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KIDMAN RESOURCES



# Mt Holland Project WA - The game changer

August 2016

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**Competent Person Statements**

The Information contained within this public announcement is extracted from the report entitled Convergent Minerals Limited Annual Report to Shareholders created on 30/09/2014 and is available to view on the ASX website. The Competent person responsible for the information contained within this report is Mr. Robin Rankin MSc DIC MAusIMM(CP). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Information contained within this public announcement is extracted from the report entitled Convergent Minerals Limited Presentation for Resources Symposium Broken Hill 2015 created on 26/05/2015 and is available to view on the ASX website. The Competent person responsible for the information contained within this report is Mr. David Price FAusIMM. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Exploration: The information in this release that relates to sampling techniques and data, Exploration Results, geological interpretation and Exploration Targets has been compiled by Mr. Michael Green BSc (Hons), MAusIMM, an employee of the Company. Mr. Green is a Member of the Australian Institute of Mining and Metallurgy and he has sufficient experience with the style of mineralisation and types of deposits 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. Green is a shareholder in KDR. Mr. Green consents to the inclusion in this report of the contained technical information in the form and context in which it appears.

Resource Estimation - Burbanks: The information in this release that relates to the Estimation and Reporting of Mineral Resources has been compiled by Mr. Richard Buerger BSc (Hons). Mr. Buerger is a full-time employee of Mining Plus Pty Ltd and has acted as an independent consultant on the Burbanks Deposit Mineral Resource estimation. Mr. Buerger is a Member of the Australasian Institute of Mining and Metallurgy and of the Australian Institute of Geologists and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken 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 (The JORC Code). Mr. Buerger consents to the inclusion in this report of the contained technical information relating the Mineral Resource Estimation in the form and context in which it appears.

Cautionary Statement

Readers should use caution when reviewing the exploration and historical production results presented and ensure that the Modifying Factors described in the 2012 edition of the JORC Code are considered before making an investment decision.

# INVESTMENT HIGHLIGHTS

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- Completed acquisition of Mt Holland Gold / Lithium Project in July 2016
- Control of a significant Western Australian brownfields gold asset, with outstanding growth potential
- Situated on Granted Mining Leases, offering short timeframe to development for both the gold and lithium projects
- Significant site infrastructure already in place

**Gold Projects**

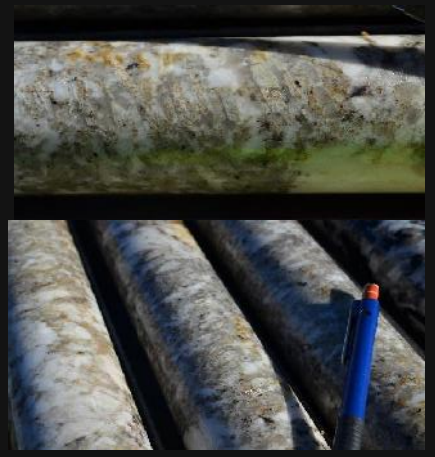
- Immediate focus on growing the Resource base at the Blue Vein gold deposit (*refer ASX announcement on 18 December 2015*)
- Resource drilling underway at high grade Blue Vein deposit
- Extensive drilling planned for other high priority targets within the Mt Holland Goldfield to grow Resources and mine life
- Gold production from Burbanks mine commenced in Sep 2015

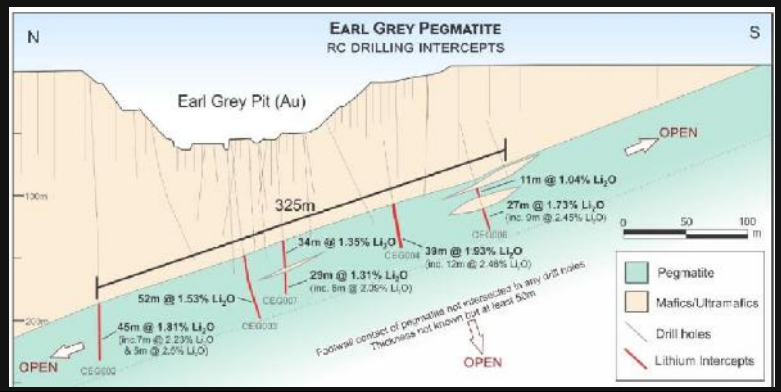
**Lithium Projects**

- High grade Lithium discovery at Earl Grey deposit, showing both exceptional grades and widths, with near surface potential
- MOU with Poseidon Nickel Ltd to consider fast-start lithium development options, utilising Poseidon's Lake Johnston 1.5Mtpa processing facility
- Lithium drill program commencing shortly at Earl Grey and other shallow targets, including Prince of Wales

## Mt Holland Gold and Lithium Project, WA






**Clockwise from top left:**

- Mt Holland group of gold deposits
- Pegmatite drill core sample from Mt Holland Project, Bounty mine site
- High grade, wide lithium intersections from re-sampled RC core shown on Cross section from the Earl Grey Pegmatite at the base of the historical Earl Grey open pit gold mine

# CORPORATE OVERVIEW

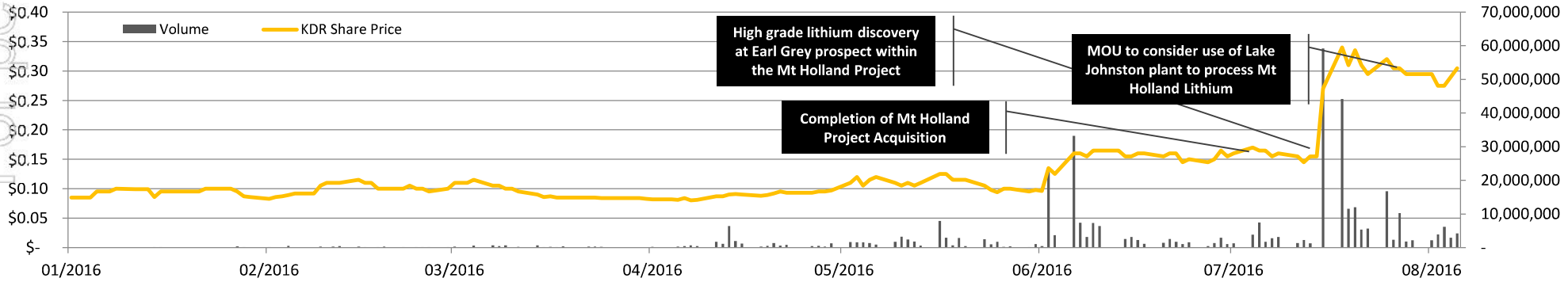
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| Capital Structure | |
|---|---|
| ASX Code | KDR |
| Shares on issue [1] | 237.3m |
| Options on issue (KDRO) | 47.45m (15c exercise price, 30/4/18) |
| Share Price | $0.30 |
| **Market Cap** | **$71.1 million** |
| Cash (30 June 2016) | $4.5 million |
| Debt [2] (30 June 2016) | $7.3 million |

