29 April 2016

ASX Release

Kidman Resources Limited
ABN 88 143 526 096

Corporate Details:

ASX Code: KDR

Issued capital:
177.95M ordinary shares

Substantial Shareholders:
Capri Trading (12.78%)
Holdex Nominees (6.35%)
Acorn Capital (5.62%)

Directors:
Non-Executive Chairman:
Peter Lester
Managing Director:
Martin Donohue
Non-Executive Director:
Brad Evans

Chief Financial Officer (CFO):
Melanie Leydin
Company Secretary:
Justin Mouchacca

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Quarterly Report – March 2016

Kidman makes strong progress in strategy to become a significant Australian gold producer

Investment in Burbanks' set to drive sustainable production growth;
Binding Agreement signed for acquisition of 1Moz Mt Holland goldfield

Highlights:

- Binding agreement signed to acquire ~1Moz Mt Holland Goldfield in WA and Esmeralda Gold project in Qld for $3.5 Million
- Kidman purchased the remaining 20% interest in the Burbanks and Gunga West gold projects in WA from JV partner for $1.5M
- Full ownership enabled Kidman to make key operational changes at Burbanks in relation to increased drilling, development, capital improvements
- This involved a change in both mining contractor and mining method , both of which will lead to increased production and lower costs in coming quarters
- PYBAR appointed as Mining Services Contractor at Burbanks to help accelerate development and implement new mining methods
- Strong exploration results at Burbanks extended high grade mineralisation in the Dahmu and Hadfield Lodes, and contributed to the current mine plan. Mineralisation was also intersected in the Tailor Lode north of the current mine area.
- Focus on near-term exploration and development resulted in production falling to 775oz in the March quarter
- Gunga West gold project sold to Metals X for up to $2.5M with initial settlement expected shortly
- $3M raised in share placement to institutional and sophisticated investors; rights issue recently closed to raise up to an additional $5.04M.

Kidman Resources (ASX: KDR) is pleased to report on what has been a pivotal quarter for the Company as it implements its strategy to become a significant Australian gold producer.

During the quarter, Kidman acquired the remaining 20 per cent stakes in the Burbanks and Gunga West gold projects from its joint venture partner, Blue Tiger Mines Pty Ltd.

By taking full ownership of Burbanks, Kidman has been able to drive a significant drilling and development program (see details below) and also change mining contractor, appointing PYBAR, as it implements a new, predominantly hand held mining method at Burbanks. These changes impacted the March quarter production but have now laid the foundation for an improvement in performance at Burbanks that was not previously possible under the JV.

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These changes inevitably involved slowing production rates while the development and exploration work was undertaken, resulting in gold production for the quarter of 775 ounces which was sold at A$1733 per ounce.

Safety:

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

Mining – Underground:

Kidman Resources Limited Quarterly Production					
	Units	Sep Qtr. FY16	Dec Qtr. FY16	Mar Qtr. FY16	YTD FY16
Ore Mined	t	23,943	48,095	4,333	76,371
Ore Mined Grade - Gold	g/t	2.28	2.57	2.06	2.45
Ore Processed	t	17,307	45,815	13,249	76,371
Ore Processed Grade - Gold	g/t	2.57	2.57	1.89	2.45
Recovery - Gold		93.8%	95.8%	96.4%	95.5%
Gold Production	oz.	1,342	3,626	775	5,743
Gold Sold	oz.	1,342	3,626	775	5,743

Underground mining activities for the quarter were focussed on accessing the high grade Hadfield lode on the 4 level, and accessing the Dahmu lode on multiple levels in preparation for stoping activities in coming quarters. A preliminary mine plan has been developed incorporating mining of the Dahmu and Hadfield lodes, where both diamond and RC drilling campaigns have recently been completed. Figure 1 below show conceptual stoping blocks in each of these lodes. Resource modelling of the respective lodes is currently underway to integrate recent drill results, and further refine the mining shapes.

