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Kidman Resources Limited

ABN 88 143 526 096

Half-year Financial Report - 31 December 2015

Kidman Resources Limited
Contents
31 December 2015

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Kidman Resources Limited
Corporate directory
31 December 2015

Directors	Mr Peter Lester (Non-Executive Chairman) Mr Martin Donohue (Managing Director) Mr Brad Evans (Non-Executive Director)
Company secretaries	Ms Melanie Leydin Mr Justin Mouchacca
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205
Principal place of business	Suite 3, Level 4 12-20 Flinders Lane Melbourne VIC 3000
Share register	Boardroom Pty Limited Level 7, 202 Kent Street Sydney NSW 2000
Auditor	Grant Thornton Audit Pty Ltd The Rialto Level 30, 525 Collins Street MELBOURNE VIC 3000
Stock exchange listing	Kidman Resources Limited shares are listed on the Australian Securities Exchange (ASX code: KDR)
Website	www.kidmanresources.com.au

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Kidman Resources Limited
Review of operations
31 December 2015

Highlights:

- Achievement of a Company milestone transitioning from Explorer to Producer with maiden gold pour from the Burbanks Gold mine on 14 September 2015.
- Gold production for the half year was 4968 ounces of gold.
- Gold sales of 4145.95 ounces of gold at average sale price of AUD $1,538.95 per ounce was of A$6.38 million with 821.3 ounces on hand at 31 December 2015.
- 63,122 tonnes of ore milled at 2.57 gpt @ 95.2% recovery.
- Established an initial Combined Inferred and Indicated Mineral Resource of 99,000oz at 5.6 g/t gold reported for Burbanks. (refer to ASX announcement 25 August 2015)
- Established an Initial Combined Indicated and Inferred Mineral Resource of 73,000oz at 1.7gpt gold, at Gunga West gold mine near Kalgoorlie. (refer to ASX announcement 10 November 2015)
- Underground mining achieved access to the historic 4 Level which is the limit of all previous mining representing a significant opportunity for access to high grade mining areas in coming quarters on multiple lodes
- Completion of 3,700.5m of Underground Diamond drilling at Burbanks focussing on targets around current operational areas and exploration targets along strike and down dip of the Combined Inferred and Indicated Mineral Resource. (refer to ASX announcements 19 October & 23 November 2015)
- Completion of 3,013m RC drilling program with results outside of the current Mineral Resource. (refer to ASX Announcement 26 August 2015)
- Agreement reached to lease Burbanks 180,000 tpa mill.
- Entered into a Non-Binding Heads of Agreement to acquire Mt Holland goldfield near Southern Cross W.A, plus the Esmeralda Gold project in Qld.
- Mt Holland has a total combined Measured, Indicated and Inferred Mineral Resource of 928,000oz (excluding the remaining inaccessible 246,000oz Mineral Resource at Bounty). (refer to ASX announcement 18 December 2015)
- Flagship deposit at Mt Holland is Blue Vein, which has a combined Measured, Indicated and Inferred Mineral Resource of 372,000oz at 2.39gpt and access to extensive infrastructure.

BURBANK'S GOLD MINE

Safety:

There were no Lost Time Injuries (LTIs) for the half year and the 12 month Lost Time Injury Frequency Rate (LTIFR) still remains at zero.

Operations:

On September 14th Kidman achieved a Company milestone of transitioning from Explorer to Producer with the completion of its first gold pour after the commencement of milling in mid-September 2015.

A total of 63,122 tonnes of ore was milled and 72,038 tonnes of ore was mined during the half year. This comprised of:

- 32,098 tonnes @ 2.27g/t Au from the Christmas Open pit; and
- 39,940 tonnes @ 2.83g/t Au from the Birthday gift underground.

All of which resulted in 4,967 ounces of gold being produced during the half year; of which 4,145.95 ounces was subsequently sold for an average of A$1,538.95 /oz. generating revenue of AUD $6,380,425 million with the addition of 821.3 ounces bullion on hand at 31 December 2015.