[1] Excludes 14.81 million shares to be issued to the vendor of Mt Holland as deferred consideration in the event that the various forfeiture applications over Mt Holland are dismissed in their entirety

[2] $1 million repayable on or before 1 May 2017, with the balance of $6.3 million on or before 1 May 2018. Flat interest charge of $100,000 due upon repayment in 2018.

| Major Shareholders | |
|---|---|
| Capri Trading Pty Ltd [1] | 9.63% |
| Acorn Capital | 8.84% |
| Paragon Fund | 5.1% |
| **Top 20 Shareholders** | **41.8%** |



# BOARD AND MANAGEMENT

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**CHAIRMAN**, Peter Lester
Peter is a mining engineer with more than 40 years experience in the mining industry in various roles including construction, project and mine management. Corporate and financial advisory services and in business development with responsibility for strategic planning and corporate development, predominantly in precious and base metals. He has worked in operational roles at Mt Isa and Broken Hill, as well as senior executive positions with North Ltd, Newcrest Mining Limited, Oxiana / Oz Minerals Limited and most recently with Citadel Resources Group Limited. Peter is also currently chairman Doray Minerals (DRM).



**MANAGING DIRECTOR,** Martin Donohue
Martin Donohue was the founder of Kidman Resources which listed on ASX in 2011 and he subsequently took on the role of Managing Director in October 2014 with the aim of making strategic acquisitions during the resource sector downturn. Martin has around 20 years' experience in equity capital markets and the natural resources sector where he has been directly involved in evaluating mineral projects at various stages of development and raising capital.
Martin is a director of several private and public companies focused on precious and base metals in Australia and New Zealand. He is Non Executive Chairman of E2 Metals which is a gold exploration and development company and is also the principal of Penstock Advisory, a private consulting and investment company based in Melbourne that specialises in identifying , managing and developing mineral projects in Australia and overseas.



**NON EXECUTIVE DIRECTOR***, Brad Evans*
Brad is a mining engineer with over 17 years' experience within the mining industry and is currently General Manager of Mining Plus, an international Mining Consultancy. He has a multitude of experience ranging from mine production, planning and management on mine sites, to organisation leadership within Mining Plus. He has led the growth of Mining Plus from 10 to 60 employees and it now has offices in five countries around the world. He is the holder of a First Class Mine Manager's Certificate of Competency in both Western Australia and New South Wales.



**GENERAL MANAGER OPERATIONS**, *Chris Williams*
Chris is a mining engineer who has over 30 years experience in underground and open pit mining operations and management roles throughout Australia.
Before joining Kidman Chris worked for 12 years at Panoramic Resources in a number of senior roles including General Manager Operations for the Savannah and Lanfranchi nickel mines and General Manager Projects and Technical Services. Prior to Panoramic Resources Chris was Mine Superintendent for New Hampton Goldfields and Harmony Gold Mines at their Jubilee Operation near Kalgoorlie.



**GEOLOGY MANAGER,** *Michael Green*
Michael is an experienced and accomplished Geologist with 10 years experience. He spent 6 years at Newmont working in both the Regional Exploration Team in Qld, NSW and the NT before moving to the Tanami Operations where he was responsible for both near mine and District exploration. During that time at Newmont Michael was a part of the team that made the Oberon Regional discovery, and the near mine Auron Ore body discovery which has significantly increased the LOM at Newmont Tanami Operations. Responsible for near mine resource development and delineation with a significant component involving the management of contractors and a large geology team.

# KIDMAN - PORTFOLIO OVERVIEW

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***GOLD***

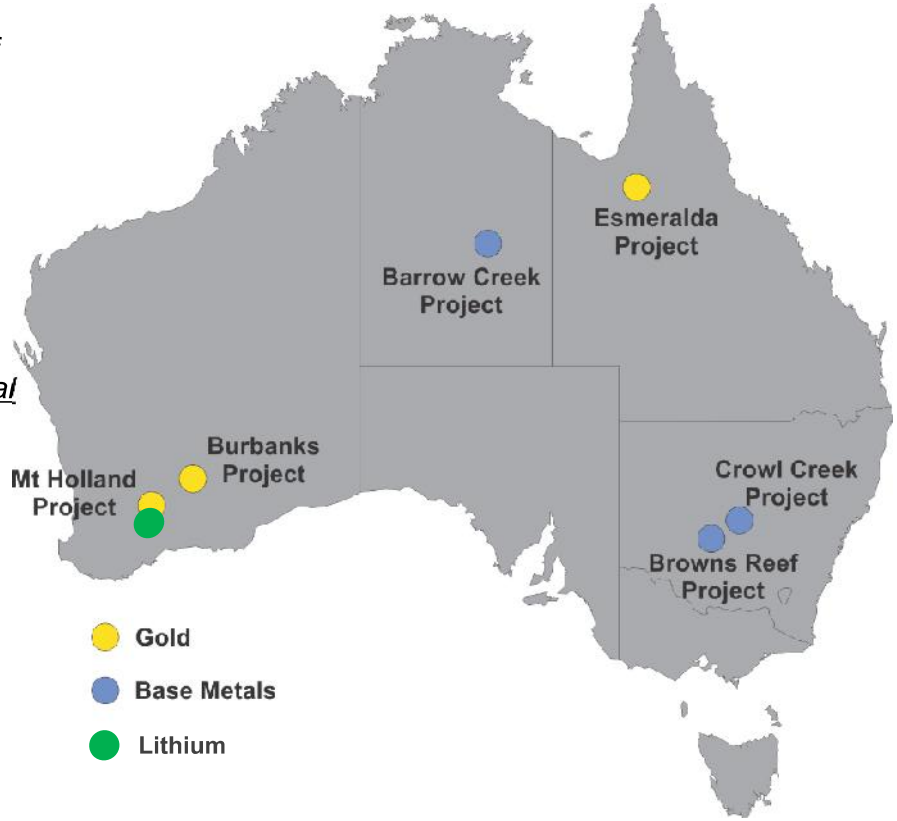
- **Mt Holland Gold Project (WA):** A significant brownfields gold projects, with 50km of strike over the Forrestania Greenstone Belt, and large exploration upside
- **Burbanks Mine (WA)**: Producing gold mine located near Kalgoorlie
- **Esmeralda Project (QLD)**: Early stage highly prospective Gold exploration project

