July 5, 2016

ASX Release

Kidman Resources Limited
ABN 88 143 526 096

Corporate Details:
ASX Code: KDR

Issued capital:
237.3M ordinary shares
47.45 listed options (KDRO)

***Substantial Shareholders*:**
Capri Holdings (9.63%)
Acorn Capital (8.85%)

Directors:
Non-Executive Chairman:
Peter Lester
Managing Director:
Martin Donohue
Non-Executive Director:
Brad Evans

Chief Financial Officer (CFO):
Jason Eveleigh

Company Secretaries:
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Review highlights Mt Holland's outstanding lithium potential

Kidman to launch extensive drilling program having established pegmatite occurrences over 25km with true widths up to 50m and interval grades of more than 2 per cent lithium

Highlights:

- **Systematic review of the lithium potential at the Mt Holland project near Southern Cross in WA has now uncovered multiple shallow pegmatite occurrences over 25km of the Forrestania Greenstone Belt held by Kidman.**
- **Four significant new pegmatites uncovered at Earl Grey, Prince of Wales, Van Uden Nth and Tasman**
- **The results highlight potential for significant tonnages, with many of the pegmatite intersections measuring more than 20m wide.**
- **Review confirms Mt Holland is a substantial mineral field with numerous pegmatite occurrences in drill intersections in addition to the gold potential. Typically large deposits are found among clusters of occurrences.**
- **Almost 3000 historic drill holes at Mt Holland have intersected pegmatite; Around 250 of these intersections were within 5m of surface.**
- **Seven pegmatite targets have now been identified and Kidman is preparing to drill test the priority targets based on their thickness and depth from surface.**
- **The depth potential is also significant, with pegmatite dykes intersected in historic drilling 400m below surface; several pegmatite targets are on granted Mining Leases.**
- **The combination of this strike length, the widths and previously-reported lithium grades of more than 2 per cent (See ASX Announcement 2 June 2016) demonstrate the immense upside at Mt Holland.**
- **Mt Holland has excellent infrastructure with access to existing power, water, roads, and accommodation.**

Kidman Resources (ASX: KDR) is pleased to advise that the review of the lithium potential at its Mt Holland project near Southern Cross in WA has now highlighted the presence of extensive pegmatite occurrences over more than 25km of the tenement package with substantial widths and very high grades of lithium.

In light of these outstanding review outcomes, Kidman will now conduct an extensive drilling program at Mt Holland. This will involve testing up to seven priority pegmatites chosen for their widths and close proximity to surface and their location within granted mining leases.

The review has established that the pegmatites at Mt Holland were the correct type (ie: LCT- Lithium Caesium Tantalum) pegmatites and that they contained significant grades of lithium mineralisation. This information was confirmed by recent results from re-assaying of historic drill core at Mt Holland.

The assays results included 54.2m at 1.53% Li_2O from 37.8m and 33.5m at 1.39% Li_2O from 294m (See ASX Announcement 2 June 2016).

More than 44,000 holes have been drilled at Mt Holland targeting Gold and Nickel including auger, RAB, Aircore, RC and Diamond holes. Many of these have intersected intervals of pegmatite, the host for lithium mineralisation in the district.

The review has utilised multiple criteria to ascertain the most prospective targets. To date, seven targets have now been identified and will be followed up with further on-ground exploratory work. These targets include Prince of Wales, Van Uden North, Bounty, Texas, Tasman and Earl Grey (as shown in Figure 1).