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Kidman Resources Limited July – Dec 2015 Half Yearly Production					
	Units	**Jun Qtr. FY15**	**Sep Qtr. FY16**	**Dec Qtr. FY16**	**YTD FY16**
Ore Mined	t	Nil	23,943	48,095	72,038
Ore Mined Grade - Gold	g/t	N/A	2.28	2.57	2.47
Ore Processed	t	Nil	17,307	45,815	63,122
Ore Processed Grade - Gold	g/t	Nil	2.57	2.57	2.57
Recovery - Gold	%	N/A	93.8%	95.8%	95.2%
Gold Production	oz.	Nil	1,342	3,626	4,968
Gold Sold	oz.	Nil	1,342	2,805	4,147

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Mining – Underground:

Underground Mining activities during the period focused on advancing the decline down to the historic 4 level and level development in ore and waste to provide access to remnant stoping areas, diamond drill platforms and new stoping areas. A total 637 metres of development was achieved.

The historic 4 level was reached during the period which is the limit of all previous mining activities and provides access to multiple lodes. The majority of ore mined from underground during the period was sourced from remnant mining areas, including historic backfill material. Some stoping was undertaken in the previously unmined Dahmu lode.

Mining – Open Pit

Open pit mining in the Christmas Pit generated 32,098 tonnes mined at 2.27 g/t Au up to the 31 December 2015. The grade in the top two flitches did not perform to expectations predominantly due to orebody geometry and dilution during drilling and blasting. Tighter controls introduced in the lower flitches resulted in a significant uplift in grade from 1.54g/t Au to 4.00g/t Au.

Exploration - Burbanks:

In August 2015, Kidman released an initial Combined Inferred and Indicated Mineral Resource of 99,000oz at 5.6 gpt for Burbanks. Around 80% of this Mineral Resource is contained in the Birthday Gift underground mine with the rest in the adjacent Christmas open pit.

A total of 3,700 metres of underground drilling was completed of the on-going campaign during the half year, enabling the extension of the known mineralisation with a host of high-grade results. These results are expected to form part of a resource upgrade aimed at growing the existing Resource at Burbanks and will also assist in the development of a more detailed mine plan.

In addition, face sampling assays along the Dahmu lode on the 1260 level include **2.5m at 12.55gpt, 2.8m at 10.43gpt, 2m at 9.88gpt and 2m at 9.42gpt.** (Refer to ASX announcement 23 November 2015.)

Subsequent to the release of the initial 99,000oz Mineral Resource the company also completed a further 3013m of RC drilling which returned a host of high grade intersections outside of the initial Mineral resource. The intersections were located near existing development on the 1280 and 1300 levels where the Dahmu lode was targeted, these included:

- **9m @ 7.89 g/t Au from 86m in CPRC131 including:**
  - **3m @ 13.93 g/t Au from 86m**
  - **2m @ 12.74 g/t Au from 93m**
- **3m @ 6.41 g/t Au from 63m in CPRC116**
- **2m @ 5.17 g/t Au from 61m in CPRC115 &**
  - **5m @ 4.87 g/t Au from 71m &**
  - **2m @ 9.27 g/t Au from 84m**

Kidman also estimated an Exploration Target of 80,000-120,000oz (625-650,000 tonnes at 4-6g/t gold) during the December quarter. The potential quantity and grade of the Exploration Target is conceptual in nature and at this stage there is insufficient data to include this target within the defined Mineral Resource. It is uncertain if further exploration will result in the determination of an addition to the Mineral Resource of Burbanks.

However, the Exploration Target has integrated the newly interpreted structural model that involved a mapping campaign within the Birthday Gift Underground Operations as well as a review of the production figures and exploration activities historically completed in the Burbanks Mining centre. The newly established mineralisation model has shown that multiple lodes at the Burbanks Mine are yet to be fully delineated and with a methodical drill programme further ounce additions may be established.

Exploration - Gunga West

In the month of November, Kidman announced the company had established an Initial Indicated and Inferred Mineral Resource of 73,000oz at 1.7gpt gold, at Gunga West gold mine near Kalgoorlie in preparation for production for early 2016.

The Gunga West Resource presents opportunities for a large scale open pit operation as well as a more consolidated mining approach that could high grade the existing Pit operations. Kidman will evaluate these opportunities in the coming months while continuing the sustained production it has delivered at its Burbank's Operations.

The Mineral Resource, which was estimated by independent consultant Mining Plus Pty Ltd, was based on the 16,647m of Reverse Circulation drilling completed by BTM and previous explorers since its discovery.

