May 10, 2016

Maiden diamond drilling program set to start at ~1 Moz Mt Holland gold project in WA

Kidman Resources (ASX: KDR) is pleased to advise that the Company’s maiden diamond drilling program at its ~1 million-ounce Mt Holland goldfield near Southern Cross in WA is set to start this week.

The drilling will target depth extensions to the known mineralisation at the Blue Vein deposit, where the deepest intersection of 14m at 13.64 gpt was recorded at a vertical depth of around 350m.

Blue Vein has a combined Measured, Inferred and Indicated JORC Resource of 208,000oz (963,000t at 6.7gpt, see ASX Announcement 18th December 2015) and sits ~4km along strike from the Bounty mine, which produced 1.3 Moz from 1989 to 2001 to a depth of 1.2km.

Blue Vein has key geological similarities to Bounty. These underpin Kidman’s aim to establish a significant high-grade inventory which would justify a stand-alone mining operation at Blue Vein in conjunction with other gold prospects within the Mt Holland project.

Kidman has been able to accelerate the Mt Holland drilling program due to the success of its recent capital raising, which was oversubscribed and saw the Company raise $8.04 million.

Site preparations are well advanced and preparation of drill pads and sumps is expected to be complete within 24 hours, with the drilling contractor already mobilised to site.

The diamond drilling program has been designed to test the vertical continuity of the Blue Vein deposit around 100m below the deepest intersections.

A more extensive drilling program at Blue Vein will be designed immediately after results from this program are received.

At the Gold City gold prospect at the southern end of the Mt Holland project, eight RC drill holes have been submitted for assaying.

The eight holes have an average down-hole depth of 75m and were focused around shallow old gold workings which extend for around 500m strike and had been tested with only a handful of historic shallow RAB drill holes.
A follow-up RC drilling program will be designed for Gold City once assays are received to assess the potential for another open pit gold resource within the Mt Holland project.

A detailed review is also underway of the Twining’s and Van Uden gold projects at Mt Holland to enable a drilling program to be designed and implemented as part of Kidman’s wider strategy to grow the inventory at Mt Holland.

**Lithium potential at Mt Holland**

Kidman’s review of the lithium potential at Mt Holland (see ASX release dated April 13, 2016) is continuing, with more historic Bounty drill core being assessed.

At the same time, a broader assessment is underway of the known pegmatites covering 50km of strike within the overall Mt Holland tenement package.

Kidman has received strong interest in the lithium potential at Mt Holland from several parties and intends to pursue these discussions once the review is completed.

**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 Binding 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 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 Crow 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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