



17 September, 2015

ASX Release

Kidman Resources Limited
ABN 88 143 526 096

Corporate Details:
ASX Code: KDR

Issued capital:
132.3M ordinary shares

Substantial Shareholders:
Capri 13.2m (9.98%)
Holdex Nominees 11.3m (8.5%)

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

Chief Operating Officer (COO):
Tony Davis

Chief Financial Officer (CFO):
Melanie Leydin

Company Secretary:
Justin Mouchacca

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

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

Email:
info@kidmanresources.com.au

Website:

Burbanks Open Pit Reserve Information

Kidman Resources Limited (ASX: KDR) wishes to provide the following information that was previously supplied in Section 4 of its ASX release dated 8 September 2015 in relation to the open pit reserve at its Burbanks Gold Project and the key assumptions used during the feasibility level open pit mine design study.

Mineral Resource estimate for conversion to ore Reserves

- The Mineral Resource estimate used as the basis for the conversion to an Ore Reserve comprised a standard Vulcan block model format file titled "burbanks_op_res_design.bmf". The au_pref gold grade attribute was the gold grade estimate used for this Ore Reserve study and was also the attribute used for the announced Mineral Resource estimate. Additional attributes contained within this Mineral Resource estimate model and utilise for the purpose of this Ore Reserve Study were density, weathering, mined status and the resource classification.
- The Mineral Resources are reported inclusive of the Ore Reserves.

Site Visits

- A site visit to the Burbanks Gold Project was undertaken prior to the commencement of open pit cutback design work.
- The site visit enabled a visual assessment of the existing open pit wall conditions to be undertaken. Two wall failures on the western side of the existing open pit were noted and attributed to historical underground workings. Vegetation growth on the slip rill material indicated that these slip areas have been stable for a lengthy period of time. All other walls appeared seemingly good in condition.
- As a result of this visual assessment it was decided to position the design ramp as far as possible from the wall failure areas. This was readily achieved with minimal impact on the mining inventory.

Study Status

An open pit optimisation and subsequent safe, practical and workable open pit cutback design study to feasibility level standards has been performed and generated for the Christmas Pit.

Cut-off Parameters

- Cut-off grades were calculated using the formula:-
$$(\text{Sum of Treatment Costs}) / [(\text{Mill Recovery}) * (\text{Gold Price} - \text{Royalty})]$$
- Costs included ore haulage and milling costs, grade control costs and the ore/waste differential costs

Mining Factors and Assumptions

- The Mineral Resource was converted to an Ore Reserve by initially performing an optimisation study using Whittle software and then completed by generating a detailed, safe, practical and workable open pit mine design based upon the results of the Whittle optimisation study.
- The Christmas Pit is readily amenable to open pit mining using standard open pit mining techniques and equipment. It has been assumed that the equipment selected to mine the deposit will be suitable to the geometry, size and geological setting of Christmas Pit.
- Geotechnical parameters used throughout the course of the study were as recommended in the MCKID021_Burbanks_Geotech, geotechnical assessment dated 27th July 2015.
- Grade Control will comprise blast hole sampling of 2.6m x 3.0m x 5.0m deep pattern. Sampling will occur at 2.5m intervals.
- A mining dilution factor of 20% @ 0.00g/t was incorporated in the Ore Reserve calculations. This figure was considered adequate for a deposit of the geometry, size and geological setting of the Christmas Pit.
- A mining recovery factor of 95% was incorporated in the Ore Reserve calculations. This figure was considered adequate for a deposit of the geometry, size and geological setting of the Christmas Pit.
- No allowances for minimum mining widths were required to be made for the Christmas open pit cutback design.
- Any portion of the Inferred Mineral Resource which is extracted as a consequence of mining the proposed open pit design has been classified as waste material.
- All infrastructure requirements including site and administration offices, laydown and service areas, on-site camp and associated messing facility, explosive magazines, dewatering bores and fuel storage tanks are pre-existing.

Metallurgical Factors and assumptions

- The Ore Reserve is to be treated through a conventional CIP/CIL processing plant. This will be conducted at Third Party Toll Treatment facility.
- This method of metallurgical processing is has been proven as an appropriate proven method of treatment in past Burbanks open pit and underground mining campaigns.

- The ore treated in these past campaigns is similar in nature to that mined by the Christmas Pit.
- Past Burbanks Project ore processing campaigns through a CIP/CIL processing plant have achieved metallurgical recoveries of 93% for primary ore.
- The Christmas Pit mining reserve inventory comprises solely of primary ore.

Environmental

The waste rock characterizations, residue storage and waste dump design have all been addressed in the Mining Proposal and Project Management Plans, which has been lodged with the Western Australian Department of Minerals and Petroleum.

Infrastructure

The infrastructure, availability of land, power, water, ore haulage, labour and accommodation have all been addressed in the Mining Proposal and Project Management Plans, which have been lodged with the Western Australian Department of Minerals and Petroleum.