Milling – Burbanks Mill

On 31 July 2015 the Company entered into an agreement with Ramelius Resources to lease and operate the Burbanks Mill. The exclusive use of the Burbanks Mill will provide Kidman with the opportunity to cut milling costs moving forward. The mill is located immediately adjacent to the Christmas open pit at Burbank's.

Under the deal, Kidman has an initial one year lease with an option to extend by mutual agreement. Kidman will pay Ramelius $5 per dry metric tonne of ore processed and $1 per tonne of capacity utilised in the TSF.

MT HOLLAND /ESMERALDA ACQUISITION

Mt Holland

Kidman entered into a non-binding heads of agreement for the acquisition of the approximate one-million-ounce Mt Holland gold field in WA at a price that equates to $3.77 per Resource ounce. (Refer to ASX Announcement 18 December 2015)

Mt Holland hosts total combined Inferred, Indicated and Measured Resources of 928,500 ounces of gold - hosted within a 50km-long strike length of the Forrestania greenstone belt south of Southern Cross. Within this 50km strike extent there remains numerous untested geochemical and geophysical anomalies that provide significant potential upside to Kidman within a land package that rarely becomes available in WA's eastern goldfields.

The key deposit being targeted by Kidman is Blue Vein, which at a 3 gpt cut off has a 208,000-ounce Combined Mineral Resource of 963,000t @ 6.7gpt.

Kidman intends to start a drilling campaign early next year to grow this Resource significantly ahead of a new feasibility study scheduled to start later in the year.

Importantly, Blue Vein sits just 5km from the historical Bounty gold mine, which produced more than 1.2Moz between 1989 and 2001 before being closed due to geo-technical concerns when mining had reached around 900m below surface.

Blue Vein is considered an analogue to the historic Bounty mine and exhibits very similar geology and gold grade's 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 @ 13.6pt Au.

In addition to Blue Vein, Mt Holland has Resources of 404,000oz in several previously developed oxide open pits, such as Twinings, Van Uden, Bush Pig and Razor Back. Significantly, these deposits are open at depth and provide significant scope for Kidman to grow Resources further within the overall project area.

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Esmeralda

The transaction also includes the Esmeralda Prospect situated 58km southeast of the productive Croydon Goldfield in North Queensland. The tenement package has more than 90 square kilometres under the title, including the historical workings at Esmeralda.

Early production records demonstrate an average mined grade of 17.29g/t gold at the time mining first commenced in 1894. Gold occurs in quartz veins traceable up to 600m long within the Esmeralda Granite. Gold, tin, silver, lead and copper have all been recorded as occurrences within the Esmeralda Granite.

CORPORATE

During the half year ending December 2015, Kidman announced the issue of 12,700,000 new shares as partial repayment for amounts owed to Capri Trading Pty Ltd. The shares were issued at a deemed price of $0.075 (7.5 cents) per share.

On the 22 December 2015, Kidman's wholly owned subsidiary Coolgardie Mining Company Pty Ltd as operator of the Burbanks Gold Mine terminated the Burbanks Mining Services Contract with Blue Tiger Mining Pty Ltd. In accordance with the terms of the Contract, the contractor's engagement was due to end on Tuesday, 5 January 2016.

The announcement of the Mt Holland Project / Esmerelda non-binding Heads of Agreement in December provides that Kidman shall have the exclusive right to deal with the vendor until 29 February 2016 whilst a formal binding agreement is negotiated.

Under the terms of the Heads of Agreement (HOA), Kidman has reached an in principle agreement to acquire all of the tenement interests previously held by the Convergent Minerals Limited group of companies (in administration) for a total of $3.5 million, which would comprise of a repayment of $2 million cash and an additional $1.5 million worth of Kidman shares or cash once certain conditions are met in relation to forfeiture claims that were lodged over some tenement prior to Kidman entering into the HOA.

The Heads of Agreement further provides that, during the exclusivity period, Kidman shall assume all responsibilities in respect of the maintenance of the tenement assets.

Subsequent to December 2015, the Company entered into a Binding Share Sale Agreement for the acquisition of these tenements, subject to shareholder approval.

NSW Activities

Minimal exploration activities where undertaken on the Crowl Creek and Brown's Reef Projects during the 6 months.