***LITHIUM***

- **Mt Holland Lithium Project (WA)**: Significant new discovery in the Forrestania Greenstone Belt, with both *high grades and significant near surface tonnage potential* on *granted mining leases*

***BASE METALS- Cu, Ni, Pb, Zn***

- **Barrow Creek (NT):** Home of Bullion and Prospect D base metal projects
- **Browns Reef (NSW)**: Cobar Basin base metal project
- **Crowl Creek (NSW):** Projects adjacent to Mineral Hill mine

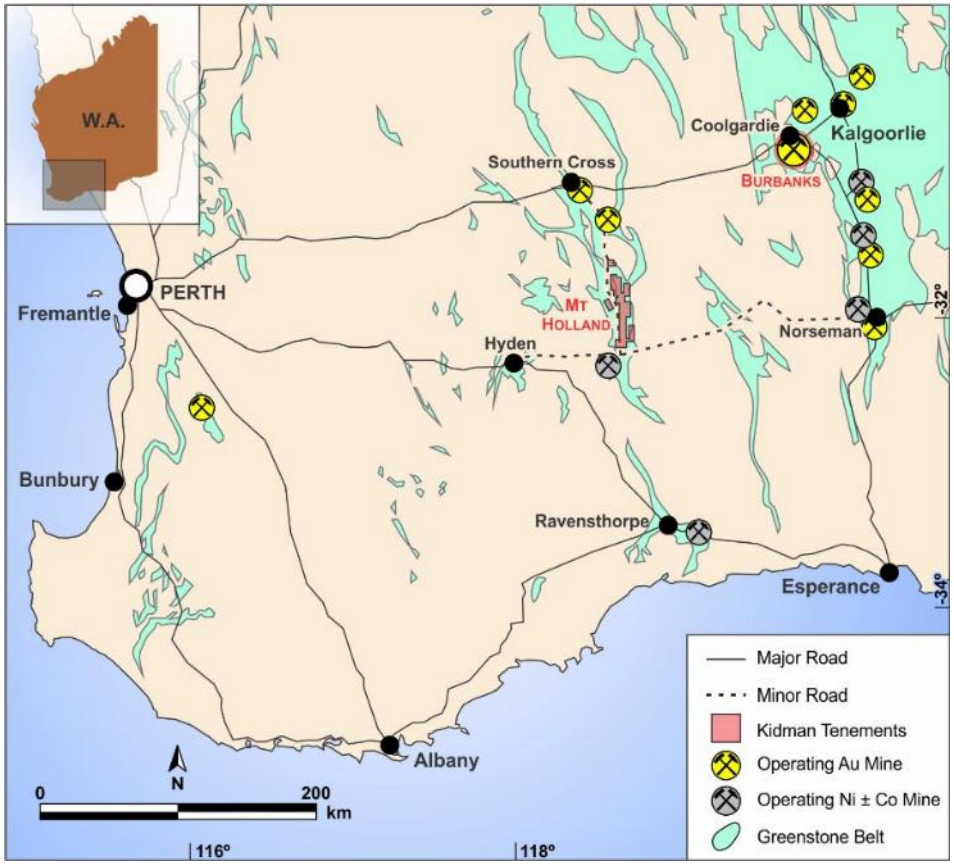


# MT HOLLAND PROJECT WA – The Game Changer

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**Mt Holland Gold Project**

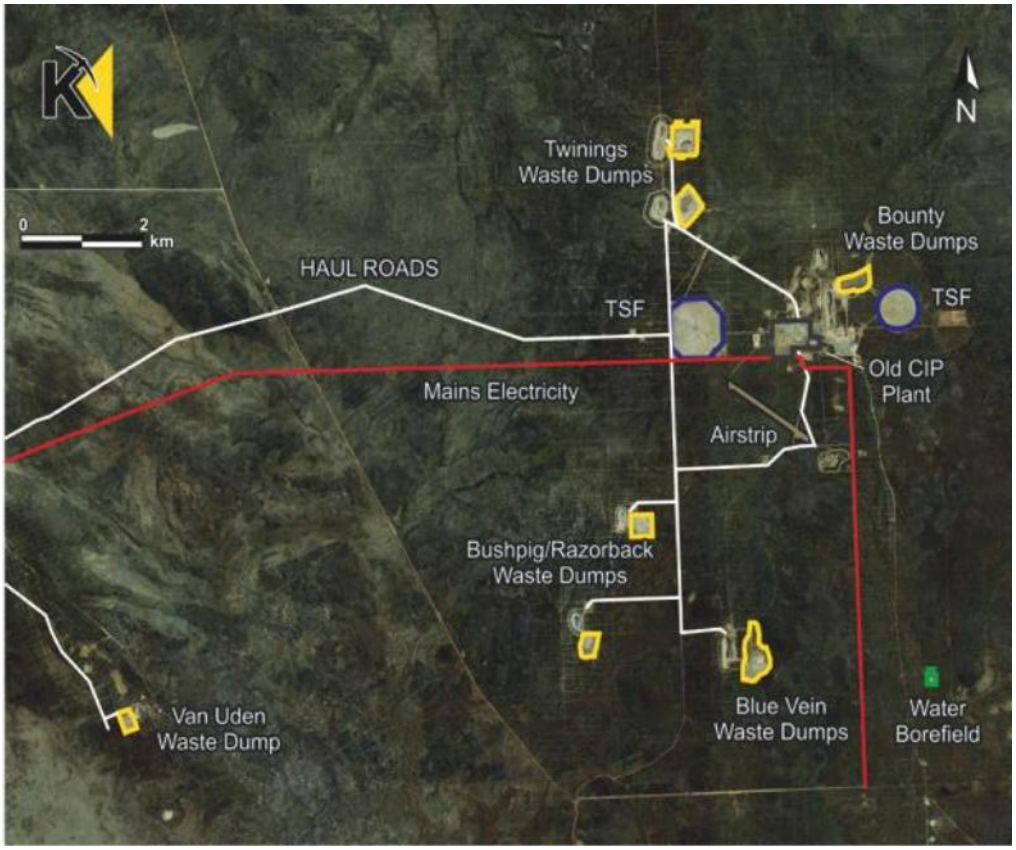
- Near-term development potential from Blue Vein deposit and Van Uden open pits
- Located on the Forrestania Greenstone Belt (50km of strike), south and adjacent to Hanking Gold's Southern Cross operations (4.6Moz resource inventory)
- Considerable potential to grow scale through exploration in the broader Mt Holland tenements
- Fully permitted with granted Mining Leases
- Extensive existing infrastructure and gold endowment (refer ASX release Dec 18th 2015 for details)
- High grade gold potential at depth at several historical open pits within the Mt Holland Gold Project
- Extensive drilling program planned to delineate further resources, and to test depth potential



