

July 15, 2016

ASX Release

Kidman Resources Limited  
ABN 88 143 526 096

## Mt Holland emerges as significant Lithium discovery

**RC drill holes into the Earl Grey pegmatite return exceptional grades over very broad zones up to 50m true width with all holes ending in mineralisation**

### Highlights

- Spectacular first assays from the shallow Earl Grey pegmatite at the Mt Holland gold-lithium project near Southern Cross in WA
- Results from the five holes submitted for assay include:
  - 52m @ 1.53% Li<sub>2</sub>O from 206m to end of hole
  - 45m @ 1.81% Li<sub>2</sub>O from 231m to end of hole, including 7m @ 2.23% Li<sub>2</sub>O from 255m and 5m @ 2.5% Li<sub>2</sub>O from 268m downhole
  - 39m @ 1.93% Li<sub>2</sub>O from 189m to end of hole including 12m @ 2.46% from 215m downhole
  - 11m @ 1.04% Li<sub>2</sub>O from 126m downhole and 27m @ 1.73% Li<sub>2</sub>O from 153m to end of hole including 9m @ 2.45% Li<sub>2</sub>O from 168m downhole
  - 34m @ 1.35% Li<sub>2</sub>O from 176m downhole and 29m @ 1.31% Li<sub>2</sub>O including 6m @ 2.09% Li<sub>2</sub>O from 218m downhole,
- All drillholes were terminated in Lithium mineralisation as they were originally drilled targeting gold
- Follow-up RC drilling being planned; thickness of the Earl Grey pegmatite is still unknown; however the existing drill holes confirm a minimum true width of 50m.
- Follow-up drill holes will target up-dip mineralisation towards surface and laterally; the mineralised zone is open in every direction
- Mineralised zone dips around 20-25 degrees, ideal for open cut mining at a lower strip ratio; Earl Grey located on granted Mining Lease
- Earl Grey pegmatite is located along strike within the same ultramafic unit as the Prince of Wales and Texas pegmatites which are yet to be tested for lithium but are confirmed by drilling to be 2.2km long and 6.3km long respectively (Refer Figures 3)

### **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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Melanie Leydin

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Kidman Resources (ASX: KDR) is pleased to advise that it has discovered a second high-grade lithium-bearing pegmatite at its Mt Holland gold project near Southern Cross in WA.

Assays from the Earl Grey pegmatite have returned sample grades of up to 3.94 per cent lithium ( $\text{Li}_2\text{O}$ ) and highly-mineralised intersections over widths of up to 52m. All holes have ended in mineralisation. Other strategic metals such as Tantalum (up to 255ppm  $\text{Ta}_2\text{O}_5$ ), Caesium (up to 0.162%  $\text{Cs}_2\text{O}$ ) and Niobium (up to 359ppm  $\text{Nb}_2\text{O}_5$ ) all show enrichment in zones within the Earl Grey Pegmatite.

Earl Grey was drilled by the project's previous owner as part of a gold exploration program. As a result, the RC chips were not assayed for lithium and the holes were terminated while still in the mineralised pegmatite.

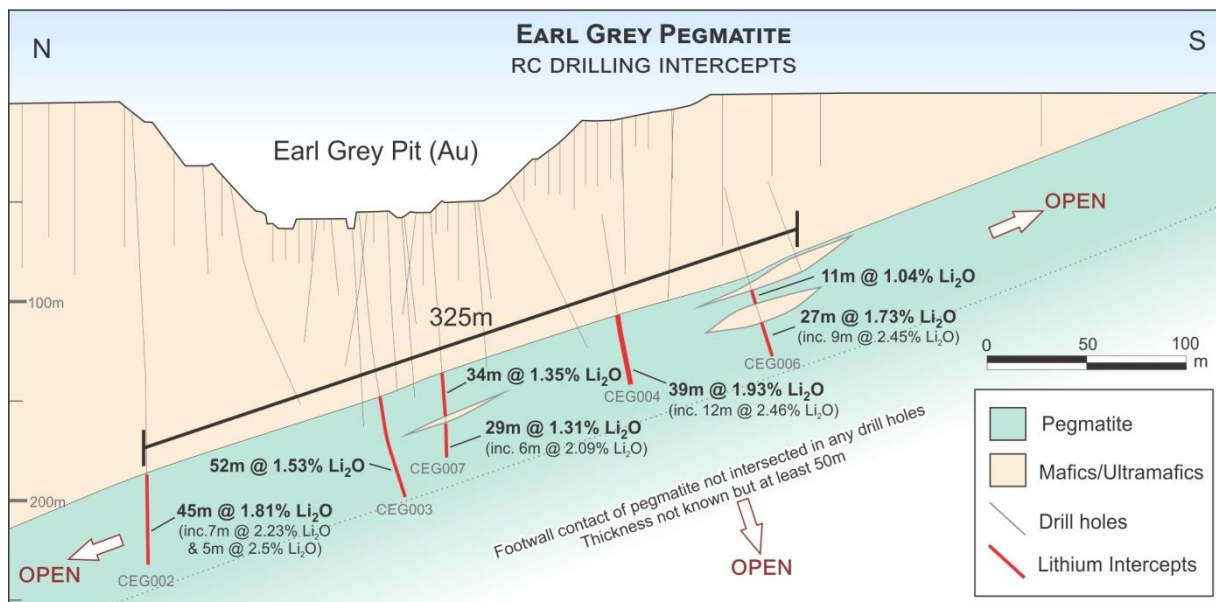


Figure 1: Cross section of the Earl Grey pegmatite with intercepts from resampled RC drill holes. The thickness of the pegmatite is still unknown, however the existing drill holes confirm a minimum true width of 50m.