NT Activities

Minimal exploration activities where undertaken at the Home of Bullion Project during the 6 months.

All information contained in this review of operations relates to previous ASX announcements lodged by the Company and should be read in conjunction to those relevant ASX announcements.

Kidman Resources Limited
Directors' report
31 December 2015

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Kidman Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors
The following persons were Directors of Kidman Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Peter Lester (appointed 13 November 2015)
Mr Martin Donohue
Mr Brad Evans
Mr Garrick Higgins (resigned 13 November 2015)

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity consisted of:
- Exploration and development of precious and base metals deposits in New South Wales, Western Australia and Northern Territory.
- Development of the Company's Burbanks Gold Project located in Western Australia

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,588,460 (31 December 2014: $550,989).

The loss as shown above can be largely attributed to the commencement of operations at the entity's Burbanks Gold Project and the initial expenses recognised in order to commence gold production.

Financial Position

The net assets of the consolidated entity increased by $431,115 to $9,456,093 as at 31 December 2015 (30 June 2015: $9,024,978).

The consolidated entity's had a negative working capital, being current assets less current liabilities was $580,235 at 31 December 2015 (30 June 2015: $326,630 positive working capital). During the period the consolidated entity had a cash outflows from operating activities of $465,708 and $872,263 from exploration and evaluation activities (31 December 2014: $789,463 operating activities and $1,422,788 from exploration and evaluation activities).

A detailed operations and technical review of operations has been presented preceding this Directors' report.

Significant changes in the state of affairs
On 14 August 2015, the consolidated entity issued 12,700,000 fully paid ordinary shares to reduce outstanding liabilities of the Company with a deemed issue price of $0.075 (7.5 cents) per share.

On 27 November 2015, the consolidated entity issued 9,549,824 fully paid ordinary shares following receipt of shareholder approval at the Company's 2015 Annual General Meeting in order to reduce outstanding liabilities of the Company. The shares were issued at a deemed issue price of $0.075 (7.5 cents) per share.

During the period, the Company issued 500,000 fully paid ordinary shares following satisfaction of performance rights conditions to an employee of the Company.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year
On 27 January 2016 the consolidated entity announced that it acquired the remaining 20% interest in the Burbanks and Gunga West gold mines in WA from its joint venture partner. The total consideration for the acquisition is $1.5 million being a reduction to the price agreed in the original agreement (originally $3 million) with Blue Tiger Mines Pty Ltd. The reduction reflects the decision to buy out the remaining 20%, on newly agreed terms, well ahead of the expiry date of the option, being 29 May, 2018, as provided under the initial acquisition agreement. The consolidated entity also entered into a Deed of Termination and settlement that released Kidman Resources Limited of all monies owed to Blue Tiger Mines Pty Ltd and Blue Tiger Mining Pty Ltd under the Joint Venture agreement and the mining services agreement.

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On 1 March 2016 the consolidated entity announced that it had signed a binding Share Sale Agreement for the acquisition of the ~1 million-ounce Mt Holland goldfield in WA. Under the terms of the binding Share Sale Agreement, the consolidated entity will initially pay $2 million in cash upon shareholder approval and an additional $1.5 million in either cash or equity (at the company's discretion) once certain conditions are met in relation to forfeiture claims that were lodged over some tenements prior to the entity entering into the HOA.

On 4 March 2016 the consolidated entity announced that it would raise up to $6.5 million through a $3 million private placement and up to $3.5 million via a one-for-three partially underwritten rights issue.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Peter Lester
Chairman

11 March 2016
Melbourne

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Auditor's Independence Declaration
To The Directors of Kidman Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Kidman Resources Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 11 March 2016

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Kidman Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

	Note	Consolidated 31 December 2015 $	Consolidated 31 December 2014 $
Revenue	4	6,127,485	19,226
Gain on AFS financial assets		-	52,220
Cost of mining, processing and site administration		(6,253,437)	-
Expenses			
Corporate expenses		(259,307)	(186,028)
Administrative expenses		(201,480)	(101,413)
Employee benefits expense		(275,407)	(156,487)
Interest expense		(314,074)	-
Depreciation and amortisation expense		(52,355)	(18,286)
Impairment of exploration expenditure		-	(90,248)
Loss on sale of equity investments		-	(59,144)
Realised loss on loan settlement	5	(286,495)	-
Share based payments		(73,390)	(10,829)
Loss before income tax expense		(1,588,460)	(550,989)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Kidman Resources Limited		(1,588,460)	(550,989)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Kidman Resources Limited		(1,588,460)	(550,989)
		Cents	**Cents**
Basic earnings per share	17	(1.21)	(0.47)
Diluted earnings per share	17	(1.21)	(0.47)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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Kidman Resources Limited
Statement of financial position
As at 31 December 2015