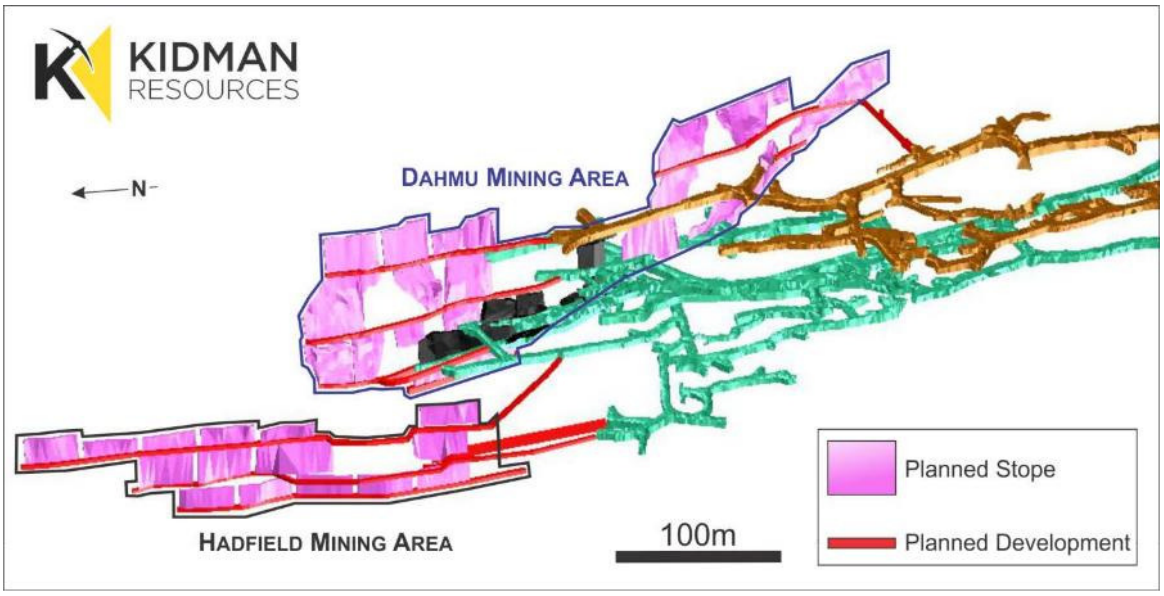


Figure 1: Isometric view of preliminary development and stope plans in the Dahmu and Hadfield lodes. Mining shapes will be updated once the resource modelling is complete.

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A complete review of the mining method was undertaken based on the results of the recently completed diamond and RC programs which further highlighted the high grade yet narrow and folded nature of the deposit. Consequently, minimal development was completed during the quarter (86 metres) as work to transition the mine to a predominantly hand held operation commenced. Figures 2 and 3 below are a typical schematic of the proposed Leading stope mining method to be employed.

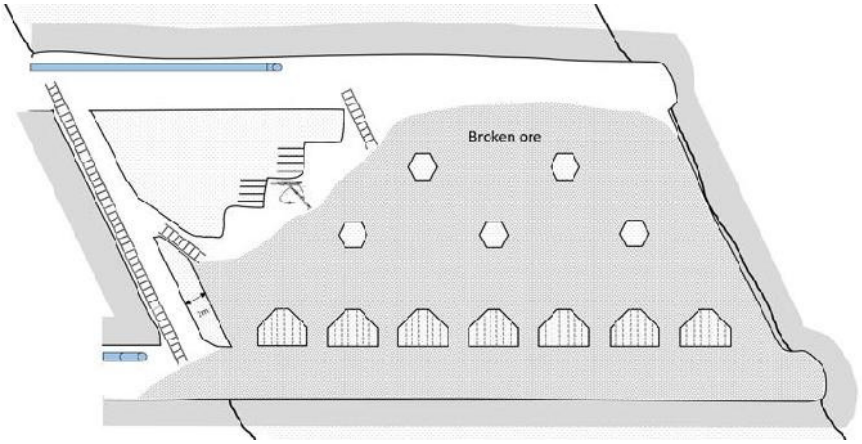


Figure 2: Long section of typical leading stope

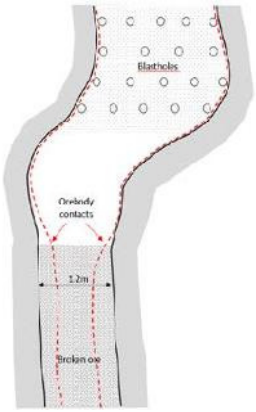


Figure 3: Cross section

Normal underground mining operations will resume in the current quarter with the priority being the development of the Hadfield lode from the 4 level.

A small milling campaign was completed during the quarter consisting of approximately 4,300 tonnes from underground and low grade stockpiles from the open pit. All open pit activities have now been completed.

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Exploration:

Exploration drilling activities at Burbanks included 1,127m of reverse circulation (RC) drilling from surface into Dahmu, 1,995m of RC drilling into the Hadfield, Jesson, and Tailor Lodes, and 983.4m of underground diamond drilling into the Hadfield Lode.