The Earl Grey results follow last month's discovery by Kidman of the Bounty Spodumene bearing pegmatite at Mt Holland. Assays from Bounty included grades of up to 1.53 per cent lithium over 54.2m (See KDR ASX Announcement 2nd June 2016).

In its ASX announcement of June 2, 2016, Kidman said the Bounty results were some of the best lithium assays seen in WA.

Kidman has also identified a further four extensive pegmatites at Mt Holland, including the 2.2km long Prince of Wales pegmatite (also on granted Mining Lease) as well as the 6.3km-long Texas pegmatite. Both of these pegmatites are located along strike within the same ultramafic unit and are confirmed by historic drilling which was not assayed for Lithium. (Refer Figure 3)

An exploration program involving soil geochemistry and RC drilling is being planned to methodically test the known pegmatites of the district.

At Earl Grey, the modelled surface expression of the pegmatite is being tested with a soil geochemistry programme to identify any surface anomalism and further establish the scale of the pegmatite.

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 these RC assays will enable Kidman to plan the next stage of

exploration, which will involve drill testing the vertical and lateral extent of the pegmatite with the aim of defining a maiden Resource.

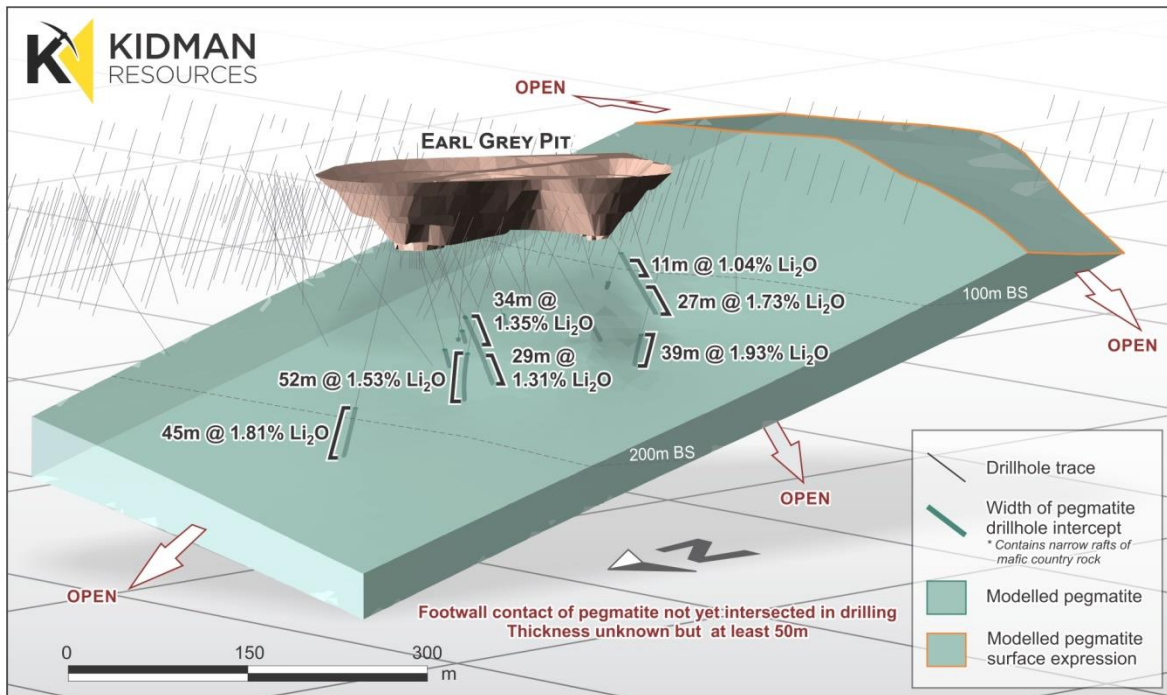


Figure 2: Oblique view of the modelled pegmatite beneath the Earl Grey pit, approximately 3.3km north of the mineralised pegmatite at the Bounty Mine. The relative thickness of the pegmatite is unknown as none of the historic drill holes have passed through the footwall contact.

