Lodged Electronically

31 October 2016 **ASX Release**

Kidman Resources Limited
ABN 88 143 526 096

Corporate Details:

ASX Code: KDR / KDRO

Issued capital:
315.95 M ordinary shares
47.45 M Listed European Options

***Substantial Shareholders*:**
Capri Holdings (10.3%)
Acorn Capital (7.13%)

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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Quarterly Activities Report – September 2016

Kidman confirms world class Lithium discovery at the Mt Holland Project in WA

Highlights:

Kidman Resources Limited (ASX: KDR) is pleased to report the details of the September 2016 quarter activities for the Company as it focusses on its newly acquired Mt Holland project in WA.

- Completed the acquisition of Mt Holland Gold – Lithium project for $2m in cash on 7 July 2016 (with remaining consideration to be paid in shares)
- Undertook a preliminary review of Mt Holland's Lithium potential which lead to the discovery of the world class Earl Grey hard rock Lithium project in mid-July 2016
- Mobilised three drill rigs to site to fast track the drill out of the Earl Grey Lithium project with aim of delivering a maiden resource estimate in the Dec Qtr.
- Commenced a resource drill out on the Blue Vein Gold project at Mt Holland with a planned 89 drill holes, 17,800m RC drill program.
- Lithium review of Kidman's Mt Holland Project established multiple shallow pegmatite occurrences totalling over 25kms within the Forrestania Greenstone Belt.
- Signed an MOU on July 27th with Poseidon Nickel (ASX:POS) which was subsequently extended to an Exclusivity Agreement to evaluate a possible transaction to use the Lake Johnston 1.5MTPA plant to process Lithium from the company's Mt Holland project.
- Successful Institutional Share placement raising $21.0M before costs
- Commenced sale process for the Burbank's Gold mine and also placed operations on care and maintenance.

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MT HOLLAND (Lithium)

Activities at Mt Holland during the September quarter accelerated rapidly after the company completed the acquisition of this exceptional mineral field on 7 July 2016.

Mt Holland was purchased for the gold endowment with a current JORC compliant resource of approximately 1 million ounces of gold (Refer ASX release dated 18 December 2015). However, upon completion of the acquisition the company's technical team undertook a review of Mt Holland's Lithium potential and as a consequence defined several vast, shallow pegmatite targets over approximately 25km of the 50km tenement package. Several of these pegmatites are located within granted Mining Leases.

Part of the process of reviewing the Lithium potential was the re-assaying of historic diamond core and/or RC chips that had been drilled previously targeting gold or nickel but contained numerous zones that had been logged as pegmatite but never assayed. The company re-submitted 5 RC drill holes from beneath the historic Earl Grey gold open pit for re-assay which returned the following Lithium intercepts and have subsequently lead to the discovery of a world class Lithium project at Earl Grey;

- **52m @ 1.53% Li_2O from 206m to end of hole**
- **45m @ 1.81% Li_2O from 231m to end of hole, including 7m @ 2.23% Li_2O from 255m and 5m @ 2.5% Li_2O from 268m downhole**
- **39m @ 1.93% Li_2O from 189m to end of hole including 12m @ 2.46% from 215m downhole**
- **11m @ 1.04% Li_2O from 126m downhole and 27m @ 1.73% Li_2O from 153m to end of hole including 9m @ 2.45% Li_2O from 168m downhole**
- **34m @ 1.35% Li_2O from 176m downhole and 29m @ 1.31% Li_2O including 6m @ 2.09% Li_2O from 218m downhole,**

  All drill holes were terminated in Lithium mineralisation as they were originally drilled targeting gold

As a consequence of these outstanding results the company subsequently increased the number of drill rigs on site from one to three and commenced a resource drill out of the Earl Grey Lithium prospect with the aim of defining a maiden resource estimate in the December Quarter.

September quarter results, including the first hole drilled at Earl Grey by Kidman, contain ***93m at 1.53% Li_2O***. This includes:

- **8m @ 2.33% Li_2O** from 211m to 219m;
- **13m @ 2.19% Li_2O** from 235m to 248m; and
- **14.7m @ 2.01% Li_2O** from 278m to 292.7m including a strongly mineralised of **3m @ 3.28% Li_2O** from 278m to 281m.

Assays from the 93m wide Earl Grey pegmatite intercept in KEGR001 have returned sample grades of up to 4.22% Li_2O and several highly-mineralised broad zones.