# MT HOLLAND EXISITING INFRASTRUCTURE

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- Granted Mining Leases
- Existing haulage roads, public road, airstrip & tailings storage facility
- Existing site office and staff accommodation including all amenities in place
- Western Power substation located on site
- Water sourced from the flooded Bounty underground mine/ borefield
- Communications facilities
- Cleared ROM pad area (sufficient for stockpile and haulage loading)
- This equates to shorter lead times and capital costs to production



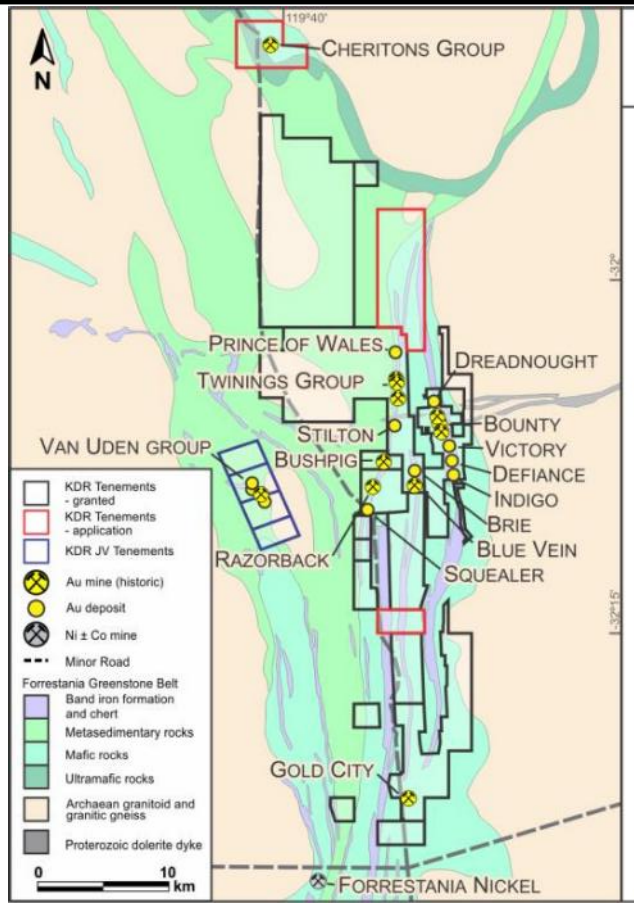
# MT HOLLAND - MULTIPLE TARGETS OVER 50KM STRIKE

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**An Under-Explored Greenstone**

- Relatively underexplored ground holding with 50km of strike over the Forrestania Greenstone Belt
- A project-wide data review defined a number of priority gold targets, all within granted Mining Leases
- **Priority gold drill targets include:**
  - **Blue Vein**
  - **Van Uden Group**
  - **Twinings Group**
- Additional gold targets at:
  - Victory
  - Gold City
  - Bushpig
  - Razorback
  - Cheritons
  - Squealer

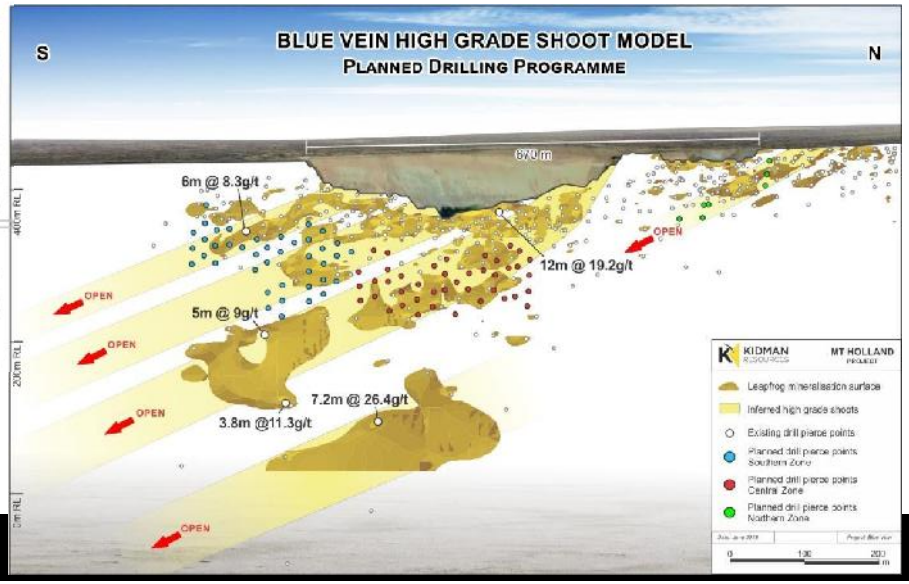
***Kidman has identified multiple targets below historical pits, offering potential for growing the resource inventory***