	Note	Consolidated 31 December 2015 $	30 June 2015 $
Assets			
Current assets			
Cash and cash equivalents		732,310	2,733,404
Trade and other receivables	6	1,484,442	460,912
Other		52,448	50,133
Total current assets		2,269,200	3,244,449
Non-current assets			
Property, plant and equipment		331,603	234,182
Intangibles		53,448	65,473
Exploration and evaluation	7	13,026,021	11,954,197
Development asset	8	2,972,116	2,430,000
Other		137,356	163,148
Total non-current assets		16,520,544	14,847,000
Total assets		18,789,744	18,091,449
Liabilities			
Current liabilities			
Trade and other payables		2,724,746	2,844,929
Interest bearing liabilities		5,703	-
Employee benefits		118,986	72,890
Total current liabilities		2,849,435	2,917,819
Non-current liabilities			
Borrowings	9	6,414,767	6,100,693
Employee benefits		15,192	7,959
Provisions		40,000	40,000
Interest bearing liabilities		14,257	-
Total non-current liabilities		6,484,216	6,148,652
Total liabilities		9,333,651	9,066,471
Net assets		9,456,093	9,024,978
Equity			
Issued capital	10	22,203,779	20,223,171
Reserves	11	89,940	50,973
Accumulated losses		(12,837,626)	(11,249,166)
Total equity		9,456,093	9,024,978

The above statement of financial position should be read in conjunction with the accompanying notes

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Kidman Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2015

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2014	19,826,632	(2,775,789)	64,350	17,115,193
Loss after income tax expense for the half-year	-	(550,989)	-	(550,989)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(550,989)	-	(550,989)
Transactions with owners in their capacity as owners:				
Share-based payments (note 18)	-	-	10,829	10,829
Lapse of options	-	64,350	(64,350)	-
Issue of shares	403,116	-	-	403,116
Capital raising costs	(6,577)	-	-	(6,577)
Balance at 31 December 2014	20,223,171	(3,262,428)	10,829	16,971,572

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2015	20,223,171	(11,249,166)	50,973	9,024,978
Loss after income tax expense for the half-year	-	(1,588,460)	-	(1,588,460)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(1,588,460)	-	(1,588,460)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 10)	1,955,232	-	-	1,955,232
Share-based payments (note 18)	-	-	73,390	73,390
Transfer from option reserve on the vesting of performance rights	34,423	-	(34,423)	-
Capital raising costs	(9,047)	-	-	(9,047)
Balance at 31 December 2015	22,203,779	(12,837,626)	89,940	9,456,093

The above statement of changes in equity should be read in conjunction with the accompanying notes

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Kidman Resources Limited
Statement of cash flows
For the half-year ended 31 December 2015

	Consolidated	
	31 December 2015 $	31 December 2014 $
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	5,104,340	-
Payments to suppliers and employees (inclusive of GST)	(5,582,878)	(810,104)
Interest received	12,830	20,641
Net cash used in operating activities	(465,708)	(789,463)
Cash flows from investing activities		
Payments for property, plant and equipment	(137,752)	-
Payments for exploration and evaluation	(872,263)	(1,422,788)
Payments for development assets	(542,116)	-
Proceeds from disposal of investments	-	104,976
Proceeds from release of security deposits	25,792	25,444
Net cash used in investing activities	(1,526,339)	(1,292,368)
Cash flows from financing activities		
Capital raising costs	(9,047)	(6,577)
Net cash used in financing activities	(9,047)	(6,577)
Net decrease in cash and cash equivalents	(2,001,094)	(2,088,408)
Cash and cash equivalents at the beginning of the financial half-year	2,733,404	2,940,428
Cash and cash equivalents at the end of the financial half-year	732,310	852,020

The above statement of cash flows should be read in conjunction with the accompanying notes

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Kidman Resources Limited
Notes to the financial statements
31 December 2015

Note 1. General information

The financial statements cover Kidman Resources Limited as a consolidated entity consisting of Kidman Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Kidman Resources Limited's functional and presentation currency.

