

March 20th 2017

ASX Release

Kidman Resources Limited
ABN 88 143 526 096

Corporate Details:

ASX Code: KDR

Issued capital:

327M ordinary shares
47.45 listed options (KDRO)

Substantial Shareholders:

Capri Holdings (9.93%)
Acorn Capital (5.88%)

Directors:

Non-Executive Chairman:

Peter Lester

Managing Director:

Martin Donohue

Non-Executive Director:

Brad Evans

Chief Financial Officer (CFO):

Jason Eveleigh

Company Secretaries:

Justin Mouchacca
Melanie Leydin

Contact Details:

Kidman Resources Limited
Level 7
24-28 Collins Street
Melbourne
Victoria 3000
Australia

Tel: +61 (0)3 9671 3801
Fax: +61 (0)3 9671 3523

Email:
info@kidmanresources.com.au

Website:
www.kidmanresources.com.au

Kidman continues to expand WA lithium project with farm-in deal over neighbouring ground

Kidman's second agreement with Western Areas offers substantial exploration upside immediately adjacent to its world-class Earl Grey lithium deposit

Highlights

- Kidman to acquire lithium rights through earn-in agreement with Western Areas on nineteen tenements within the highly prospective greenstone belt that hosts Kidman's world-class Earl Grey lithium deposit.
- The Earl Grey deposit extends onto these tenements; Historical drilling has identified numerous pegmatite occurrences on the tenements.
- The tenements include the Bounty pegmatite, which straddles the Kidman-Western Areas boundary; Assays from drilling on Kidman's side include:
 - 54.2m @ 1.53% Li₂O
 - 33.5m @ 1.39% Li₂O
- Under this farm-in agreement, Kidman will issue Western Areas 6.3m shares, escrowed for six months.
- Farm-in agreement follows Kidman's acquisition of the lithium rights on other tenements held by Western Areas immediately adjacent to Earl Grey.
- At the conclusion of both agreements, Western Areas will hold 5.2% of Kidman and have the right to appoint a non-executive director to the Kidman board within three months.

Kidman Resources Limited (ASX: KDR) is pleased to announce that it has entered into an earn-In agreement with Western Areas (ASX: WSA) covering 19 tenements immediately adjacent to Kidman's world-class Earl Grey lithium deposit near Southern Cross in WA.

The tenements host an extension of Earl Grey and extend throughout the prospective Forrestania lithium belt (refer Figure 1).

Earl Grey is already one of the biggest known hard-rock lithium deposits in the world with a JORC Resource of 128Mt at 1.44% Li₂O (see ASX Announcement dated 14 December 2016).

Kidman has already commenced an extensive evaluation of the district using existing regional datasets and will immediately set-about evaluating the targets identified within this new Joint Venture package.

Under the agreements, Kidman will to earn-in on the following basis:

- **Stage 1 – Kidman can earn 50% by spending A\$5.0m over three years with a minimum of A\$1.5m being spent in the first twelve months;**
- **Stage 1 – at the end of Stage 1, Western Areas has the right to co-contribute with further exploration expenditure on a 50:50 basis with Kidman;**
- **Stage 2 – Where Western Areas elects not to co-contribute at the end of Stage 1, Kidman may elect to spend a further A\$4.0m over two years to earn 70%; and**
- **Western Areas is free carried to a decision to mine should Stage 2 be completed**

Kidman Managing Director, Martin Donohue said “the agreement would create significant value for shareholders of both companies”.

“By consolidating this world-class lithium belt, we can maximise the exploration and production potential while minimising costs, generating strong returns for both companies,” Mr Donohue said.