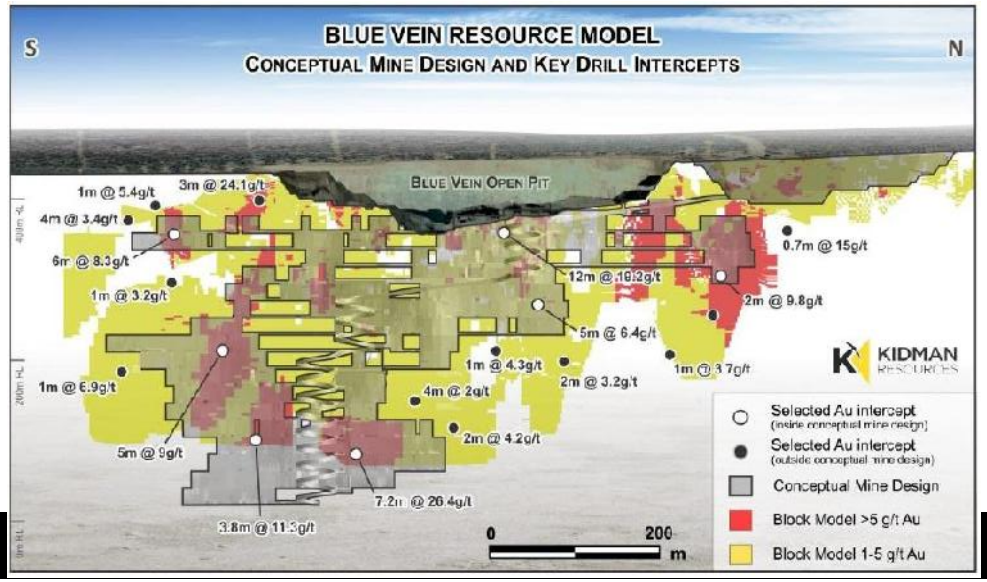


# BLUE VEIN GOLD DEPOSIT

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- Blue Vein deposit remains open in multiple directions (r*efer ASX release Dec 18th 2015 for more details on Resource)*
- Leapfrog modelling and drill optimisation complete
- Significant down dip potential : Blue Vein is an analogue to the Bounty Mine - mined to 1.2km depth producing 1.2 mil ounces
- Deepest hole returned **14.5m @ 13.6 g/t Au and 4m @ 10.7 g/t Au**
- Drill out has now commenced with approximately 90 hole program (~17,000m) over next 3-4 months
- Aiming to increase confidence as well as grade and tonnes
- Significant near term news flow to come from Mt Holland drill program