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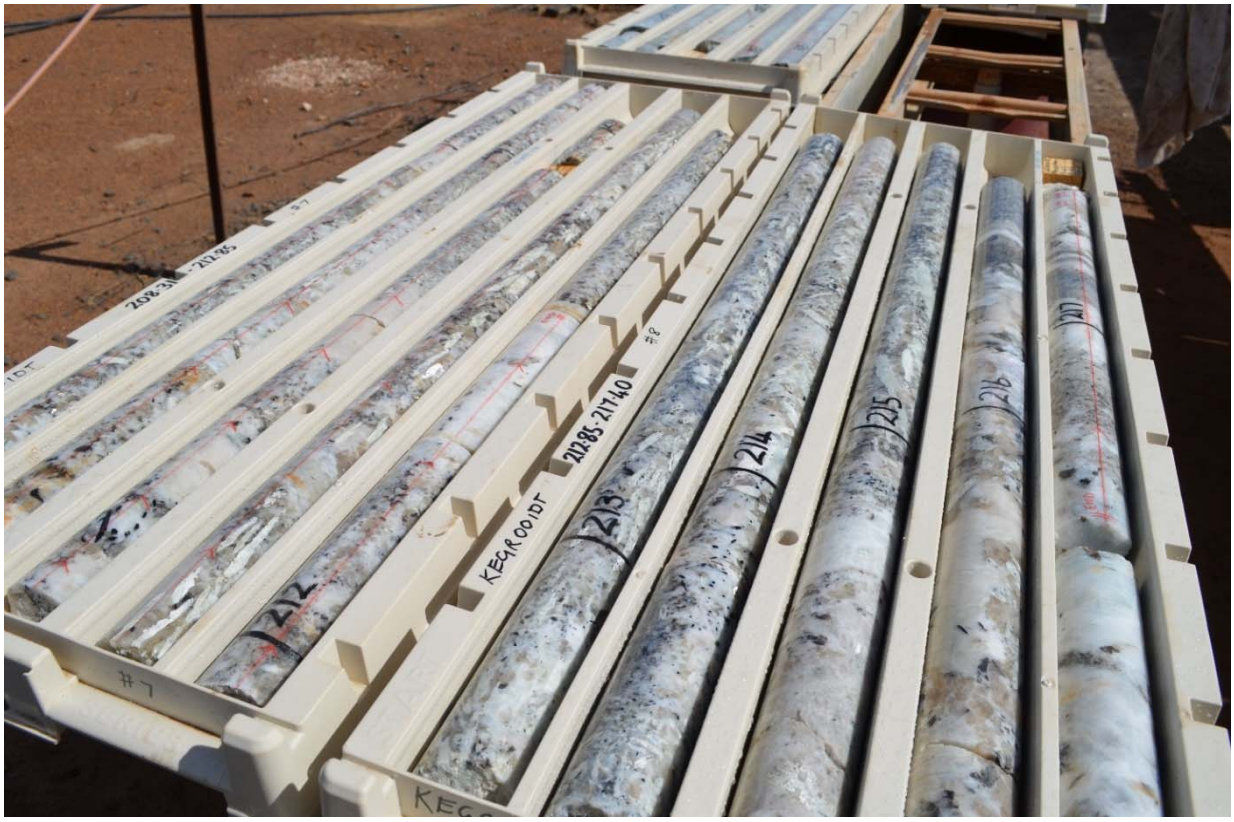


Figure 1: Photo of first Diamond Core drilled by Kidman Resources into Earl Grey Pegmatite

Later during the September quarter drilling had extended the known lateral extent of Earl Grey from 700m to 1100m and doubled the known strike length to 750m. The estimated average true width was 70-80m and it remained open in all directions.

Further assay results from six holes contained total mineralised intersections of 64m, 75m, 84m, 80m and 68m.

These total intersections include:

- 3m @ 1.86% Li_2O from 117, 18m @1.63% Li_2O from 134m and 43m @ 1.55% Li_2O from 167m (KEGR006)
- 7m@ 1.83% Li_2O from 75m and 68m @ 1.82% Li_2O from 111m, including 4m @ 3.22% Li_2O from 123m (KEGR012)
- 13m @ 1.28% Li_2O from 69.25m and 71m @ 1.58% Li_2O from 120m (KEGR005)
- 14m @ 1.55% Li_2O from 93m, 15m @ 1.53% Li_2O from 114m, 23m @ 1.67% Li_2O from 142m, 11m @ 1.67% Li_2O from 172m, 14m @ 1.89% Li_2O from 185m and 3m @ 1.43% Li_2O from 205m (KEGR009)
- 68m @ 1.00% Li_2O from 121m (KEGR003)

