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September 1st, 2016 **ASX Release**

Kidman Resources Limited
ABN 88 143 526 096

Resource Drilling Recommences at Blue Vein Gold Deposit

- **17,800m of combined RC and Diamond drilling planned for the Mt Holland Gold Project, near Southern Cross, WA**
- **89 drill holes to be drilled over the next 3-4 months**
- **Deepest holes 200m with 20m spacing between holes**
- **Deepest intersection recorded 14.5m @ 13.64gpt Au from 350m at Blue Vein**
- **Targeting increase to grade and Resource Classification of existing resource**

(Refer ASX release of Dec 18th 2015 for Resource details)

Kidman Resources Limited (ASX: KDR) ("Kidman" or the "Company") is pleased to advise that a third drill rig has now mobilised to site at Mt Holland which will now recommence the Blue Vein Gold resource drill programme.

The Company initially commenced the Blue Vein drilling in late July 2016 with a single rig, however this rig was relocated to confirm the high grade potential of the Earl Grey Lithium prospect. The outstanding early success at Earl Grey, demonstrating high grade lithium, and wide zones of lithium mineralisation intersected (up to ~100m thick), and the recent capital raising of $21 million has resulted in the company significantly expanding its activities to now have two rigs drilling 24/7 at the Mt Holland Lithium Project, and a 3rd rig now added to recommence high priority gold drilling at Mt Holland.

Now that a third rig has been secured the gold resource drilling is set to recommence in parallel with the Lithium drilling at Mt Holland. Six holes were previously completed in early August and assays for these holes are pending. Once additional holes are completed the Company will release the first stage of assay results from Blue Vein as it aims for a resource upgrade.

The 17,800m drill program will commence towards the southern end of the Blue Vein deposit and work its way to the north where it will infill the historic resource. See Figure 1 below for the location of the planned drill holes.

Corporate Details:
ASX Code: KDR

Issued capital:
310.9 * ordinary shares
47.45 listed options (KDRO)

Substantial Shareholders:
Capri Holdings (10.7%*)
Acorn Capital (8.4%*)
*Subject to completion of the placement announced on 17 August 2016.

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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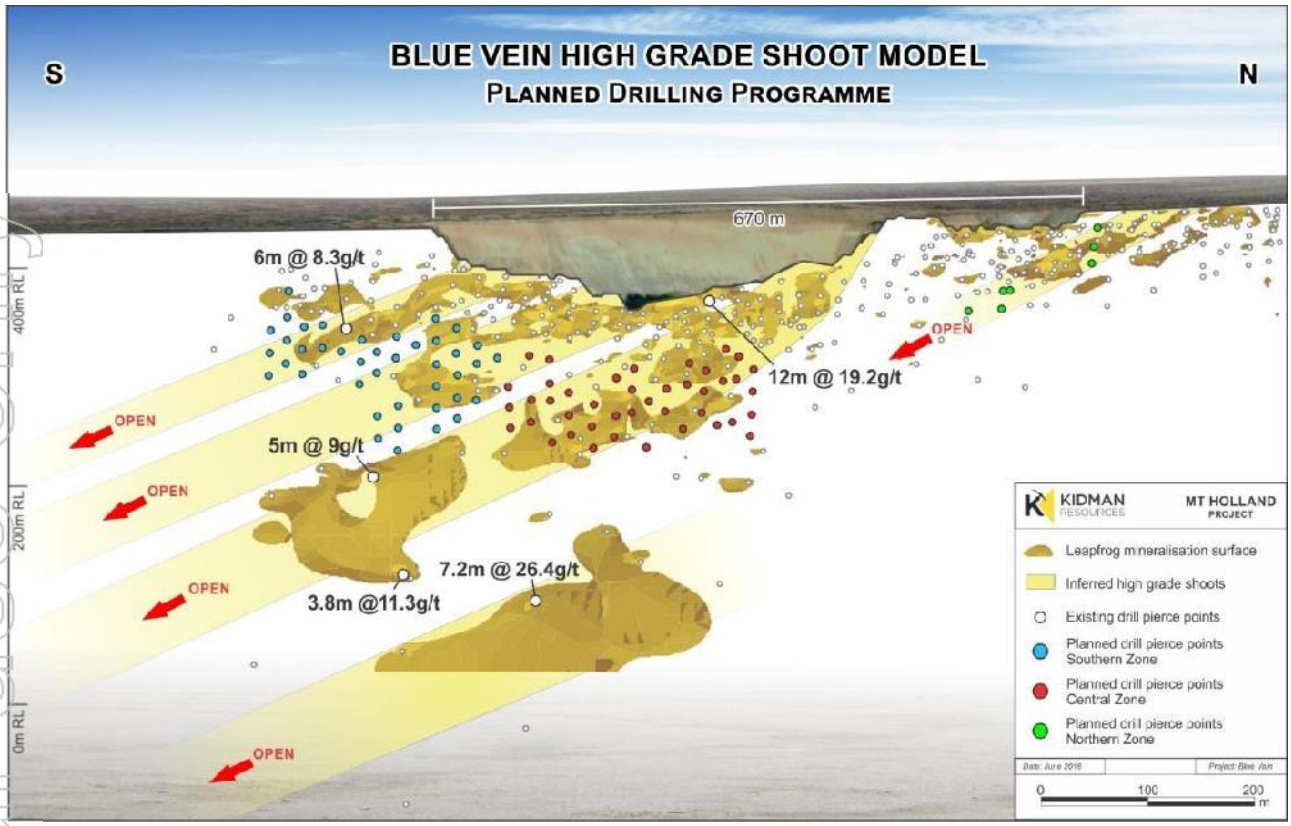


Figure 1: Planned Drill Programme, Blue Vein Gold Deposit

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

- 6m @ 8.3gpt Au from 84 metres
- 12m @ 19.2gpt from 69 metres
- 5m @ 9.0gpt 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 @ 13.6gpt Au (see ASX announcement 18th 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.

Drilling of the initial 89 holes planned at the Mt Holland Gold Project is expected to take between 3 – 4 months, and results of the drilling will be reported periodically as they become available.

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Kidman Background

Kidman is a diversified resource company which owns the Burbanks Gold Mine near Coolgardie in WA. Production commenced in the September quarter of 2015.

Kidman also owns the Mt Holland gold field near Southern Cross in WA (see ASX Announcement 18th December for further details of the project). The company intends to revise the existing gold resource at Mt Holland with a significant RC and Diamond drilling program, followed by an update to the feasibility study undertaken by previous operators. The company is now also drilling 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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