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August 10, 2016

ASX Release

Kidman Resources Limited
ABN 88 143 526 096

Drilling starts at the high-grade Earl Grey lithium project in WA

RC and diamond drilling program at this extensive pegmatite is aimed at extending the known lithium mineralisation

Kidman Resources Limited (ASX: KDR) is pleased to advise that a major drilling program is underway at the high-grade Earl Grey lithium project that sits on a granted mining lease within its Mt Holland project in WA.

Kidman announced last month (see ASX release dated July 15, 2016) that five holes drilled into Earl Grey had returned outstanding results with high grades of up to 2.5 per cent Li_2O over wide intervals.

Significantly, all these drill holes were terminated in lithium mineralisation because they were targeting gold. As a result, the actual thickness of the Earl Grey pegmatite is still unknown, although the existing drill holes confirm a minimum true width of approximately 50m.

Kidman will now utilise a multi-purpose RC/Diamond drill rig to drill several RC pre collars followed by diamond tails to test the actual thickness of the mineralised pegmatite. The program will then step to the south targeting the pegmatite up dip near surface and laterally along strike.

The diamond core will be used in metallurgical testwork with the initial view of producing a saleable coarse spodumene concentrate and providing an opportunity to understand the mineralogy and grain size of the spodumene. Additional testwork will then assess recovery from the fines and gather information needed for process plant design.

Earl Grey is one of several major lithium-bearing pegmatites at Mt Holland, all of which are on granted Mining Leases.

Kidman announced last month (see ASX release dated July 27, 2016) that it had signed a Memorandum of Understanding with Poseidon Nickel (ASX: POS) aimed at enabling Kidman to use Poseidon's 1.5 Mtpa Lake Johnston concentrator to fast track initial processing of lithium ore from Mt Holland.

Lake Johnson, which is located approximately 110km by road from Earl Grey, is on care and maintenance. The two companies have agreed to work together to explore the opportunity to initially toll treat or agree to an off take for lithium concentrate by utilising this asset. Poseidon has undertaken preliminary test work which supports Lake Johnston can produce a marketable lithium concentrate.

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:
Justin Mouchacca
Melanie Leydin

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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 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 further test the highly prospective Lithium targets within the Mt Holland tenement package and has entered into an MOU to potentially process Lithium ores at the Lake Johnston 1.5Mtpa concentrator owned by Poseidon Nickel.

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

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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.

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