **3.3 Interest to be loaned to Issuer**

The Issuer must pay the interest (in cash) to the Noteholder as required by Condition 3 on each Interest Payment Date.

## **4. Redemption**

- (a) The Purchaser must redeem the Notes (for cash) on the Maturity Date by payment of such part of the Face Value then outstanding on the Notes plus all accrued but unpaid interest to the Noteholder.
- (b) The Purchaser may redeem all (but not some) of the Notes at any time prior to the Maturity Date, by not less 5 Business Days notice in writing to the Noteholder, by payment (in cash) to the Noteholder of the aggregate Face Value then outstanding on the Notes plus all accrued but unpaid interest.

## **5. Redemption on Event of Default**

### **5.1 When Notes must be redeemed**

The Issuer will be immediately in default if an Insolvency Event occurs in relation to the Issuer and the Noteholder may require the Issuer to redeem the Notes by delivering to the Issuer:

- (a) a written notice requiring the Issuer to redeem the number (and value) of Notes specified in the notice; and
- (b) the Certificate in respect of all Notes held by the Noteholder being redeemed or, if such Certificate has been lost or destroyed, an indemnity in such form as the Issuer may reasonably require.

On receipt by the Issuer of a Redemption Notice, the Issuer must redeem the Notes that are the subject of the redemption within 20 Business Days of the date of receipt by the Issuer of the redemption notice.

### **5.2 Redemption amount**

The Notes that are the subject of redemption are redeemable for an amount in cash equal to the Face Value then outstanding on those Notes and the Issuer must pay this amount, plus all accrued but unpaid interest, to the Noteholder in accordance with Condition 5.1.

### **5.3 Surrender Certificates**

The Noteholder must surrender and deliver the relevant Certificate to the Issuer in exchange for the Issuer paying the relevant redemption money, calculated under this Condition 5, to it.

## **6. Cancellation of notes**

All Notes that are redeemed are automatically cancelled on redemption and may not be re-issued.

## **7. Payments to Noteholder**

Interest, redemption money or any other money payable on or in respect of a Note must be paid in Australian dollars:

- (a) by cheque marked 'not negotiable' and sent to the address of the Noteholder;
- (b) by deposit to an account with any bank in Australia that the Noteholder, by written notice to the Issuer, may direct; or



- (c) by any other method of transferring money agreed by the Issuer and the Noteholder from time to time.

## 8. Register of Noteholders

- (a) The Issuer must establish and maintain a Register of Noteholders at its registered office or at such other place permitted by the Corporations Act as the Issuer may determine.
- (b) There must be entered on the Register of Noteholders the name and address of the Noteholder and the number of Notes held by it.
- (c) The Noteholder must promptly notify the Issuer of any change of its name or registered address accompanied, in the case of change of name, by such evidence as the Issuer may reasonably require. The Register of Noteholders must be altered accordingly.

## 9. Pari passu

The Notes will rank equally amongst themselves in all respects.

# Schedule 2 – Certificate

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**Kidman Mining Pty Ltd ACN 602 696 819**

ISSUE OF 12,600 CONVERTIBLE NOTES OF \$1,000 EACH (**Notes**)

Certificate No: [●]

This certifies that Capri Trading Pty Ltd ACN 055 782 380 as trustee for the Capri Family Trust of Level 32 Australia Square, 264 George Street, Sydney NSW 2000 (**Capri**) is registered as a holder of [**\*number**] Notes issued by Kidman Mining Pty Ltd under a deed between it and Capri dated [**\*** ] November 2014 (**Deed**).

The Notes are issued by Kidman Mining Pty Ltd on and subject to the Conditions of Issue contained in the deed.

The Conditions of Issue are incorporated in and form part of this certificate.

**Dated**

**Executed by Kidman Mining Pty Ltd**  
ACN 602 696 819 in accordance with  
Section 127 of the *Corporations Act 2001*

\_\_\_\_\_  
Signature of director



\_\_\_\_\_  
Signature of director/Issuer secretary  
(Please delete as applicable)



\_\_\_\_\_  
Name of director (print)

\_\_\_\_\_  
Name of director/Issuer secretary (print)

# Signing page

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**EXECUTED** as a deed.

**Executed by Kidman Mining Pty Ltd ACN  
602 696 819** in accordance with Section 127  
of the *Corporations Act 2001*

\_\_\_\_\_  
Signature of director



\_\_\_\_\_  
Signature of director/Issuer secretary  
(Please delete as applicable)



\_\_\_\_\_  
Name of director (print)

\_\_\_\_\_  
Name of director/Issuer secretary (print)

**Executed by Capri Trading Pty Ltd ACN  
055 782 380 as trustee for the Capri  
Family Trust** in accordance with Section  
127 of the *Corporations Act 2001*

\_\_\_\_\_  
Signature of director



\_\_\_\_\_  
Signature of director/Issuer secretary  
(Please delete as applicable)



\_\_\_\_\_  
Name of director (print)

\_\_\_\_\_  
Name of director/Issuer secretary (print)

## Schedule 5 – Share calculations

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For the purpose of clarity, the parties agree that the number of Kidman Shares to be issued has been calculated by reference to the following:

In each of the following cases, the following share values have been used:

KBL Share	\$0.044 per share; and
Kidman Share	\$0.075 per share

### Acquisition of the KBL Shares

No. of KBL Shares to be acquired: 37,925,836 Shares

Total dollar value of KBL Shares =  $37,925,836 \times \$0.044 = \$1,668,736.78$

No. of Kidman Shares to be issued =  $\frac{\$1,668,736.78}{\$0.075} = 22,249,824$

### Extension Fee

The number of Kidman Shares comprising the Extension Fee (as referred to in the Kidman Note Deed in Schedule 4) was determined in accordance with the following:

$$(\$12,600,000 \times 5\%) \times 3 = \frac{\$630,000}{\$0.075} \times 3 = 25,200,000$$

# Signing page

EXECUTED as an agreement.

Executed by Kidman Mining Pty Ltd ACN  
602 696 819 in accordance with Section 127  
of the Corporations Act 2001

Signature of director

Martin Donohue  
Name of director (print)

Signature of director/company secretary  
(Please delete as applicable)

GARRICK HIGGINS  
Name of director/company secretary (print)

Executed by RIKID511 Pty Ltd ACN 602  
701 351 in accordance with Section 127 of  
the Corporations Act 2001

Signature of director

Goeffrey Kinghorn  
Name of director (print)  
SLC

Signature of director/company secretary  
(Please delete as applicable)

Name of director/company secretary (print)

Executed by Capri Trading Pty Ltd ACN  
055 782 380 as trustee for the Capri  
Family Trust in accordance with Section  
127 of the Corporations Act 2001

Signature of director

Goeffrey Kinghorn  
Name of director (print)  
SLC

Signature of director/company secretary  
(Please delete as applicable)

Name of director/company secretary (print)