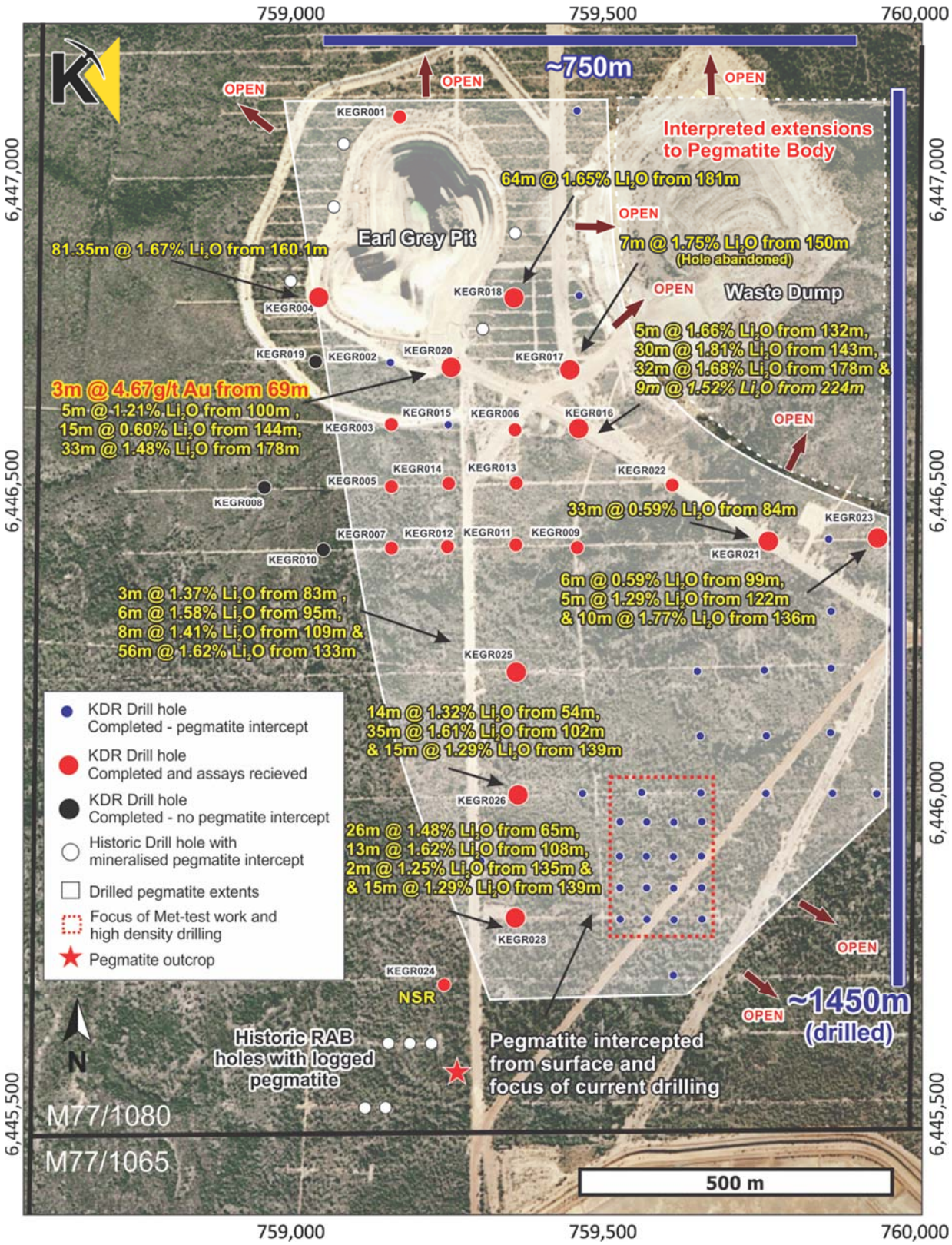


Figure 2: Plan View of Earl Grey pegmatite drilling.

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Mt Holland (Gold)

During the September quarter the overall group of Mt Holland gold projects were all reviewed with the aim of prioritising the projects for all future planned work. The main activity during the quarter was at Blue Vein where a 17,800m combined RC and Diamond drilling program commenced over a planned 89 drill holes. The deepest planned holes are around 200m below surface with 20m spacing between holes. The aim of the drilling program is to increase the grade and resource category of the existing Blue Vein Resource (Refer ASX Release dated 18 December 2015 for details).