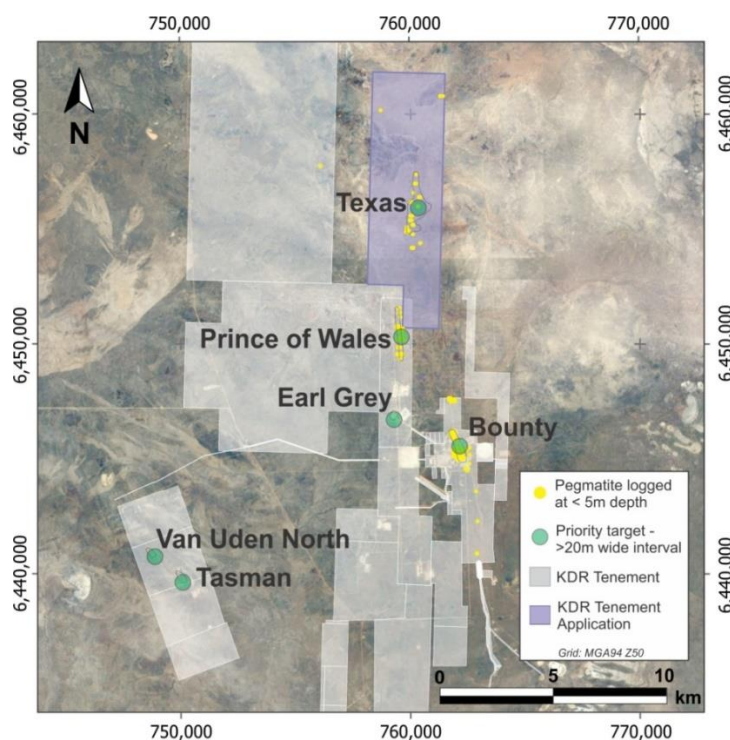


Figure 3: Pegmatite targets identified during district wide review for LCT Pegmatite potential. The yellow dots represent drillholes in which pegmatite has historically been logged at less than 5m depth, the green dots show the primary targets as pegmatite intervals are greater than 20m in thickness in multiple holes.

Kidman is also planning further surface geochemistry for the Prince of Wales pegmatite. Prince of Wales comprises 283 drill holes, of which 83 have intersected pegmatite. The Prince of Wales target is 340m wide in east-west direction and 2.2km long in the north south direction. As these historic drill holes confirm Prince of Wales is near surface (< 5m), a shallow RC drilling program will follow thereby providing a geological and geochemical foundation for further work on this target.



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.

Kidman is well placed financially to complete further lithium drilling programs at Mt Holland. The companies Burbanks gold mine near Kalgoorlie is now recommencing gold production with ore from the Dahmu lode now on the ROM pad ready for processing. The Company also stands to receive further progress cash payments of up to \$1 million from Metals X Ltd as they mine gold at the recently sold Gunga west satellite pit.

**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 also owns the Mt Holland gold field near Southern Cross in WA (see ASX Announcement 18th December for further details of the project). The company intends to revise the existing gold endowment 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 further 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 Crawl 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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**Competent Persons Statement**

*Exploration:*

*The information in this release that relates to sampling techniques and data, exploration results, geological interpretation and exploration targets has been reviewed by Mr L Sawyer M.App.Sc. Mr Sawyer is not an employee of the company, but is employed by Geos Mining as a contract consultant. Mr Sawyer is a member of the Australian Institute of Geoscientists, he has sufficient experience with the style of mineralisation and type of deposit under consideration, and to the activities undertaken, to qualify as a competent person as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr Sawyer consents to the inclusion in this report of the contained technical information in the form and context as it appears.*

**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.*

## Appendix 1

TABLE 1: DRILL HOLE DETAILS

Mt Holland, Western Australia							
Drill Hole	Easting GDA94 (m)	Northing GDA94 (m)	AHD RL (m)	Inclination (o)	Azimuth (o)	Total length (m)	Location / Deposit
CEG002	759123	6447106	449	-60	88.5	276	Earl Grey
CEG003	759118	6447006	453	55	88.5	258	Earl Grey
CEG004	759032	6446881	457	-55	88.5	228	Earl Grey
CEG006	759355	6446815	452	-55	268.5	180	Earl Grey
CEG007	759401	6446963	452	-55	268.5	246	Earl Grey