Kidman Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 4 100 Albert Road South Melbourne VIC 3205	Suite 3 Level 4, 12 - 20 Flinders Lane MELBOURNE VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 11 March 2016. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Revenue Recognition
Interest revenue – interest from investments is recognised on an accrual basis.

Gold sales – revenue from the sale of gold is recognised when the significant risks and rewards of ownership have transferred to the buyer and no further processing is required by the Company, the quantity of the gold has been determined with reasonable accuracy, the price is determinable, and collection has occurred.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern
The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. However, during the half year ended 31 December 2015 the consolidated entity experienced operating losses of $1,558,460 (31 December 2014: $550,989). At 31 December 2015 the consolidated entity had cash and cash equivalents of $732,310 (30 June 2015: $2,733,404) and net current liabilities, being current assets less current liabilities, of $580,235 (30 June 2015: $326,630 net current asset). Cash outflows from operating activities during the half year were $465,708 (31 December 2014: $789,463).

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Note 2. Significant accounting policies (continued)

Subsequent to the reporting period the consolidated entity announced that it would raise up to $6.5 million through a $3 million private placement and up to $3.5 million via a one-for-three partially underwritten rights issue to fund the acquisition of Mt Holland goldfield in WA for $3.5 million and also ongoing working capital purposes.

The Directors are of the opinion that the existing cash reserves will provide the Company with adequate funds to ensure its continued viability and operate as a going concern.

The Company continues to closely monitor expenditure, and the Board is confident that it will be able to manage its cash resources appropriately without negatively impacting upon planned activities. On this basis the directors consider that the consolidated entity remains a going concern and these financial statements have been prepared on this basis.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity does not have any reportable operating segments as it solely operates in the exploration for base metal and rare earths industry within Australia. These internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources are prepared on the consolidated entity as a whole.

Note 4. Revenue

	Consolidated	
	31 December 2015 $	31 December 2014 $
Sales revenue		
Sale of gold	6,114,655	-
Other revenue		
Interest	12,830	19,226
Revenue	6,127,485	19,226

Note 5. Realised loss on loan settlement

	Consolidated	
	31 December 2015 $	31 December 2014 $
Loss before income tax includes the following specific expenses:		
Realised loss on loan settlement	286,495	-

On 27 November 2015 the consolidated entity issued 9,549,824 fully paid ordinary shares following receipt of shareholder approval received at the Company's 2015 Annual General Meeting held on 13 November 2015 in order to reduce outstanding liabilities of the Company. The shares issued had a deemed issue price of $0.075 (7.5 cents) per share at the date of approval, however on 27 November 2015 the fair value quoted price on the ASX was $0.105 (10.5 cents) per share giving rise to a difference to which has therefore been booked as 'Realised loss on loan settlement'.

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Note 6. Current assets - trade and other receivables

	Consolidated	
	31 December 2015 $	30 June 2015 $
Trade receivables	1,010,315	11,485
BAS receivable	474,127	449,427
	1,484,442	460,912

The trade receivables noted above relates to gold produced and sold during the half year of which remained outstanding at 31 December 2015.

Note 7. Non-current assets - exploration and evaluation

	Consolidated	
	31 December 2015 $	30 June 2015 $
Exploration and evaluation - at cost	13,026,021	11,954,197

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Exploration and evaluation $	Total $
Balance at 1 July 2015	11,954,197	11,954,197
Expenditure during the half-year	1,071,824	1,071,824
Balance at 31 December 2015	13,026,021	13,026,021

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 8. Non-current assets - development asset

	Consolidated	
	31 December 2015 $	30 June 2015 $
Development asset	2,972,116	2,430,000

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Note 8. Non-current assets - development asset (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	$	Total $
Balance at 1 July 2015	2,430,000	2,430,000
Expenditure during the half-year	542,116	542,116
Balance at 31 December 2015	2,972,116	2,972,116

Note 9. Non-current liabilities - borrowings

	Consolidated	
	31 December 2015 $	**30 June 2015 $**
Loan from private financier	6,414,767	6,100,693