By the end of the quarter the company had completed 15 drill holes for 2,633m however, due to the success of the earl Grey lithium discovery the drill rig was temporarily diverted to Earl Grey to assist in the timely completion of the maiden resource drilling.

The completed drill holes are yet to be logged and only a portion of assay samples have been submitted for analysis due to the technical teams commitments at Earl Grey. It is expected that this be completed in the December quarter and that the drilling program will also resume.

The 17,800m drill program commenced towards the southern end of the Blue Vein deposit and has worked its way to the north where it will infill the historic resource. See Figure 3 below for the location of the planned drill holes.

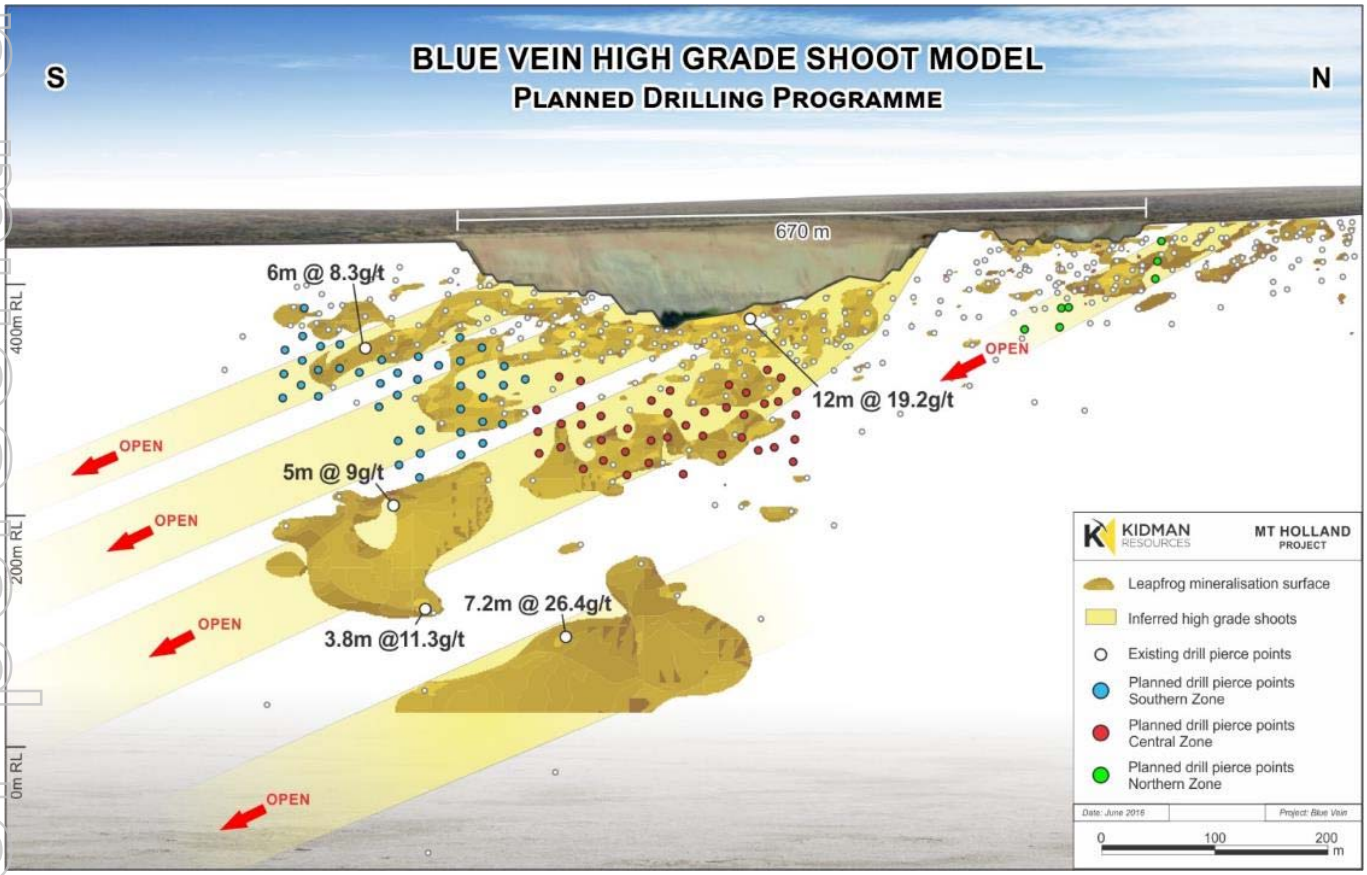


Figure 3: Planned Drill Programme, Blue Vein Gold Deposit

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Some of the historic high grade gold results from Blue Vein which will be followed up with the drilling programme include:

- 6m @ 8.3g/t Au from 84 metres
- 12m @ 19.2g/t from 69 metres
- 5m @ 9.0 g/t from 84 metres

Blue Vein has considerable geological similarities to the historic Bounty Mine located only 5kms away within Kidman's Mt Holland tenements, which produced over 1.2Moz gold between 1989 to 2001 and was mined to a depth of approximately 1.2km below surface. Blue Vein is considered an analogue to the historic Bounty mine and exhibits very similar geology and gold grades yet is only drilled to depth of around 300m below surface. Blue Vein is open along strike and at depth, with the deepest drill hole at Blue Vein returning 14.5m @ 13.6g/t Au (see ASX announcement 18 December 2015 for more information).

Kidman aims to establish a significant high grade gold inventory centred on Blue Vein to underpin a standalone mining operation, which may be supplemented with mineralisation from a number of high grade prospects in close proximity to the Blue Vein deposit.

BURBANKS

During the September quarter the company advised the market that it had received approaches from various parties interested in purchasing the Company's Burbank's gold mine located near Coolgardie in WA. With the completion of the acquisition of the Mt Holland Gold and Lithium Project, and the exploration success at Mt Holland, these approaches escalated to preliminary sale discussions.

The Company initially received informal approaches to purchase Burbank's in July 2016, soon after the completion of the Mt Holland acquisition which lead to a strategic review of Burbank's. There has been consistent feedback from shareholders and investors suggesting the Company focus its attention on progressing the larger scale Mt Holland Gold and Lithium Project. As a result, the Company will now seek to formalise a sale process for Burbank's.

In light of the sale process, a decision has been made to suspend mining operations at Burbank's. This decision was made on the basis that the near term working capital requirements at Burbank's are no longer justified when compared with the value that the Company believes can be added through directing its human resources and capital on the Mt Holland Gold and Lithium Project, where the Company sees a clear pathway to a larger production profile for gold, as well as the developing the very significant lithium potential.

Discussions in respect of the sale of Burbank's are confidential, and incomplete but have advanced significantly with multiple interested parties expressing further interest in acquiring Burbank's during the September quarter. The Company will provide a further update as and when a transaction is agreed.

NSW & NT Projects

During the quarter, Kidman continued to review all projects in the NT and NSW with the aim of considering ways to potentially divest these assets. The aim will be to consider opportunities that may directly benefit Kidman shareholders, as it turns its focus to the Burbank's and Mt Holland Gold projects in WA. No field work was conducted on these projects during the Quarter.

CORPORATE

The last quarter saw Kidman Resources raise $21 million before costs through a private placement via the issue of 73.7 million fully paid ordinary shares at 28.5 cents. The placement was heavily oversubscribed, reflecting strong support from a wide range of domestic and international institutions as well as continued support from the majority of Kidman's largest shareholders.

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Proceeds from the placement will be used to fund an accelerated exploration program at the Company's Mt Holland project, including comprehensive drilling programs at the Earl Grey lithium deposit and Blue Vein gold deposit. Key objectives of the drilling program are too fast track a maiden resource estimate for the Earl Grey lithium project, to undertake a resource drill out at the Blue Vein gold deposit.

The company also continued to defend the forfeiture claims lodged against some of the company's Mt Holland tenements. The company requested that most of the proceedings be transferred from Southern Cross Wardens Court to Perth Wardens Court. Particulars were subsequently served and filed for the applications for exemption during the quarter and these will be heard in the Perth's Wardens Court during the December Quarter.

Subsequent to the quarter, the Company has carried out its annual performance review of the Managing Director and the Board has awarded a cash bonus of approximately 30% of his annual salary following satisfaction of Key Performance Indicators (KPIs). The Board has implemented additional KPIs for the following year and the maximum short term incentive awardable to the Managing Directors will be up to 30% of his annual base salary.