The drilling has further delineated mineralisation along extensions of the Tailor, Jesson and Hadfield Lodes and has also further defined up-dip mineralisation in the Dahmu lode.

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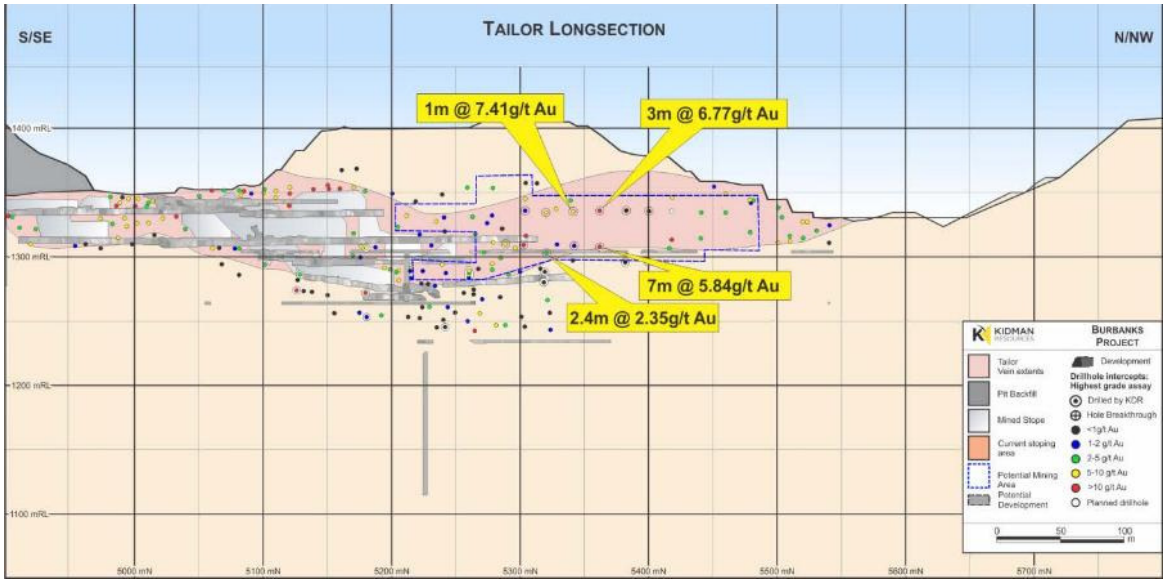


Figure 4: March 2016 Surface RC Programme targeting Tailor
(coloured intercepts represent peak downhole Au grade intercept -*Refer to announcement 5 April 2016*)