On 29 April 2015 the consolidated entity announced that it had entered into a funding agreement with a private financier. The funding agreement consisted of a loan of $6 million bearing an interest rate of 10% repayable within 24 months.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	31 December 2015 $	**30 June 2015 $**
Loan from private financier	6,414,767	6,100,693

Note 10. Equity - issued capital

	Consolidated			
	31 December 2015 Shares	**30 June 2015 Shares**	**31 December 2015 $**	**30 June 2015 $**
Ordinary shares - fully paid	142,360,417	119,610,593	22,203,779	20,223,171

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 July 2015	119,610,593		20,223,171
Issue of shares in consideration of loans	14 August 2015	12,700,000	$0.075	952,500
Issue of shares in consideration of loans	27 November 2015	9,549,824	$0.105	1,002,732
Vesting of Performance Rights	27 November 2015	500,000	$0.069	34,423
Capital raising costs		-	-	(9,047)
Balance	31 December 2015	142,360,417		22,203,779

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Note 10. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 11. Equity - reserves

	Consolidated	
	31 December 2015 $	30 June 2015 $
Share-based payments reserve	89,940	50,973

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payments $	Total $
Balance at 1 July 2015	50,973	50,973
Transfer to issued capital	(34,423)	(34,423)
Issue of performance rights	73,390	73,390
Balance at 31 December 2015	89,940	89,940

Note 12. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Contingent liabilities

There were no contingent liabilities at 31 December 2015 and 30 June 2015.

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Note 14. Commitments

	Consolidated	
	31 December 2015 $	30 June 2015 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Burbanks (acquisition of remaining 20% interest in Joint Venture)	1,500,000	-
Mt Holland acquisition	3,500,000	-
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	39,306	51,904
One to five years	-	13,102
	39,306	65,006
Exploration and evaluation		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	849,120	994,120
One to five years	342,620	-
	1,191,740	994,120

Operating lease commitments includes the office lease until 30 September 2016.

On 27 January 2016 the consolidated entity announced that it acquired the remaining 20% interest in the Burbanks and Gunga West gold mines in WA from its joint venture partner. The total consideration for the acquisition is $1.5 million being a reduction to the price agreed in the original agreement (originally $3 million) with Blue Tiger Mines Pty Ltd. The reduction reflects the decision to buy out the remaining 20%, on newly agreed terms, well ahead of the expiry date of the option, being 29 May, 2018, as provided under the initial acquisition agreement.

On 1 March 2016 the consolidated entity announced that it had signed a binding Share Sale Agreement for the acquisition of the ~1 million-ounce Mt Holland goldfield in WA. Under the terms of the binding Share Sale Agreement, the consolidated entity will initially pay $2 million in cash upon shareholder approval and an additional $1.5 million in either cash or equity (at the company's discretion) once certain conditions are met in relation to forfeiture claims that were lodged over some tenements prior to the entity entering into the HOA.

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to meet minimum expenditure requirements of the State Mine Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable.

Within the mineral industry it is common practice for companies to farm-out, transfer or sell a portion of their exploration rights to third parties or to relinquish some exploration and mining tenements altogether, and as a result obligations will be significantly reduced or extinguished altogether. During prior years the Company concluded a number of farm-out agreements which resulted in the Company only being responsible for a share of the work programs. The farm-in partners also expended funds on the permits during the year which resulted in work programs for certain years being met.

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Note 15. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
		31 December	
Name	Principal place of business / Country of incorporation	2015 %	30 June 2015 %
Crowl Creek Exploration Limited	Australia	100.00%	100.00%
Casey Exploration Pty Ltd	Australia	100.00%	100.00%
Kidman Barrow Creek Pty Ltd	Australia	100.00%	100.00%
Kidman Mining Pty Ltd *	Australia	100.00%	100.00%
Coolgardie Mining Company Pty Ltd **	Australia	100.00%	100.00%

* Kidman Mining Pty Ltd was incorporated on 5 November 2014.
** Coolgardie Mining Company Pty Ltd was incorporated on 12 March 2015.