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Method	WEI-21	ME-ICP89	ME-ICP89	ME-ICP90	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-ICP89	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91	ME-MS91			
Analyte	Recvd	Wt.	Al2O3	As	Be	CaO	Co	Cr2O3	Cu	Fe2O3	K2O	Li2O	MgO	MnO	Ni	Pb	S	SiO2	TiO2	Zn	Cs	Nb	Rb	Sr	Ta	Th	U	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	
Drill Hole	Depth	From	To	(nLith1)	SampleID	Detection	kg	0.02	0.01	20	0.01	0.005	0.01	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
CEG004	204	205	Peg	CEG004205	1.61	15.65	0.09	150	0.15	<0.005	<0.01	<0.01	1.16	1.67	1.94	0.03	0.13	<0.005	<0.01	0.07	74.9	<0.02	0.01	173	130	1705	51	67.4	5.1	9.4								
CEG004	205	206	Peg	CEG004206	1.35	14.85	0.05	150	0.18	0.022	<0.01	<0.01	2.03	2.48	1.03	0.02	0.09	<0.005	<0.01	0.02	72.1	<0.02	0.01	172	124	2270	42	63.2	5.9	9.3								
CEG004	206	207	Peg	CEG004207	1.18	16.15	0.04	160	0.18	<0.005	<0.01	<0.01	0.99	2.48	1.89	<0.01	0.08	<0.005	<0.01	0.04	73.4	<0.02	0.01	178	86	2240	48	62.9	4.8	9.1								
CEG004	207	208	Peg	CEG004208	1.17	15.5	0.01	160	0.08	<0.005	<0.01	<0.01	1.32	3.65	1.61	0.02	0.05	<0.005	<0.01	0.02	72.7	<0.02	0.01	157.5	89	2670	38	48.1	4.2	4.8								
CEG004	208	209	Peg	CEG004209	1.04	15.85	0.01	120	0.07	<0.005	<0.01	<0.01	1.02	1.61	2.84	0.02	0.05	<0.005	<0.01	0.04	75.7	<0.02	0.01	116	71	1275	26	35.1	3.7	3.7								
CEG004	209	210	Peg	CEG004210	1.39	15.7	0.03	100	0.31	<0.005	<0.01	<0.01	1.07	5	1.33	0.02	0.12	<0.005	<0.01	0.03	70.2	<0.02	0.01	278	63	4190	27	40.1	2.8	6.1								
CEG004	210	211	Peg	CEG004211	1.2	15.7	0.04	170	0.27	<0.005	0.01	<0.01	1.19	1.84	2.52	0.02	0.19	0.036	<0.01	0.07	75.3	<0.02	0.02	161	65	1910	30	68.7	2.6	4.8								
CEG004	211	212	Peg	CEG004212	1.18	14.95	0.04	150	0.55	<0.005	<0.01	<0.01	1.32	1.41	1.33	0.02	0.18	<0.005	<0.01	0.09	74	<0.02	0.01	117	97	1580	42	61.7	2.9	5.3								
CEG004	212	213	Peg	CEG004213	1.21	14.75	0.01	190	0.35	<0.005	<0.01	<0.01	1.02	1.93	1.21	0.02	0.1	<0.005	<0.01	0.03	74.2	<0.02	0.01	108.5	134	1810	39	47.5	2.2	3.6								
CEG004	213	214	Peg	CEG004214	1.26	15.85	0.05	140	0.2	<0.005	<0.01	<0.01	0.97	2.53	1.72	<0.01	0.11	<0.005	<0.01	0.06	76.6	<0.02	0.01	178.5	97	2230	34	56.5	3.9	5.3								
CEG004	214	215	Peg	CEG004215	1	15.65	0.04	230	0.22	<0.005	<0.01	<0.01	0.93	3.1	0.93	0.02	0.07	<0.005	<0.01	0.06	73.2	<0.02	0.01	155	155	2530	29	85.6	7.8	6.9								
CEG004	215	216	Peg	CEG004216	1.11	16.05	0.08	160	0.11	<0.005	<0.01	<0.01	1.43	1.49	2.65	<0.01	0.11	<0.005	<0.01	0.04	71.9	<0.02	0.01	108	107	1290	71	61	6.2	5.4								
CEG004	216	217	Peg	CEG004217	1.06	16.35	0.04	150	0.17	<0.005	<0.01	<0.01	1.36	2.47	2.05	0.02	0.09	<0.005	<0.01	0.02	75.1	<0.02	0.01	146.5	71	1900	75	37	5.3	5.7								
CEG004	217	218	Peg	CEG004218	1.06	15.95	0.03	160	0.18	<0.005	<0.01	<0.01	1.34	3.72	1.51	0.02	0.07	<0.005	<0.01	0.02	73.8	<0.02	0.01	151	79	2640	53	45.7	3.9	5.4								
CEG004	218	219	Peg	CEG004219	1.43	16.65	0.01	130	0.1	<0.005	<0.01	<0.01	1.02	2.51	2.97	<0.01	0.04	<0.005	<0.01	<0.01	77.9	<0.02	<0.01	96.3	69	1825	33	33.5	4.5	4.6								
CEG004	219	220	Peg	CEG004220	1.03	16.55	0.01	80	0.1	<0.005	<0.01	<0.01	1.02	1.3	3.75	<0.01	0.02	<0.005	<0.01	<0.01	78.7	<0.02	<0.01	56.1	55	997	17	22.7	2.4	2.3								
CEG004	220	221	Peg	CEG004221	1.01	15.5	0.02	140	0.15	<0.005	0.01	<0.01	1.12	2.58	2.3	0.03	0.04	0.033	<0.01	0.03	72.1	<0.02	0.01	119.5	77	2110	26	29.5	2.8	4								
CEG004	221	222	Peg	CEG004222	0.97	16	0.02	140	0.1	<0.005	0.01	<0.01	1.22	1.7	3.06	0.02	0.03	<0.005	<0.01	0.03	75.5	<0.02	<0.01	71.3	82	1245	25	34.7	2.9	2.8								