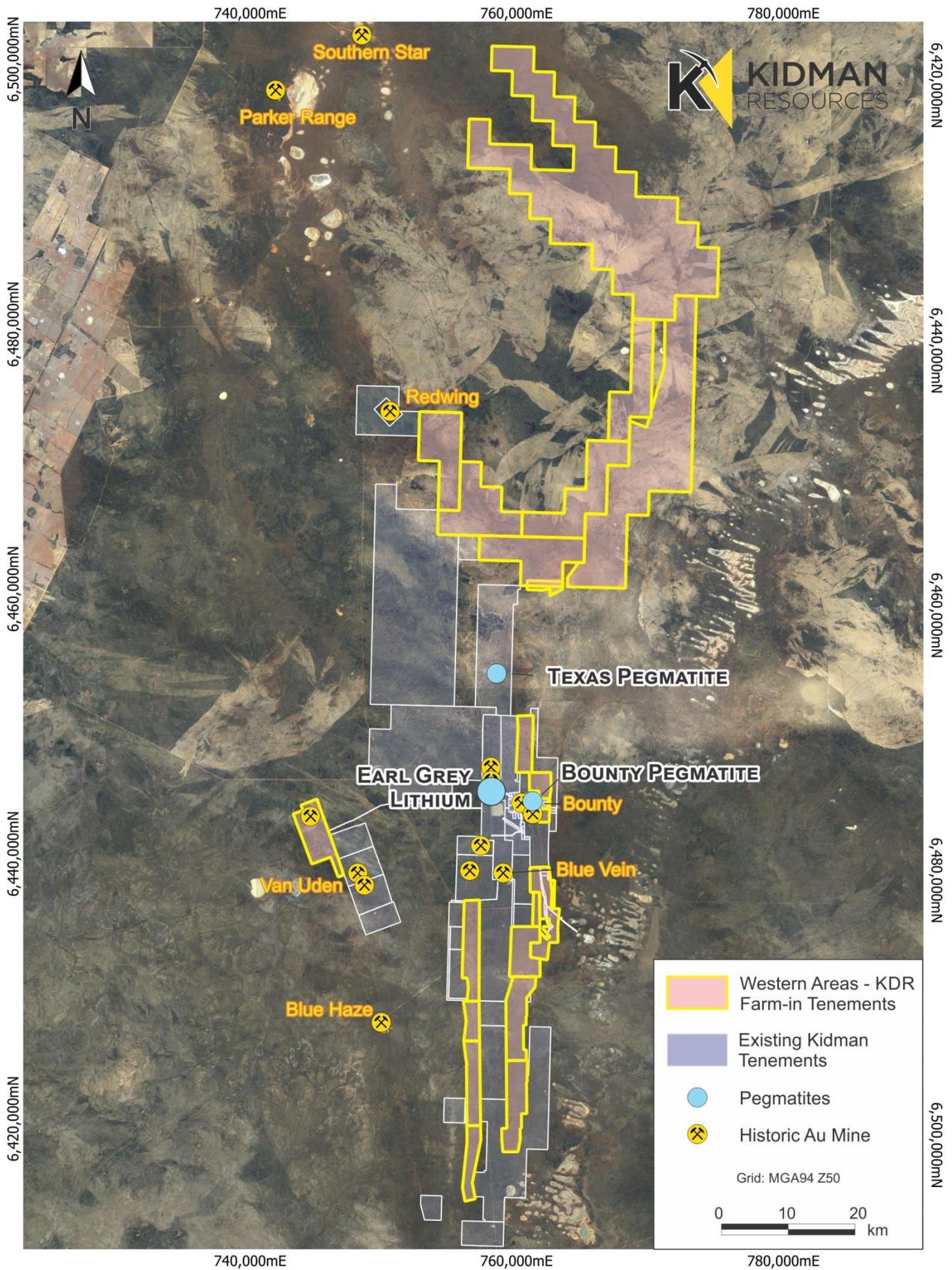


Figure 1: Joint Venture Earn-In agreement tenement holding within the highly prospective Forrestania Greenstone belt.

Kidman Background

Kidman is a diversified resource company which owns the Mt Holland lithium and gold project near Southern Cross in WA (see ASX Announcement 18th December for further details of the project). The company is now undertaking metallurgical and geotechnical drilling at Earl Grey as well as commencing feasibility work and has entered into an exclusive option agreement to potentially process Lithium ores at the Lake Johnston 1.5Mtpa concentrator owned by Poseidon Nickel.

The Company also intends to revise the existing gold resource at Mt Holland with a significant RC and Diamond drilling program, followed by an update to the feasibility study undertaken by previous operators.

Kidman also owns the Burbank's Gold Mine near Coolgardie in WA, and on 22 November 2016 announced that it has signed a binding Heads of Agreement with Resources & Energy Group Limited (REZ) to sell the Burbank's Gold Mine to REZ for \$4.5 million.

Kidman also owns advanced exploration projects in the Northern Territory (Home of Bullion – Cu, Au, Pb, Zn, Ag/ Prospect D - Ni, Cu) and New South Wales. In New South Wales the company has the Crowl Creek Project which is host to numerous projects such as Murrays (Au) Blind Calf (Cu, Au) and Three Peaks (Cu, Pb, Ag). The Company also owns the Brown's Reef project in the southern part of the Cobar Basin (Zn, Pb, Ag, and Cu).

For further information on the Company's portfolio of projects please refer to the website at: www.kidmanresources.com.au

Media:

Paul Armstrong / Nicholas Read

Read Corporate

0421 619 084

Martin Donohue

Managing Director

info@kidmanresources.com.au

+61 3 9671 3801