Note 16. Events after the reporting period

On 27 January 2016 the consolidated entity announced that it acquired the remaining 20% interest in the Burbanks and Gunga West gold mines in WA from its joint venture partner. The total consideration for the acquisition is $1.5 million being a reduction to the price agreed in the original agreement (originally $3 million) with Blue Tiger Mines Pty Ltd. The reduction reflects the decision to buy out the remaining 20%, on newly agreed terms, well ahead of the expiry date of the option, being 29 May, 2018, as provided under the initial acquisition agreement. The consolidated entity also entered into a Deed of Termination and settlement that released Kidman Resources Limited of all monies owed to Blue Tiger Mines Pty Ltd and Blue Tiger Mining Pty Ltd under the Joint Venture agreement and the mining services agreement.

On 1 March 2016 the consolidated entity announced that it had signed a binding Share Sale Agreement for the acquisition of the ~1 million-ounce Mt Holland goldfield in WA. Under the terms of the binding Share Sale Agreement, the consolidated entity will initially pay $2 million in cash upon shareholder approval and an additional $1.5 million in either cash or equity (at the company's discretion) once certain conditions are met in relation to forfeiture claims that were lodged over some tenements prior to the entity entering into the HOA.

On 4 March 2016 the consolidated entity announced that it would raise up to $6.5 million through a $3 million private placement and up to $3.5 million via a one-for-three partially underwritten rights issue.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Note 17. Earnings per share

	Consolidated 31 December 2015 $	Consolidated 31 December 2014 $
Loss after income tax attributable to the owners of Kidman Resources Limited	(1,588,460)	(550,989)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	131,061,647	116,529,975
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,061,647	116,529,975
	Cents	**Cents**
Basic earnings per share	(1.21)	(0.47)
Diluted earnings per share	(1.21)	(0.47)

Note 18. Share-based payments

Set out below are summaries of performance rights granted to employees of the Company to date:

31 December 2015

Grant date	Expiry date	Hurdle price	Balance at the start of the half-year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the half-year
24/11/2014	30/09/2016	$0.200	500,000	-	-	-	500,000
24/11/2014	30/09/2017	$0.300	750,000	-	-	-	750,000
24/11/2014	30/09/2017	$0.400	1,000,000	-	-	-	1,000,000
11/05/2015	10/10/2016	$0.100	500,000	-	(500,000)	-	-
11/05/2015	10/10/2017	$0.150	750,000	-	-	-	750,000
11/05/2015	10/10/2017	$0.300	1,000,000	-	-	-	1,000,000
			4,500,000	-	(500,000)	-	4,000,000

31 December 2014

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/11/2014	30/09/2016	$0.200	-	500,000	-	-	500,000
24/11/2014	30/09/2017	$0.300	-	750,000	-	-	750,000
24/11/2014	30/09/2017	$0.400	-	1,000,000	-	-	1,000,000
			-	2,250,000	-	-	2,250,000

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Note 18. Share-based payments (continued)

Set out below are the performance rights exercisable at the end of the financial period:

Grant date	Expiry date	31 December 2015 Number	31 December 2014 Number
24/11/2014	30/09/2016	500,000	500,000
24/11/2014	30/09/2017	750,000	750,000
24/11/2014	30/09/2017	1,000,000	1,000,000
11/05/2015	10/10/2017	750,000	-
11/05/2015	10/10/2017	1,000,000	-
		4,000,000	2,250,000

For the performance rights granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Hurdle price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/11/2014	30/09/2016	$0.081	$0.200	218.35%	-	2.76%	$0.068
24/11/2014	30/09/2017	$0.081	$0.300	218.35%	-	2.76%	$0.076
24/11/2014	30/09/2017	$0.081	$0.400	218.35%	-	2.76%	$0.075
11/05/2015	10/10/2017	$0.750	$0.150	271.80%	-	2.06%	$0.030
11/05/2015	10/10/2017	$0.750	$0.300	271.80%	-	2.06%	$0.028

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Kidman Resources Limited
Directors' declaration
31 December 2015

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Peter Lester
Chairman

11 March 2016
Melbourne

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Independent Auditor's Review Report
To the Members of Kidman Resources Limited

We have reviewed the accompanying half-year financial report of Kidman Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Kidman Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Kidman Resources Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Kidman Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kidman Resources Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the company incurred a net loss of $1,558,460 during the half-year ended 31 December 2015, as of that date, the company's current liabilities exceeded its current assets by $580,235 and net cash outflows from operating and investing activities equates to $1,992,047. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 11 March 2016