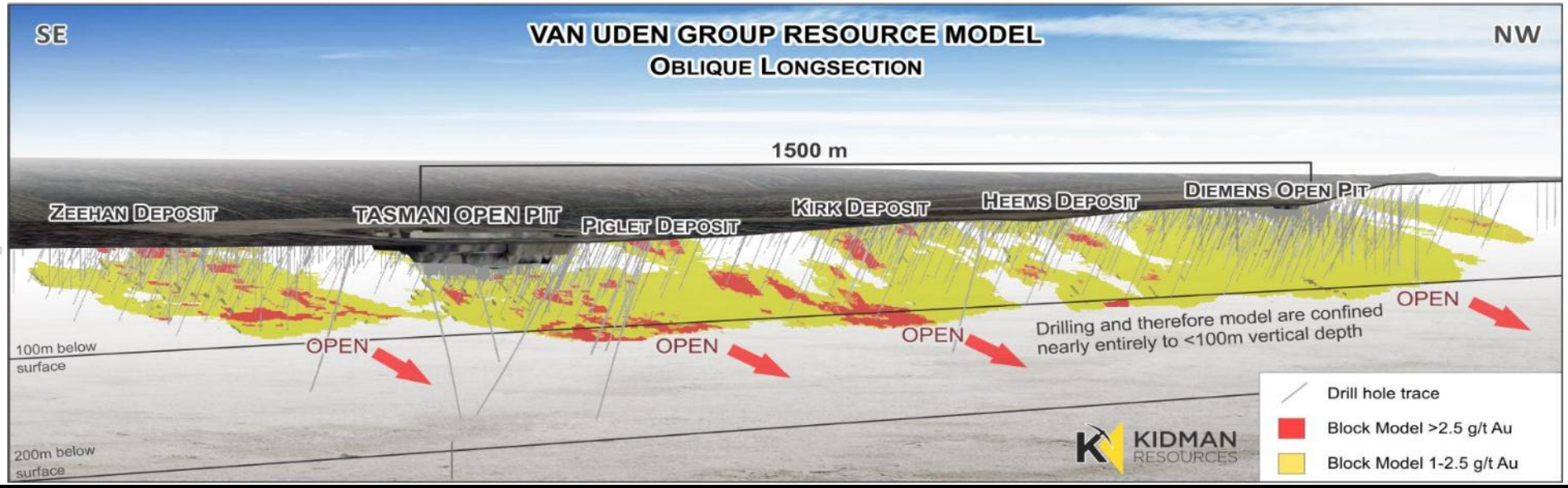


# VAN UDEN GOLD DEPOSIT (KDR: 80%)

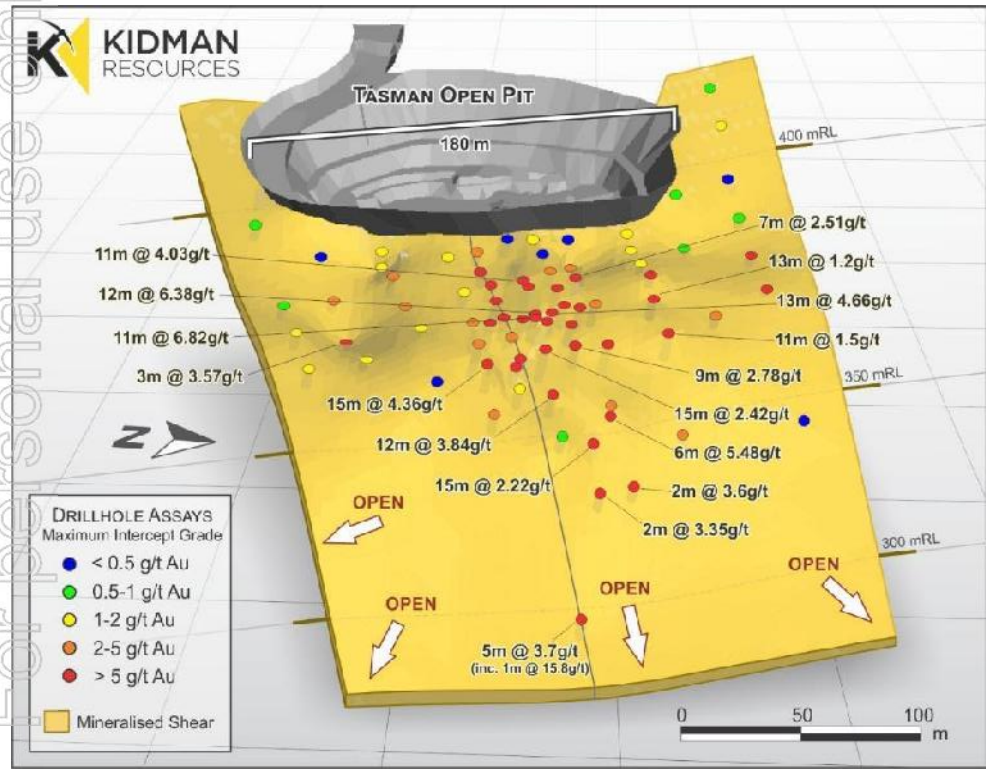
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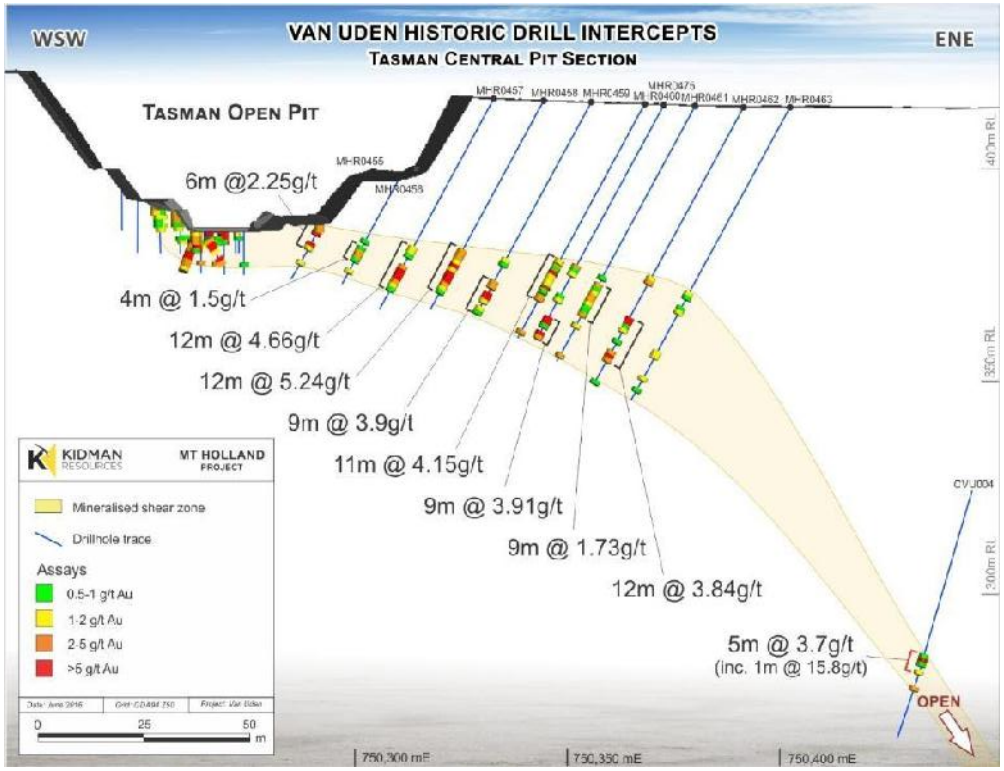
- Existing open pit mining potential on granted mining lease (Refer ASX Release 18th Dec 2015 for resource details)
- 8000m of drilling planned
- Aiming to upgrade existing resource which is open *along strike* and *at depth*, with only 8 of 2058 holes drilled deeper than 100m below surface, none below 200m
- Pit optimisation study now completed which defined further high priority drill targets
- Results include; **12m @ 6.38 g/t** from 41m, **15m @ 4.36 g/t** from 65m, **13m @ 4.66 g/t** from 41m



# VAN UDEN – TASMAN PIT REMAINS OPEN

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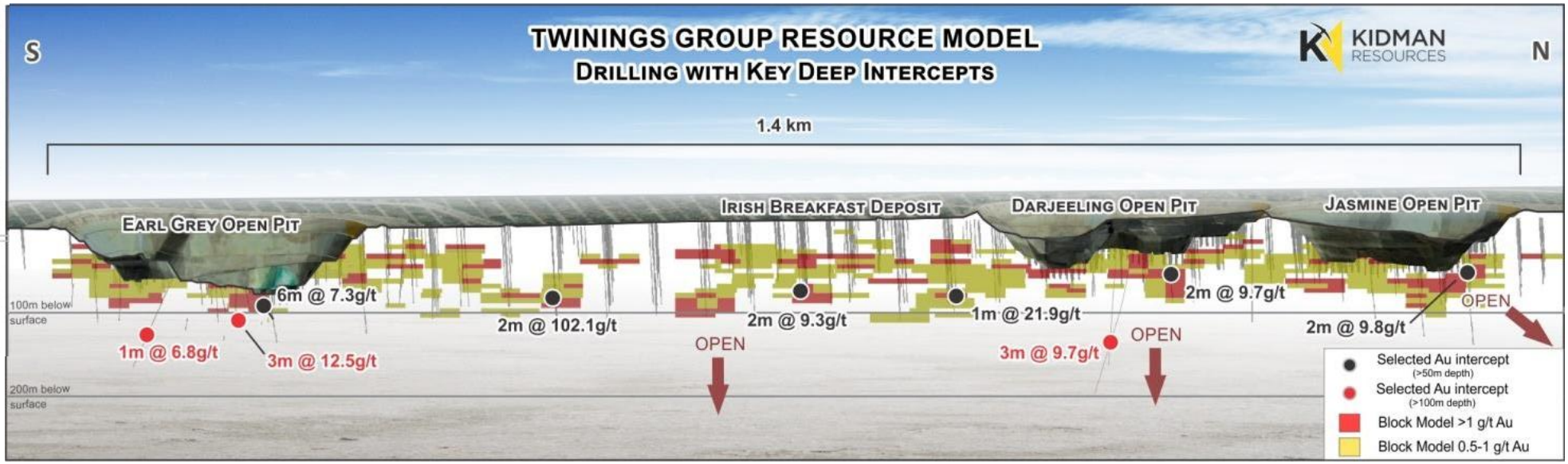