CEG004	222	223	Peg	CEG004223	0.98	15.3	0.08	150	0.27	<0.005	0.02	<0.01	1.14	1.73	2.43	0.03	0.04	<0.005	<0.01	0.04	75.7	<0.02	<0.01	65.5	145	1215	19	51.1	3.5	4.4								
CEG004	223	224	Peg	CEG004224	1.12	15.3	0.03	160	0.21	<0.005	0.01	<0.01	1.1	2.24	1.74	0.03	0.04	<0.005	<0.01	0.01	74.2	<0.02	<0.01	76.9	143	1505	22	52.5	5.4	4.2								
CEG004	224	225	Peg	CEG004225	1.13	16	0.03	90	0.07	<0.005	0.01	<0.01	1	1.83	2.86	<0.01	0.03	<0.005	<0.01	0.03	73.2	<0.02	<0.01	76.1	86	1270	25	39.4	4.2	3.7								
CEG004	225	226	Peg	CEG004226	1.29	16.05	0.04	130	0.29	<0.005	0.01	<0.01	0.97	5.07	1.08	0.02	0.05	<0.005	<0.01	0.05	75.1	<0.02	<0.01	114	78	3150	19	29.5	2.2	4.5								
CEG004	226	227	Peg	CEG004227	0.94	15.8	0.03	50	0.11	<0.005	0.02	<0.01	1.19	1.93	3.12	0.02	0.01	<0.005	<0.01	0.1	73.6	<0.02	<0.01	54.8	52	1315	21	15.9	1	2								
CEG004	227	228	Peg	CEG004228	1.06	15.8	<0.01	<20	0.07	<0.005	0.01	<0.01	0.86	6.82	1.29	0.02	0.01	<0.005	<0.01	0.05	69.3	<0.02	<0.01	117.5	49	4000	15	13.8	0.6	1.3								
CEG006	109	110	UAC	CEG006110	1.49	6.07	0.05	<20	6.58	0.009	0.35	<0.01	10.15	0.02	0.02	25	0.18	0.112	<0.01	0.01	41.9	0.33	<0.01	9.3	<5	14.8	<5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5		
CEG006	110	111	UAC	CEG006111	1.36	6.16	0.05	<20	5.86	0.008	0.36	<0.01	9.74	0.02	0.02	25	0.14	0.112	<0.01	0.03	42.6	0.33	<0.01	12.4	<5	18.8	<5	0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5			
CEG006	111	112	UAC	CEG006112	1.37	4.23	0.03	<20	3.78	0.005	0.19	0.03	23.3	0.05	0.18	10.9	0.12	0.041	<0.01	3.81	43.9	0.26	0.01	41.7	<5	68.7	6	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5			
CEG006	112	113	MBal	CEG006113	1.55	7.73	0.03	<20	5.01	0.007	0.19	0.01	16.6	0.07	0.45	15.05	0.17	0.049	<0.01	98.8	45.8	0.48	0.01	98.4	<5	98.4	<5	<0.5	0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5			
CEG006	113	114	UMsf	CEG006114	1.5	10.35	0.01	<20	5.34	0.006	0.09	0.01	14.3	0.16	0.77	11.25	0.18	0.014	<0.01	0.1	50.1	0.63	0.01	107.5	<5	148	<5	<0.5	0.6	<0.5	0.6	<0.5	0.6	<0.5	0.6			
CEG006	114	115	UMal	CEG006115	1.27	8.88	0.06	90	4.72	<0.005	0.22	<0.01	14.95	0.16	0.55	11.95	0.3	0.048	<0.01	1.25	47.1	0.44	0.02	114.5	12	163	14	15.6	1.3	2.4	2.4	1.3	2.4	1.3	2.4			
CEG006	115	116	Peg	CEG006116	1.46	15.65	0.01	160	0.36	<0.005	0.01	<0.01	0.92	1.63	0.48	0.27	0.15	<0.005	<0.01	0.02	74.4	<0.02	0.02	93.4	67	1915	172	83.2	2.7	6.8	2.7	6.8	2.7	6.8				
CEG006	116	117	Peg	CEG006117	1.52	16.15	0.01	180	0.45	<0.005	0.02	<0.01	1.36	1.92	1.04	0.4	0.21	<0.005	<0.01	0.04	72.9	0.02	0.01	105.5	91	2110	93	95.8	3.8	9.3	3.8	9.3	3.8	9.3				
CEG006	117	118	Peg	CEG006118	1.53	15.5	0.02	180	0.29	<0.005	0.01	<0.01	1.27	1.23	1.27	0.15	0.2	<0.005	<0.01	0.02	74	<0.02	0.01	83.4	65	1345	109	53.2	3.3	8.8	3.3	8.8	3.3	8.8				
CEG006	118	119	Peg	CEG006119	1.38	15.3	0.01	140	0.39	<0.005	0.01	<0.01	1.3	2	1.18	0.18	0.25	<0.005	<0.01	0.03	74.4	<0.02	0.01	98.5	59	1915	100	50.6	3.5	8.6	3.5	8.6	3.5	8.6				
CEG006	119	120	Peg	CEG006120	1.58	15.8	0.05	170	0.24	<0.005	0.01	<0.01	1.26	3.28	0.89	0.18	0.16	<0.005	<0.01	0.04	73.2	<0.02	0.01	148	59	3060	84	32.5	2.9	7	2.9	7	2.9	7				
CEG006	120	121	UMal	CEG006121	1.61	9.52	0.09	60	4.59	<0.005	0.14	<0.01	4.93	1.28	0.52	12.15	0.21	0.062	<0.01	0.05	59.7	0.12	0.01	197.5	22	1240	47	18.2	2.1	3.3	2.1	3.3	2.1	3.3				
CEG006	121	122	IM	CEG006122	1.36	6.16	0.2	20	8.59	0.007	0.34	<0.01	10.15	0.08	<0.02	23	0.2	0.114	<0.01	0.24	45.1	0.35	0.01	28.4	<5	72.9	56	2.5	0.6									