Costs

- The projected capital costs and assumptions made were based upon the costs experienced on recent similar sized operations.
- The mining operating cost estimates and assumptions were based upon the current industry standard for operations of similar size and nature. Ore milling charges are based figures quoted during discussions between Kidman (KDR) and various regional custom milling facilities.
- All costs used throughout this study are in Australian dollars.
- Supplier quoted prices have been used for ore transport costs.
- Gold refining is to be performed by Australian Gold Refineries. The refining charge is of such minor magnitude that it has not been included in the financial evaluation.
- The Western Australian Stage Gold Royalty of 2.5% of revenue and a 3rd Party Royalty of \$25/oz recovered have been catered for in the Ore Reserve calculations and subsequent financial evaluations.

Revenue factors

A gold price of AUD\$1,450/oz has been used for the basis of the Ore Reserve calculations and subsequent financial evaluations.

Market Assessment

All gold produced is to be marketed through Australian Gold Refineries in Perth, Western Australia

Economic

- As the Christmas open pit-cutback is expected to be completed in under 6 months no discount rate has been applied.

- Deemed not applicable.

Social

Social impacts have all been addressed in the Mining Proposal and Project Management Plans, which have been lodged with the Western Australian Department of Minerals and Petroleum.

Other

- No material naturally occurring risks has been identified for the Christmas Pit.
- All gold produced will be marketed to the Western Australian based Australian Gold Refineries.
- The necessary Mining Proposal and Project Management Plans have been lodged with the Western Australian Department of Minerals and Petroleum.

Classification

- Ore Reserves for the Christmas Pit have been classified as Probable as per with JORC Code 2012.
- This classification appropriately reflects the Competent Person's, Gary McRae's view of the deposit.
- No proportion of the Probable Ore Reserves has been derived from Measured Mineral Resource.

Audits or Reviews

The Ore Reserve estimates have been reviewed by upper management levels of KDR. This gives additional confidence to this Ore Reserve estimate.

Discussion of relative accuracy/confidence

Factors which have the potential to affect the global Ore Reserve estimate include the gold "spot" price, the Ore Resource estimate in terms of resource geometry, estimated gold grades, mining dilution and recovery factors and the metallurgical recovery factors applied. With the proposed open pit cutback design indicating highly robust economics (with an estimated all-in operating cost of Au\$895/oz) it would be more than reasonable to conclude that the Christmas Pit would yield a high profitable open pit, even allowing for variation in the factors which have the potential to affect the Ore Reserve estimate.

Ore Reserve estimation:

The information in this report which relates to the Burbanks Gold Project's Christmas Pit is based on information compiled by Gary McCrae, Mining Engineer and a full time employee of Minecomp Pty Ltd and who is a member of the Australasian Institute of Mining and Metallurgy. Gary McCrae has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Resources Committee, the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia." Gary McCrae consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

In the July quarter the Company utilised the services of Minecomp Pty Ltd to produce a feasibility level open pit mine design study for the Christmas Pit.

The feasibility level open pit mine design study resulted in a Probable Ore Reserve of 28,000t @ 4.3g/t and 3,900 ounces of contained gold.

Further this Probable Ore Reserve is mined in conjunction with 152,230bcm of waste material resulting in an stripping ratio (waste volume:ore volume) of 14.8:1. The feasibility level open pit mine design study resulted in the recovery, after processing of 3,600oz of gold at an all-in operating cash cost per ounce of \$895/oz.

Martin Donohue (Managing Director)

Email: info@kidmanresources.com.au

Kidman Background

Kidman is a diversified resource company currently establishing the Burbanks Gold Mine near Coolgardie in WA for production to commence in the September quarter of 2015.

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: www.kidmanresources.com.au