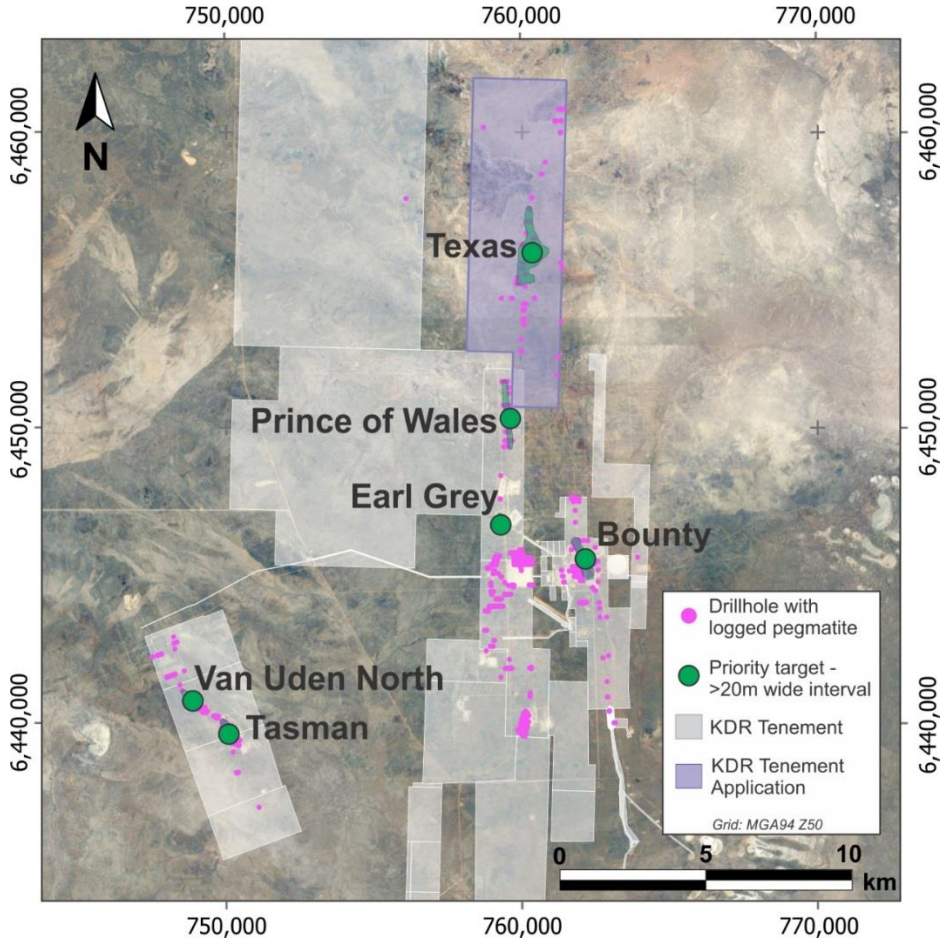

Figure 1: Pegmatite targets identified during district wide review for LCT Pegmatite potential. The pink dots represent drillholes in which pegmatite has historically been logged, the green dots show the primary targets as pegmatite intervals are greater than 20m in thickness in multiple holes.