# TWININGS GROUP GOLD DEPOSITS

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- Existing open pit mining potential on granted mining lease
- Underground mining potential
- 6200m of drilling planned for Darjeeling high grade shoot and Irish Breakfast deposit
- Aiming to upgrade existing gold resource which remains open with only 481 drill holes over 1.4km of which 27 are drilled to between 100m-200m and 1 hole deeper than 200m
- Results include : **14m @ 8.36 g/t** from 19m, **5m @ 8.04 g/t** from 165m, **13m @ 5.16 g/t** from 21m



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# MT HOLLAND LITHIUM PROJECT

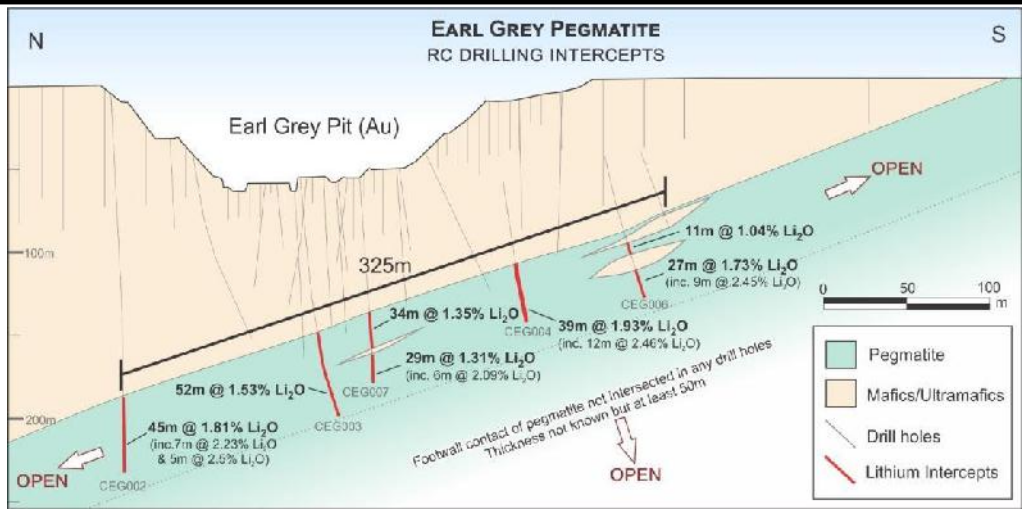
## SUBSTANTIAL NEW LITHIUM DISCOVERY

# EARL GREY LITHIUM - SUBSTANTIAL NEW DISCOVERY

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**Mt Holland Lithium Project**

- First RC drill hole results in late July 2016, showing high grade and width
- All holes *terminated in mineralisation*
- Extensive Spodumene mineralisation; very high Lithium grades with individual samples up **to 3.94% $Li_2O$** and outstanding widths already at 50m true width
- Mineralisation dips around 20-25 degrees, offering good open cut potential (low strip ratio) pegmatite open in all directions, modelled minimum of 145m strike, 50m thick and 325m down dip continuity.
- 45m @ 1.81% $Li_2O$ including **7m @ 2.23% $Li_2O$**
- 39m @ 1.93% $Li_2O$ including **12m @ 2.46 % $Li_2O$**
- 52m @ 1.53% $Li_2O$
- Rig already onsite awaiting approval of programme of works to commence extensive drilling program
- Targeting Maiden Resource Q1 2017
- Located on Granted Mining Lease with existing infrastructure
- MOU with Poseidon Nickel Ltd to evaluate possibility of processing lithium (that may be mined by Kidman) at Poseidon's Lake Johnston 1.5Mtpa processing facility, providing an expeditious path to market