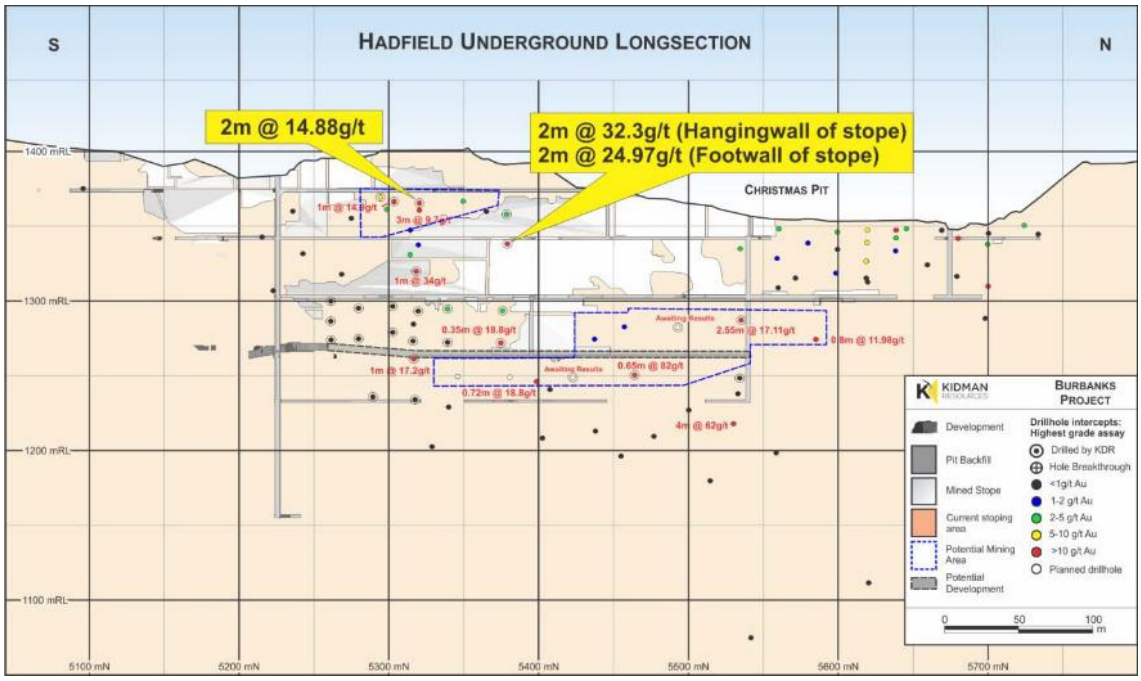


Figure 5: March 2016 Surface RC and Underground Diamond Programme targeting Hadfield
(coloured intercepts represent peak downhole Au grade intercepts - *Refer to announcement 5 April 2016*)

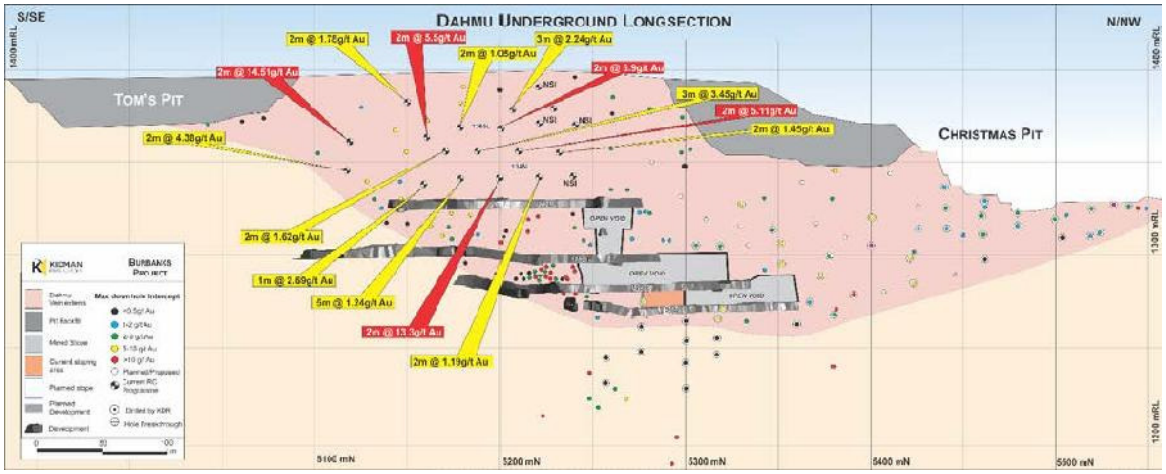


Figure 6: February 2016 RC Programme targeting Dahmu
(coloured intercepts represent peak downhole Au grade intercepts - *Refer to announcement 27 January 2016*)

Highlights from these drilling programmes include (*Refer to announcements 27 January, 23 March and 5 April 2016)*:

Dahmu:

- **2m @ 14.51g/t Au from 42m**
- **2m @ 13.3g/t Au from 59m**
- **2m @ 6.9g/t Au from 39m**
- **2m @ 5.5g/t Au from 42m**
- **2m @ 5.11g/t Au from 48m**

Tailor:

- **3.0m @ 6.77 g/t Au from 96m**
- **7.0m @ 5.84 g/t Au from 101m**
- **1.0m @ 7.41 g/t Au from 96m**

Hadfield:

- **2.55m @ 17.11g/t Au from 197.2m**
- **0.65m @ 82g/t Au from 116.45m**
- **2.0m @ 32.3 g/t Au from 70m**
- **2.0m @ 24.97 g/t Au from 74m**
- **2.0m @ 14.88 g/t Au from 45m**

As well as extending the known mineralisation, the results confirmed the structural model developed by Kidman when it acquired the project last year.

Corporate

During the quarter, Kidman announced a capital raising comprising of a $3 million placement at $0.085 (8.5 cents) with 1 free attaching option for every 2 shares subscribed for. The options have an exercise price of $0.15 (15 cents) per option expiring in two years to various institutional and sophisticated investors as well as 1 for 3 Non-Renounceable Rights Issue on the same terms to raise up to $5.04m.