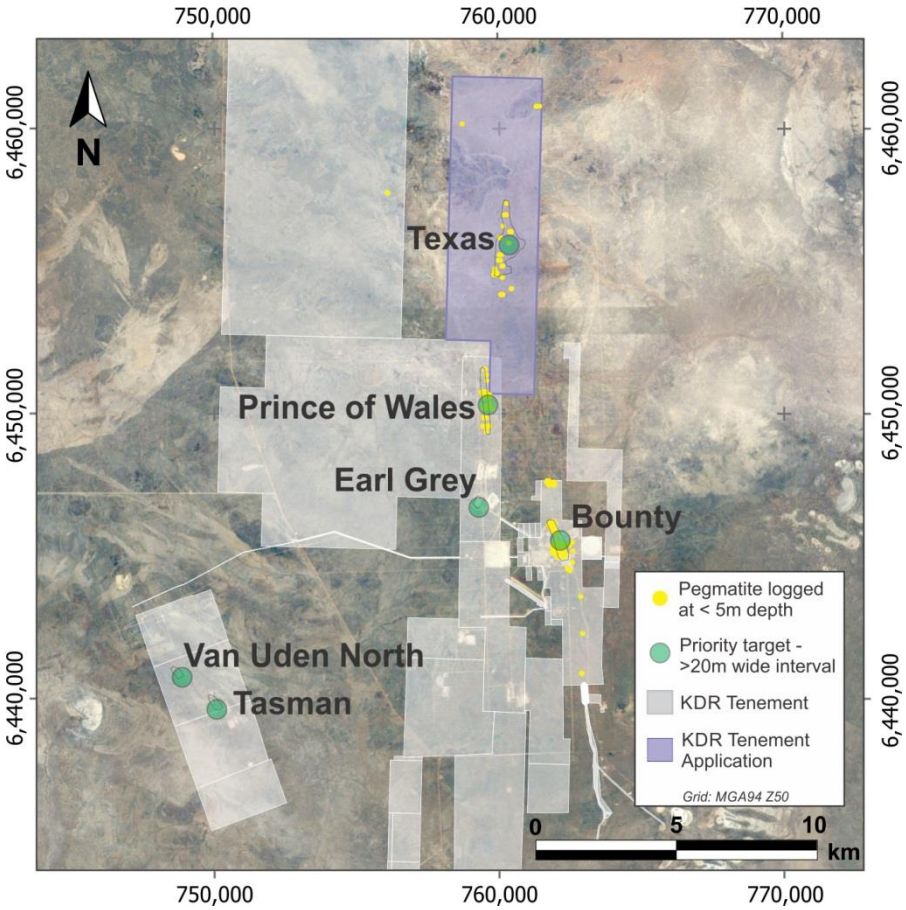

Figure 2: Pegmatite targets identified during district wide review for LCT Pegmatite potential. The yellow dots represent drillholes in which pegmatite has historically been logged at less than 5m depth, the green dots show the primary targets as pegmatite intervals are greater than 20m in thickness in multiple holes.

The **Earl Grey** pegmatite (on granted Mining Lease) is currently being reviewed and modelled, with resampling of historic RC holes also underway to test for Lithium and other strategic metals. The extent of this pegmatite body is unknown because all holes drilled into it were terminated before passing completely through it. However, the thickest interval at the end of the hole is approximately 50m true width (see Figure 3). The modelled surface expression of the pegmatite is also being tested with a soil geochemical programme to identify any surface anomalism. Historic RAB holes along strike of the pegmatite were not assayed for lithium during earlier gold exploration and no geological logs exist. As a result, the lateral extent of the pegmatite has not been fully assessed.

The surface soil geochemistry and chip re-sampling programme will enable Kidman to assess the potential for lithium and other strategic metals and plan the next stage of exploration, which will involve drill testing the vertical and lateral extent of the pegmatite. This work would be done in conjunction with the exploration programme planned for the Bounty lithium-bearing pegmatite (see ASX Announcement 2nd of June 2016).

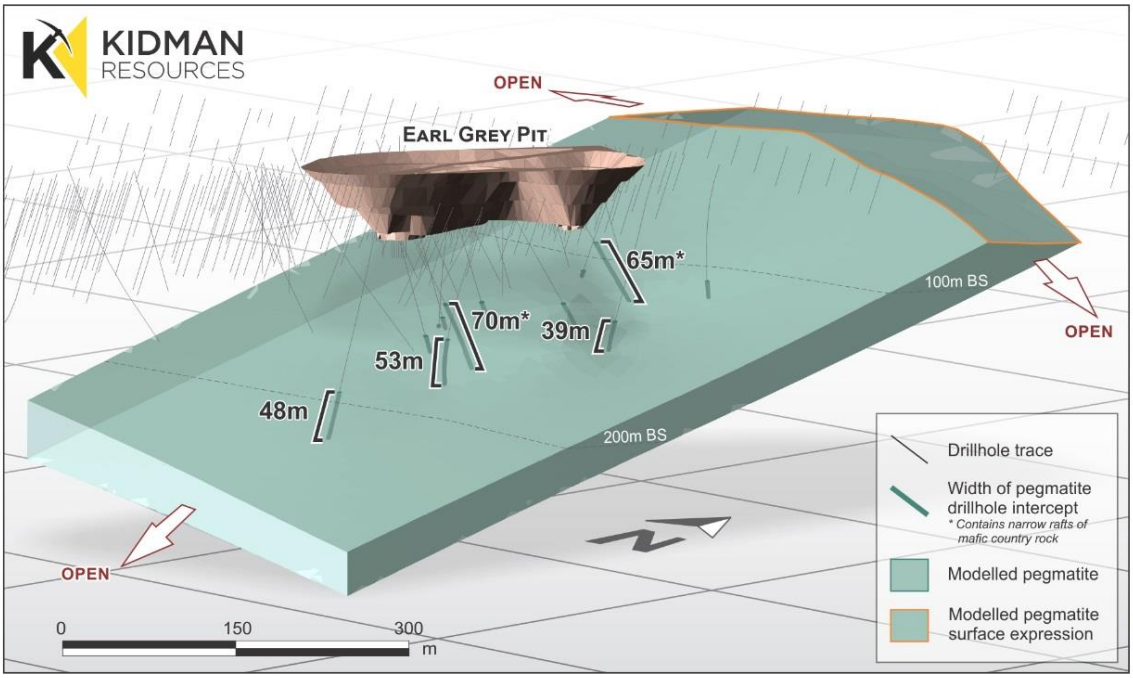

Figure 3: Modelled pegmatite beneath the Earl Grey pit approximately 3.3km north of the mineralised pegmatite at the Bounty Mine. The relative thickness of the pegmatite is unknown as none of the historic drillholes have passed through the pegmatite.