SECTION 1 ESTIMATION AND REPORTING OF ORE RESERVES

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Criteria	Explanation
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none">The Mineral Resource estimate used as the basis for the conversion to an Ore Reserve comprised a standard Vulcan block model format file titled "burbanks_op_res_design.bmf". The au_pref gold grade attribute was the gold grade estimate used for this Ore Reserve study and was also the attribute used for the announced Mineral Resource estimate. Additional attributes contained within this Mineral Resource estimate model and utilise for the purpose of this Ore Reserve Study were density, weathering, mined status and the resource classification.The Mineral Resources are reported inclusive of the Ore Reserves.
Site Visits	<ul style="list-style-type: none">A site visit to the Burbanks Gold Project was undertaken prior to the commencement of open pit cutback design work.The site visit enabled a visual assessment of the existing open pit wall conditions to be undertaken. Two wall failures on the western side of the existing open pit were noted and attributed to historical underground workings. Vegetation growth on the slip rill material indicated that these slip areas have been stable for a lengthy period of time. All other walls appeared seemingly good in condition.As a result of this visual assessment it was decided to position the design ramp as far as possible from the wall failure areas. This was readily achieved with minimal impact on the mining inventory.
Study Status	<ul style="list-style-type: none">An open pit optimisation and subsequent safe, practical and workable open pit cutback design study to feasibility level standards has been performed and generated for the Christmas Pit.
Cut-off Parameters	<ul style="list-style-type: none">Cut-off grades were calculated using the formula:- $\frac{\text{Sum of Treatment Costs}}{[(\text{Mill Recovery}) * (\text{Gold Price} - \text{Royalty})]}$ Costs included ore haulage and milling costs, grade control costs and the ore/waste differential costs
Mining Factors and assumptions	<ul style="list-style-type: none">The Mineral Resource was converted to an Ore Reserve by initially performing an optimisation study using Whittle software and then completed by generating a detailed, safe, practical and workable open pit mine design based upon the results of the Whittle optimisation study.The Christmas Pit is readily amenable to open pit mining using standard open pit mining techniques and equipment. It has been assumed that the equipment selected to mine the deposit will be suitable to the geometry, size and geological setting of Christmas Pit.Geotechnical parameters used throughout the course of the study were as recommended in the MCKID021_Burbanks_Geotech, geotechnical assessment dated 27th July 2015.Grade Control will comprise blast hole sampling of 2.6m x 3.0m x 5.0m deep pattern. Sampling will occur at 2.5m intervals.A mining dilution factor of 20% @ 0.00g/t was incorporated in the Ore Reserve calculations. This figure was considered adequate for a deposit of the geometry, size and geological setting of the Christmas Pit.A mining recovery factor of 95% was incorporated in the Ore Reserve calculations. This figure was considered adequate for a deposit of the geometry, size and geological setting of the Christmas Pit.No allowances for minimum mining widths were required to be made for the Christmas open pit cutback design.Any portion of the Inferred Mineral Resource which is extracted as a consequence of mining the proposed open pit design has been classified as waste material.All infrastructure requirements including site and administration offices, laydown and service areas, on-site camp and associated messing facility, explosive magazines, dewatering bores and fuel storage tanks are pre-existing

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Environmental	<ul style="list-style-type: none"> The waste rock characterizations, residue storage and waste dump design have all been addressed in the Mining Proposal and Project Management Plans, which has been lodged with the Western Australian Department of Minerals and Petroleum.
Infrastructure	<ul style="list-style-type: none"> The infrastructure, availability of land, power, water, ore haulage, labour and accommodation have all been addressed in the Mining Proposal and Project Management Plans, which have been lodged with the Western Australian Department of Minerals and Petroleum.
Costs	<ul style="list-style-type: none"> The projected capital costs and assumptions made were based upon the costs experienced on recent similar sized operations. The mining operating cost estimates and assumptions were based upon the current industry standard for operations of similar size and nature. Ore milling charges are based figures quoted during discussions between Kidman (KDR) and various regional custom milling facilities. All costs used throughout this study are in Australian dollars. Supplier quoted prices have been used for ore transport costs. Gold refining is to be performed by Australian Gold Refineries. The refining charge is of such minor magnitude that it has not been included in the financial evaluation. The Western Australian Stage Gold Royalty of 2.5% of revenue and a 3rd Party Royalty of \$25/oz recovered have been catered for in the Ore Reserve calculations and subsequent financial evaluations.
Revenue Factors	<ul style="list-style-type: none"> A gold price of AUD\$1,450/oz has been used for the basis of the Ore Reserve calculations and subsequent financial evaluations.
Market Assessment	<ul style="list-style-type: none"> All gold produced is to be marketed through Australian Gold Refineries in Perth, Western Australia.
Economic	<ul style="list-style-type: none"> As the Christmas open pit-cutback is expected to be completed in under 6 months no discount rate has been applied. Deemed not applicable.
Social	<ul style="list-style-type: none"> Social impacts have all been addressed in the Mining Proposal and Project Management Plans, which have been lodged with the Western Australian Department of Minerals and Petroleum.
Other	<ul style="list-style-type: none"> No material naturally occurring risks has been identified for the Christmas Pit. All gold produced will be marketed to the Western Australian based Australian Gold Refineries. The necessary Mining Proposal and Project Management Plans have been lodged with the Western Australian Department of Minerals and Petroleum.
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Audits or Reviews	<ul style="list-style-type: none"> The Ore Reserve estimates have been reviewed by upper management levels of KDR. This gives additional confidence to this Ore Reserve estimate.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> Factors which have the potential to affect the global Ore Reserve estimate include the gold "spot" price, the Ore Resource estimate in terms of resource geometry, estimated gold grades, mining dilution and recovery factors and the metallurgical recovery factors applied. With the proposed open pit cutback design indicating highly robust economics (with an estimated all-in operating cost of Au\$895/oz) it would be more than reasonable to conclude that the Christmas Pit would yield a high profitable open pit, even allowing for variation in the factors which have the potential to affect the Ore Reserve estimate.