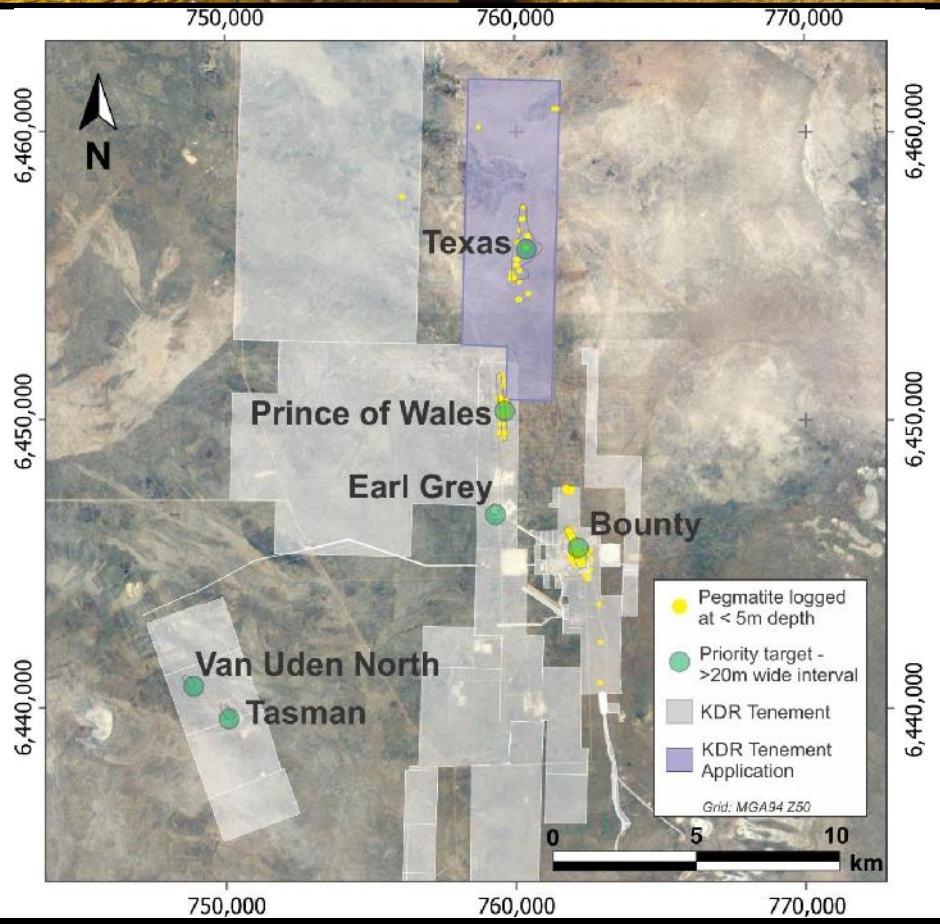



Left: Poseidon Nickel's 1.5Mtpa processing facility

# OUTSTANDING LITHIUM POTENTIAL

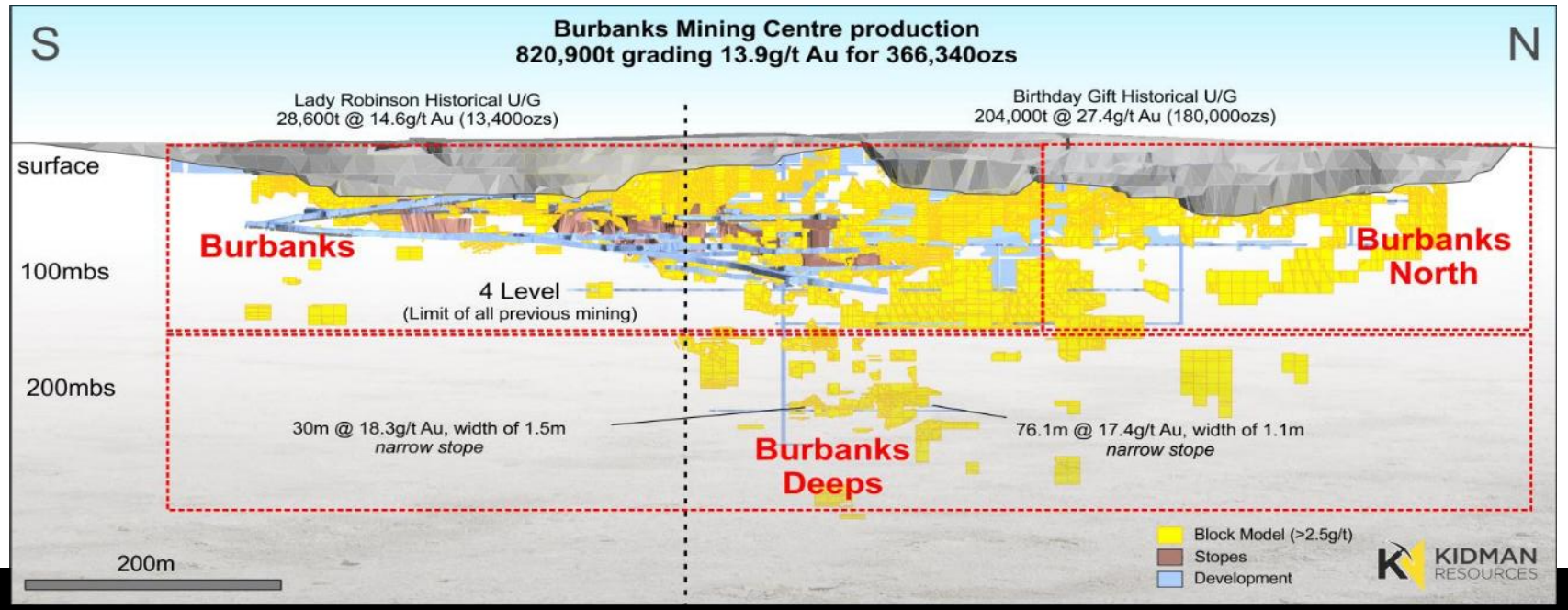
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- Much more than just the Earl Grey Lithium discovery
- Multiple large near surface pegmatites over 25km
- Historic drilling was never assayed for Lithium
- Many pegmatites are located on Granted Mining Leases
- Compelling exploration potential as a major Lithium field with major tonnage potential
- Other priority targets include **Prince of Wales** which sits at surface along strike from the Earl Grey discovery with drill data confirming the pegmatite is at least 2.2km long and up to 340m wide
- **Texas** pegmatite is 6.3km long based on existing drill data
- **Bounty** pegmatite confirmed as spodumene bearing with recent drill results of 54.2m @ 1.53% $Li_2O$ and 33.5m @ 1.39% $Li_2O$ *(refer ASX announcement 2 June 2016)*



# BURBANKS GOLD MINE - WA

- Historical production of 366,000 oz at 13.9 g/t with mineralised zones still open at depth and along strike
- Combined Measured, Indicated and Inferred Resource of **99,000 oz at 5.6 g/t** (*Refer to KDR announcement 25th August 2015)*
- Kidman poured first gold mid September 2015
- Changed mining contractors January 2016 and undertook significant capital improvements
- Production now recommencing from Dahmu lode




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# INVESTMENT HIGHLIGHTS

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- Currently in production at its Burbanks Gold Mine in WA
- Recently completed the acquisition of Mt Holland Gold / Lithium Project in WA to provide potential for significant growth in production profile
- Objective to become a +75kozpa gold producer
- Granted Mining Leases with significant infrastructure already in place
- Aggressive drilling programs on both Gold and Lithium targets to provide multiple share price catalysts
- Highly significant new Lithium discovery showing both exceptional grades and near surface tonnage potential
- Lithium drill program now underway at Earl Grey and will also test other shallow targets like Prince of Wales
- Resource drill out on high grade Blue Vein gold deposit underway with further drill programs at Van Uden imminent
- Divesting non core projects to focus on core assets in Gold / Lithium

# APPENDIX: BURBANKS RESOURCE

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| Mineral Resource Estimation for the Burbanks Deposit - as of the end of July 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Indicated | | | Inferred | | |
| Area | Cut-Off | Tonnes | Grade | Ounces | Tonnes | Grade | Ounces |
| Open Pit Resource | 1.0 | 30,000 | 4.5 | 4,500 | 10,000 | 4.7 | 1,500 |
| Underground Resource | 2.5 | 185,500 | 5.8 | 34,500 | 325,000 | 5.6 | 58,500 |
| **Total Resource** | **1.0/2.5** | **215,000** | **5.6** | **39,000** | **335,000** | **5.5** | **60,000** |

**The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due ro rounding to appropriate significant figures.**

*Refer to KDR announcement 25th August 2015*

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## For Further Information:

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