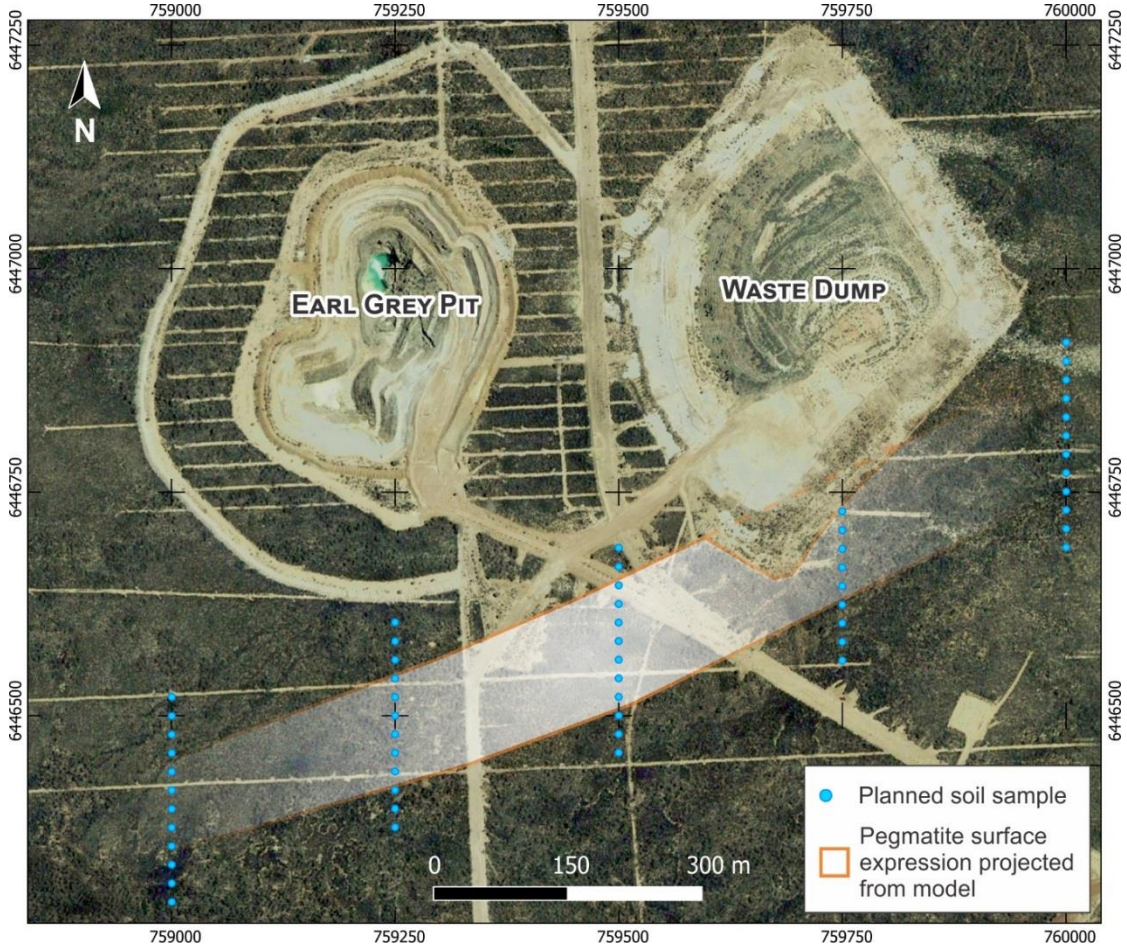

Figure 4: Surface Soil Geochemistry programme designed and underway to delineate the surface expression of the modelled pegmatite on Mining Lease M77/1080. The Earl Grey waste dump is modelled as obscuring a small portion of the surface expression of the pegmatite.

In addition to the Earl Grey target, the **Bounty** target (on a granted Mining Lease) represents the largest and best-drilled pegmatite. There are over 18,000 drill holes making up this individual target including surface drilling and underground drill holes. Of these, 222 holes have intersected pegmatite, making this area an attractive target with abundant individual pegmatites. It is already known from observations of core and results received that there are several styles of pegmatite mineralisation and a thorough understanding of these pegmatites and their lithium content will result from detailed exploration work. The target area is 1.7km north-south and 600m east-west in size. Exploration of this target has begun to classify the various pegmatites already intersected and modelling their orientation and extent. Lithium results received to date are very encouraging; these results included 54.2m at 1.53% Li_2O from 37.8m and 33.5m at 1.39% Li_2O from 294m (see ASX Announcement 2nd of June 2016).