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Proceeds from the capital raising will go towards settling the binding agreement to acquire MH Gold Pty Ltd which owns the Mt Holland goldfield in WA and the Esmeralda gold project in Qld. During the quarter the company signed a binding share sale agreement to acquire MH Gold for total consideration of $3.5 m comprising $2m in cash and the remaining $1.5m in either cash or shares at the company's election once certain conditions have been met in relation to forfeiture claims. These claims were lodged over some tenements after administrators were appointed to Convergent Minerals and prior to Kidman signing the Heads of Agreement to acquire MH Gold on December 18th. The forfeiture claims are being dealt with by MH Gold and the Convergent Minerals Company administrator in conjunction with Kidman however it is noted that expenditures over the Mt Holland group of tenements that comprise the Mt Holland gold project exceeded their required expenditure commitments in the years prior to and up to administrators being appointed to Convergent Minerals Ltd. The existence of forfeiture claims do not stop Kidman from conducting any field work at Mt Holland and as such the company designed drill programs during the quarter over the Blue Vein deposit and other exploration programs on some regional targets within the 50km of greenstone strike covered by the tenement package. It is expected that drilling will commence shortly in the June quarter over Blue Vein and potentially other targets with a Plan of Work already submitted to the WA department for drilling approval as well as other exploration programs over the entire tenement package. Preparations are already underway on site for the drilling program. The binding share sale agreement with MH Gold allows Kidman to commence work at Mt Holland at any time in order to keep the tenements in good standing. The completion of this binding acquisition is subject to shareholder approval and an independent expert was engaged during the quarter to provide a report to shareholders in the June quarter.

During the quarter the company also received various approaches from both local and overseas companies in relation to the Lithium rights over the Mt Holland project. This ultimately led to a review of the Lithium potential which is now ongoing with initial observations suggesting the Lithium potential is significant with numerous pegmatites identified over the 50km of geological structure covered by the Mt Holland tenements. The core farm from the historic Bounty Gold mine contains hundreds of diamond drill holes with many intersecting pegmatites that have not previously been sampled. The company has subsequently submitted around 50m of drill core for assaying from five drill holes with assays expected shortly in the current quarter.

The company also agreed to acquire the remaining 20% interest in the Burbanks and Gunga Gold projects for $1.5 M and then subsequently sold the Gunga project which included the satellite Gunga West open pit for $2.5M to Metals X Ltd.

NSW & NT Projects

During the quarter all projects in the NT and NSW were reviewed 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 Burbanks and Mt Holland Gold projects in WA.
No field work was conducted on these projects during the March Quarter.

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 has also entered into a Heads of Agreement to acquire the 1moz Mt Holland gold field near Southern Cross in WA. The company intends to upgrade the existing gold resource at Mt Holland with a budgeted 10,000m drilling program, followed by an update to the feasibility study with a view to commencing plant construction in early 2017.

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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Kidman Tenement holding summary

Below is a listing of the tenements held by Kidman Resources Limited as at 31 March 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 – Wlimatha	NSW, Australia	100%	-	-
EL 7539 – Belmore	NSW, Australia	100%	-	-
EL 7540 – Jumble Plains	NSW, Australia	100%	-	-
EL 7523 – Kiacatoo	NSW, Australia	100%	-	-
EL 7820 – Melrose	NSW, Australia	100%	-	-
EL 7821 – Lockerbie	NSW, Australia	100%	-	-
EL 4152 – Bogong	NSW, Australia	100%	-	-
EL 8275 – Murrin Bend	NSW, Australia	100%	-	-
EL 8276 – Trevallan	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 [1]	WA, Australia	100%	20%	-
M15/0026 [2]	WA, Australia	-	20%	100%
M15/0518 [2]	WA, Australia	-	20%	100%
M15/0637 [2]	WA, Australia	-	20%	100%
M15/1272 [2]	WA, Australia	-	20%	100%
M15/1361 [2]	WA, Australia	-	20%	100%
P15/4848 [2]	WA, Australia	-	20%	100%
P15/4849 [2]	WA, Australia	-	20%	100%
P15/4852 [2]	WA, Australia	-	20%	100%
P15/4851 [2]	WA, Australia	-	20%	100%
P15/5234 [2]	WA, Australia	-	20%	100%
P15/5235 [2]	WA, Australia	-	20%	100%
P15/5910 [2]	WA, Australia	-	20%	100%

[1] During the quarter the company acquired the remaining 20% interest in the Burbanks and Gunga West gold mines in WA.

[2] The company also signed a Binding Heads of Agreement to sell the Gunga West gold project.