# Appendix 3

## JORC Code, 2012, Table 1

### SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>This table relates to recent selective sampling of target identified reverse circulation (RC) drill hole spoils of spodumene bearing pegmatite from historical surface drill holes at Earl Grey Deposit (refer Figure 3 in text), 3km north-northwest of Bounty Gold Mine undertaken by KDR at the Mt Holland project. RC sample intervals selected average at 1m based on RC sampling.</li> <li>A total of 5 drill holes (Table 1) had sample intervals selected from them by KDR in this programme.</li> <li>Selected core sample intervals were retrieved from the stored RC chip/spoils by spear sampling methods as per industry standard practice.</li> <li>Samples were forwarded to certified laboratory for analysis where they were weighed, crushed, reweighed, pulverised and split to produce a ~200g pulp subsample to use in the assay process.</li> <li>The core samples were assayed by inductively coupled plasma mass spectrometry (ICP) or mass spectrometry (MS).</li> <li>No field duplicate samples were in evidence.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>All sampled drill holes are reverse circulation (RC) holes, all 5 hole were drilled from within mine pit workings or from surface.</li> <li>These were undertaken by previous operators of the Earl Grey Gold Deposit and not be KDR.</li> <li>Selected holes were standard 47.6mm diameter core.</li> <li>The selected drill holes total lengths ranged from 180m to 276m, for a total meterage of 1188m.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>Reverse circulation (RC) drill holes had been geologically logged and recorded within a database.</li> <li>Selected intervals from the targeted drill holes have been re-logged and recompiled into a database by KDR.</li> <li>Historical recoveries for these selected intervals are not apparent, however are expected to be 80-90%.</li> <li>Samples were selected on a basis of pegmatite intersection and high spodumene occurrence, hence are not an unbiased sample.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>All information captured by previous workers is imported and consolidated into a database by KDR, for interpretation, analysis, and verification purposes.</li> <li>Historical reverse circulation (RC) drill hole data includes: <ul style="list-style-type: none"> <li>Geological logging over 1m intervals, dependent on observed changes for various parameters (e.g. lithology, mineralogy, weathering, etc.)</li> </ul> </li> <li>The geological logs and re-logging are compiled with appropriate attention to detail.</li> <li>Industry standard practice is assumed for activities which occurred prior to KDR.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>The select reverse circulation (RC) 1m intervals were subsampled by standard industry spear technique.</li> <li>The remainder of the sample has been retained.</li> <li>A total of 230m in 230 samples was collected.</li> <li>The NATA accredited laboratory is registered to ISO 9001:2008 standards. They use industry best practice.</li> <li>The laboratory procedure used includes the following: <ul style="list-style-type: none"> <li>Sort all samples and note any discrepancies to the submittal form</li> <li>Record a received weight (WEI-21) for each sample,</li> <li>Crush samples to 6mm nominal (CRU-21),</li> <li>Record a crushed samples weight,</li> <li>Split any samples &gt;3.2Kg using a riffle splitter (SPL-21),</li> <li>Generate internal laboratory duplicates for nominated samples, assigning a 'D' suffix to the sample number,</li> <li>Pulverise samples in LM5 pulveriser until grind size passes 90% passing 75µm (PUL-23),</li> <li>Check pulverise size on 1:20 wet screen (PUL-QC),</li> <li>Take ~ 100g work master pulp for 0.2g sample for sodium pentoxide fusion with ICP-OES or ICP_MS finish.</li> </ul> </li> <li>The elements the samples were assayed for are: Al<sub>2</sub>O<sub>3</sub>, As, CaO, Co, Cr<sub>2</sub>O<sub>3</sub>, Cu, Fe<sub>2</sub>O<sub>3</sub>, K<sub>2</sub>O, Li<sub>2</sub>O,</li> </ul>

MgO, MnO, Ni, Pb, S, SiO<sub>2</sub>, TiO<sub>2</sub>, Zn, Cs, Nb, Rb, Sn, Ta, Th, and U. The code for the method used, the method units of measure, limits of detection are shown in Table 2, Appendix 2.

*Quality of assay data and laboratory tests*

- *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*
- *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*
- *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*

- For the all RC chip/spoil samples being reported elemental concentrations have been determined as per the outline in the preceding item.
- No geophysical results are reported.
- No field QAQC has been supplied by KDR.
- It is recommended that future sampling programmes incorporate field QAQC best practice as used by KDR on other projects.