Figure 5: Spodumene crystals in a pegmatite from drill hole BUG0028 – Bounty Main results from this hole 54.2m @ 1.53% Li_2O from 37.8m

The **Prince of Wales** target (on a granted Mining Lease) lies 1km to the north of the Twinings group of open cut gold mines. Prince of Wales comprises 283 drill holes, of which 86 have intersected pegmatite. This target is 340m wide in an east-west direction and 2.2km long in the north-south direction. An initial approach to this target will be a shallow (10m) drilling program which is expected to intersect pegmatite within this zone, thereby providing a geological and geochemical foundation for on-going work.

The **Van Uden North** and **Tasman** targets (on a granted Mining Lease) represent wide pegmatites and are attractive targets but both occur deeper than the other targets. Tasman is accessible from the existing Tasman open cut mine and has been mapped in the bottom of the pit. This provides an excellent opportunity to sample this pegmatite at surface in outcrop inside the pit. This will be the initial approach to exploration at the Tasman target while the other deposits are being appraised. A shallow, in-pit drilling program will be the next step in the appraisal of these pegmatites.

The **Texas** target which sits on ELA77/2244 is currently being assessed with Kidman undertaking best practice environmental and conservation studies to ensure the exploration work planned for the tenement will be undertaken once granted. As previously reported this pegmatite has a strike extent of 6.3km which is confirmed by shallow RAB and aircore drilling.

The review and continuing compilation of the regional Mt Holland database has highlighted many ***near surface*** (<5m depth) pegmatite intersections, which indicates the potential for shallow lithium mineralisation. There appears to be a distinct concentration of near-surface intersections in the northern tenements. This is interpreted to be a result of a collision zone in the north providing sufficient dilation for pegmatites to migrate to the surface. This theory is supported by many of the pegmatites having an apparent northerly dip.

Another critical aspect for identifying economic concentrations of lithium is the ***thickness*** of the pegmatites. The pegmatite at the Greenbushes Mine is up to 100m wide. However, most producing lithium-bearing pegmatites are much narrower than this. Figure 1 shows the targets resulting from a compilation of thickness and depth. In total, seven (7) targets have been identified where the pegmatites are more than 20m thick and are intersected within

5m of the surface. Earl Grey, Van Uden North and Tasman are in excess of 20m thick but lie deeper than 5m from surface. These three targets have been included as they are accessible from the existing open cut mines at these locations. These targets represent an opportunity to identify near-surface, large-tonnage deposits of lithium and other strategic metals.

There are two broad classifications of pegmatites: "LCT" (to which Mt Holland belongs) and "NYF". LCT stands for "Lithium-Caesium-Tantalum". These pegmatites tend to be derived from "S-type" granites and are prospective for Li, Cs and Ta (as well as varying amounts of Rb, Be, Sn, B, P and F). They provide most of the world's supply of Lithium and Tantalum from hard rock deposits.

Figure 6: Multiple drill holes have encountered pegmatites rich in Lepidolite (a lithium, potassium, fluorine silicate). Lepidolite is a very soft, flaky mineral which derives its name from the Greek word for "scaly". This mineral is often a violet or purple colour but may also be shades of light green. The example of Lepidolite shown in the figure is from drill hole CBV024DT from the Blue Vein Deposit from 364m down hole.

Kidman Background

Kidman is a diversified resource company currently in production at the Burbanks Gold Mine near Coolgardie in WA. Production commenced in the September quarter of 2015.

Kidman has also entered into a Binding Agreement to acquire the Mt Holland gold field near Southern Cross in WA (see ASX Announcement 18th December for further details of the project) and recently secured shareholder approval which was the final requirement for completion. The company 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. The company is now also planning a drilling program to test the highly prospective Lithium targets within the Mt Holland tenement package.

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:

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Cautionary Statement:
Readers should use caution when reviewing the exploration and historical information results presented and ensure that the Modifying Factors described in the 2012 edition of the JORC Code are considered before making an investment decision. Potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Information in this report may also reflect past exploration results, and Kidman's assessment of exploration completed by past explorers, which has not been updated to comply with the JORC 2012 Code. The company confirms it is not aware of any new information or data which materially affects the information included in this announcement.