Kidman Tenement holding summary

Below is a listing of the tenements held by Kidman Resources Limited as at 30 September 2016:

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
EL 23186 – Home of Bullion	NT, Australia	100%	-	-
EL 7537 – Blind Calf	NSW, Australia	100%	-	-
EL 7538 - Wilmatha	NSW, Australia	100%	-	-
EL 7820 – Melrose	NSW, Australia	100%	-	-
EL 7821 – Lockerbie	NSW, Australia	100%	-	-
EL 7523 - Kiacatoo	NSW, Australia	100%	-	-
EL 4152 – Bogong	NSW, Australia	100%	-	-
EL 6321 – Browns Reef	NSW, Australia	100%	-	-
EL 7746 – Achilles	NSW, Australia	Right to acquire up to 90%	-	-
EL 7931 – Shepherds	NSW, Australia	Right to acquire up to 90%	-	-
EL 7891 – Tarilta	NSW, Australia	Right to acquire up to 90%	-	-
EL 8103 – Hill View	NSW, Australia	Right to acquire up to 90%	-	
M15/0161 - Burbanks	WA, Australia	100%	-	-
M77/0477 - Van Uden North	WA, Australia	80%	-	-
M77/0478 - Van Uden South	WA, Australia	80%	-	-
M77/0522 - Van Uden North North	WA, Australia	80%	-	-
M77/0523 - Van Uden South South	WA, Australia	80%	-	-
E77/1361 - Deserts	WA, Australia	80%	-	-
E77/1463 - Alpine	WA, Australia	80%	-	-
E77/1535 - Cities	WA, Australia	80%	-	-
E77/1582 - Aircraft	WA, Australia	80%	-	-
M77/1065 - Cheeses	WA, Australia	100%	-	-
M77/1066 - Bounty	WA, Australia	100%	-	-
M77/1067 - BushPig	WA, Australia	100%	-	-
M77/1068 - Razorback	WA, Australia	100%	-	-
M77/1080 - Twinings	WA, Australia	100%	-	-
P77/4082 - Cascadia	WA, Australia	100%	-	-
P77/4115 - Snow	WA, Australia	100%	-	-
P77/4220 - Lily	WA, Australia	100%	-	-

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E77/1772 - Castles	WA, Australia	100%	-	-
E77/1773 - Southern Cross	WA, Australia	100%	-	-
E77/1775 - Sea	WA, Australia	100%	-	-
E77/2011 - Coffee	WA, Australia	100%	-	-
E77/2080 - Battles	WA, Australia	100%	-	-
E77/2097 - Generals	WA, Australia	100%	-	-
E77/2137 - Planets	WA, Australia	100%	-	-
E77/2162 - Moons	WA, Australia	100%	-	-
E77/2167 - Golf	WA, Australia	100%	-	-
E77/2188 - Hamlet	WA, Australia	100%	-	-
E77/2305 - Michael	WA, Australia	100%	-	-
G77/0037	WA, Australia	100%	-	-
G77/0038	WA, Australia	100%	-	-
G77/0045	WA, Australia	100%	-	-
G77/0047	WA, Australia	100%	-	-
G77/0048	WA, Australia	100%	-	-
G77/0049	WA, Australia	100%	-	-
G77/0050	WA, Australia	100%	-	-
G77/0068	WA, Australia	100%	-	-
G77/0070	WA, Australia	100%	-	-
G77/0071	WA, Australia	100%	-	-
G77/0072	WA, Australia	100%	-	-
G77/0073	WA, Australia	100%	-	-
G77/0109	WA, Australia	100%	-	-
G77/0110	WA, Australia	100%	-	-
L77/0059	WA, Australia	100%	-	-
L77/0085	WA, Australia	100%	-	-
L77/0096	WA, Australia	100%	-	-
L77/0107	WA, Australia	100%	-	-
L77/0176	WA, Australia	100%	-	-
L77/0193	WA, Australia	100%	-	-
L77/0194	WA, Australia	100%	-	-
L77/0198	WA, Australia	100%	-	-
L77/0199	WA, Australia	100%	-	-
L77/0200	WA, Australia	100%	-	-
L77/0205	WA, Australia	100%	-	-
L77/0206	WA, Australia	100%	-	-
L77/0207	WA, Australia	100%	-	-
L77/0208	WA, Australia	100%	-	-
EPM18050	WA, Australia	100%	-	-
EPSX00410113	WA, Australia	100%	-	-
E77/2111 -Application	WA, Australia	100%	-	-
E77/2244 - Application	WA, Australia	100%	-	-
L77/0271 - Application	WA, Australia	100%	-	-

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Kidman Background

Kidman is a diversified resource company currently in production at the Burbank's 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 18 December 2015 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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