*Verification of sampling and assaying*

- *The verification of significant intersections by either independent or alternative company personnel.*
- *The use of twinned holes.*
- *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*
- *Discuss any adjustment to assay data.*

- Historical drill holes have not been twinned by KDR to date.
- Industry standard practice is assumed for activities which occurred prior to KDR.
- Primary historical data and any re-logging / new sampling data have been compiled into the database. This database is in process of ongoing re-evaluation and consolidation by KDR.
- No adjustments or calibrations to the assay data have been made.
- Values for Li in the report text have also been calculated by atomic weight proportion percentile from the assay Li<sub>2</sub>O% value.

*Location of data points*

- *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*
- *Specification of the grid system used.*
- *Quality and adequacy of topographic control.*

- All horizontal co-ordinates are assumed to be MGA94 zone 50 grid datum.
- Vertical regional level (RL) is assumed to be Australian height datum level as the surface drill holes have an RL of 449 to 457m whilst a local topographic peak at Mount Holland is 473 m above sea level.
- Best practice is assumed for activities which occurred prior to KDR.
- No resurvey of the hole collar co-ordinates has been undertaken by KDR.

*Data spacing and distribution*

- *Data spacing for reporting of Exploration Results.*
- *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*
- *Whether sample compositing has been applied.*

- The reported results are based on selective sampling of target identified RC spoil/chip samples (spodumene bearing pegmatite) from in mine pit and surface drill holes at Earl Grey Gold Deposit.
- Samples were selected on a basis of high visual spodumene occurrence, hence are not an unbiased sample.
- The recently assay sample spacing is not yet sufficient to establish a high degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve reporting.
- No sample compositing has been applied to the samples being reported.
- Historical drill hole data and surface mapping indicates a high number of pegmatite intersections in the Mt Holland Project leases (refer to Figure 1 in text) and occurrences in application E77/2244 to the north. It is not known if all these intersections are spodumene bearing.

*Orientation of data in relation to geological structure*

- *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*
- *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*

- The orientation of the targeted drill holes for selective sampling is given in Appendix 1, Table 1 in the document.
- The orientation of the drill holes in relation to the pegmatites sampled as interpreted by KDR are shown on the sections Figures 1 and 2; initial modelling indicates the drill holes intersect pegmatite at between 45° and 70°.
- Discussions with KDR personnel indicated that in the main the pegmatite has a gentle westerly dip (Figure 1 and Figure 2 in text). However elsewhere in the Mount Holland Project there are other pegmatite occurrences which appear to be southeast dipping and others which are near vertical. The pegmatites can be truncated by east – northeast trending fracture zones.
- Relationship of the pegmatites and local or regional structures has not been fully established by KDR at this early stage. Pegmatites intrude along fracture zones.

*Sample security*

- *The measures taken to ensure sample security.*

- Sample chain of custody is managed by KDR.
- Samples were collected and stored on site prior to delivery to the laboratory in Perth by KDR personnel.
- Whilst in storage samples are kept in a locked yard.
- Tracking sheets are used to track the progress of batches of samples.

*Audits or reviews*

- *The results of any audits or reviews of sampling techniques and data.*

- Internal review of sampling techniques as well as data handling and validation is conducted by KDR as part of due diligence and continual review of protocols.
- Further application of industry best practice in applying field duplicates and field standards should be addressed in future sampling programmes.
- Recording of LOI from sample analyses is also recommended to be included in all sample results in future programmes, as is analysis for Na<sub>2</sub>O or Na.
- Industry best practice is assumed for activities which occurred prior to KDR.

## SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>KDR has recently acquired 100% of MH Gold Pty Ltd the entity that owns the Mt Holland tenement package</li> <li>There are forfeiture actions afoot in relation to some tenements in the Mt Holland tenement package.</li> <li>The author is not aware of issues which may impede KDR tenure position and understands the tenements are in good standing.</li> <li>Application E77/2244 is pending grant.</li> <li>No cultural heritage issues have been reported.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Potential first recognised in 1980 by Harmark – Au and Ni</li> <li>In 1985 Aztec conducted soil sampling of the tenement which highlighted a number of discrete zones with values ranging from 100ppb-1000ppb Au within a broad anomalous trend and significant anomalism around the future Bounty pit. The anomalies were then tested with RAB drilling.</li> <li>During 1986 further RAB and follow-up RC intersected the main body of gold (Au) mineralisation which was eventually drilled out on 20x12m. The Au mineralisation was recognised as being associated with the pyrite and pyrrhotite.</li> <li>Transient Electromagnetic surveys (TEM) were conducted over and along strike of the Bounty ore body further delineating the resource. This found that the data was dominated by a westerly dipping, near vertical semi-continuous conductive zone, which thickens to the south and extends over the length of the survey. This is associated with sulphides within and peripheral to the contacts of the Bounty horizon.</li> <li>In 1989 mining of the Bounty pit started.</li> <li>The total ore mined from the Bounty, West and North Bounty pits was 640,000t @ 5.55g/t Au or 114,000oz Au.</li> <li>Minor RAB and occasional RC drilling was undertaken north and south testing for strike extension. This effectively closed off the Au resource to the north but left it open to the south.</li> <li>In 1997 Forresteria drilled a number of holes to the east of the pit to test for potential nickel mineralisation.</li> <li>No known previous exploration focussed on lithium.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Regional Geology</li> <li>N-S trending linear greenstone stratigraphy</li> <li>E-W cross-cutting Proterozoic dykes</li> <li>Alternating peridotitic and basaltic komatiites to the east, overlain by sheared and brecciated metasediment, which in turn has a sheared upper contact with the overlying dolerite.</li> <li>Intrude by granite to the east and west.</li> <li>Local Bounty Mine Geology</li> <li>Bounty Horizon BIF (a variably deformed Fe-Am-chert formation) is the western most and youngest horizon of an ultramafic sequence of basaltic and peridotitic komatiite and associated sediments known as the Bounty sequence; strike N-S.</li> <li>Hanging wall dolerite has a mylonitised chloritic sheared contact.</li> <li>Sequence is a near-vertical, westerly dipping (75°–85°) semi-continuous horizon with discontinuities due to cross cutting fracture zones.</li> <li>Fracture zones are intruded by pegmatites and younger north-northeast trending dykes i.e. the 280m wide Proterozoic Binneringie dyke.</li> <li>Spodumene (lithium containing mineral) bearing pegmatite zonation within larger pegmatite body; typical LIT pegmatite association.</li> <li>Zonation of pegmatites within the Mt Holland project is not fully understood or has not been fully investigated at this stage.</li> </ul>
<i>Drillhole Information</i>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</li> <li>easting and northing of the drill hole collar</li> </ul>	<ul style="list-style-type: none"> <li>All horizontal co-ordinates are assumed to be GDA94 zone 50 grid datum.</li> <li>Vertical regional level (RL) is assumed to be Australian height datum level as the surface drill holes have an RL of 449 to 457m whilst a local topographic peak at Mount Holland is 473 m above sea level</li> </ul>

- elevation or RL (*Reduced Level – elevation above sea level in metres*) of the drill hole collar
- dip and azimuth of the hole
- down hole length and interception depth
- hole length.
- If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.

- Industry standard practice is assumed for activities which occurred prior to KDR.
- No resurvey of the hole collar co-ordinates has been undertaken by KDR.

#### Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.
- Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
- The assumptions used for any reporting of metal equivalent values should be clearly stated

- Oxides of Cs, Rb, and Ta in text have been calculated by atomic weight proportion percentile from the assay.
- Values for Li in the report text have been calculated by atomic weight proportion percentile from the assay Li<sub>2</sub>O% value.
- Core sample intervals selected are 1m lengths (Table 2) based on RC drilling sampling.
- For assay results greater than 1% Li<sub>2</sub>O a weighted average result has been reported:
- The assay results are weighted averaged to the individual sample lengths and the average of those used for the combined interval.
- No metal equivalent has been used.
- No top cut has been applied.

#### Relationship between mineralisation widths and intercept lengths

- These relationships are particularly important in the reporting of Exploration Results.
- If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.
- If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known')..

- The relationship between sample interval lengths to the pegmatite orientation and drill core orientation has not been fully noted at this early stage.
- Initial modelling indicates the drill holes intersect pegmatite at between 45° and 70°.
- Interpretation shown in Figure1 indicates drill holes intersect the pegmatite at high angles though do not give true thickness.
- None of the drill holes penetrated the lower pegmatite contact. All 5 holes end in pegmatite.
- Pegmatite intersections range from 1 m to 70m down hole length.
- Preliminary modelling indicate the thickness of pegmatite to be at least 50m true thickness.
- 1m down hole samples were collected from the main body of pegmatite intersections – down hole lengths ranging from 16m to 76m.
- Further work needs to be done to define the trend of the pegmatites and define the true thickness of the pegmatites.

#### Diagrams

- Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.

- Diagrams of the location of the drill holes have been provided as Figures 1, 2 and 3.
- These preliminary results are sufficient in numbers to only enable a preliminary interpretation of the pegmatite in section to be made. Any detailed interpretation at this stage may bias the future work.
- As further work progresses more detailed interpretation plans and sections will be added.

#### Balanced reporting

- Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.

- The current results reported constitute all known results for lithium mineralisation within pegmatites at Earl Grey Deposit.
- All results to date are reported in Appendix 2, table 2.

#### Other substantive exploration data

- Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances..

- Systematic sampling and multi element assaying of the pegmatites has not historically been conducted.
- This and any further work is aimed at improving this situation.

#### Further work

- The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).
- Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.

- Any further sampling of spodumene pegmatite intersection from historic drill holes from within the Mount Holland Project undertaken by KDR will be reported in accordance with reporting standards. Results of analyses of samples outstanding, pending or future will be reported in accordance to the 2012 JORC Code.
- The geology, mineralogy and geochemistry of these pegmatites has not been fully determined at this early stage, ongoing work is building a preliminary model and further planned work is intended to assist in addressing this matter.
- NO bulk density samples have been conducted on material (core or RC chips) to date; provision is being made to conduct some core bulk density testing of pegmatite material in the future.
- Continued project-wide geological review and database consolidation may assist in locating further historically mapped pegmatites and or others not previously identified