

March 28th 2017

ASX Release

 Kidman Resources Limited
 ABN 88 143 526 096

Metallurgical Testwork Returns Outstanding Results at Earl Grey

Corporate Details:

ASX Code: KDR

Issued capital:

 333.3M ordinary shares
 47.45 listed options (KDRO)

Substantial Shareholders:

 Capri Holdings (9.75%)
 Western Areas (5.2%)
 Acorn Capital (5.88%)

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

Contact Details:

 Kidman Resources Limited
 Level 7,
 24-28 Collins Street
 Melbourne
 Victoria 3000
 Australia

 Tel: +61 (0)3 9671 3801
 Fax: +61 (0)3 9671 3523

 Email:
info@kidmanresources.com.au

 Website:
www.kidmanresources.com.au

Highlights

- Ongoing metallurgical test work confirms marketable 6.5% concentrates (with tests up to 7.32% Li₂O) can be produced by gravity at commercially attractive mass yields.
- Gravity recovery of 62% of the Lithium in 17% mass yield at a grade of 6.5% Li₂O suggests potential for a reduction in capital costs and low operating costs for a gravity only process.
- Latest drilling results confirm spodumene mineralogy in the first production pit area.

Kidman Resources Ltd (ASX: KDR) is pleased to advise that recent metallurgical testwork has been completed on finer crush sizes to achieve better liberation of the spodumene mineral. A composite was crushed to 1mm and subjected to a full Heavy Liquid Separation (HLS) profiling.

These results show that 62% of the lithium has been recovered by gravity in 17% of the mass at a concentrate grade of 6.5% Li₂O. All work was completed at Nagrom.

HLS SG Fraction	Concentrate Grade	Cumulative Grade	Mass Yield	Cumulative Mass	Lithium Department	Cumulative Department
	% Li ₂ O	% Li ₂ O	%	%	%	%
SG 3.0 Sink	7.32	7.32	9.75	9.75	39.07	39.07
SG 3.0 Float	5.73	6.95	2.96	12.71	9.28	48.35
SG 2.95 Float	5.38	6.53	4.62	17.33	13.59	61.94
SG 2.9 Float	3.72	5.51	6.02	23.35	12.27	74.21
SG 2.8 Float	2.41	4.8	9.96	33.31	13.16	87.37
SG 2.7 Float	0.38	2.49	36.39	69.7	7.51	94.88
SG 2.6 Float	0.26	1.99	20.25	89.94	2.88	97.76
SG 2.5 Float	0.41	1.83	10.06	100	2.24	100

Table 1: Results from HLS profiling.

Further test work will now be undertaken at a larger scale to confirm these results and to generate data that can be used in the upcoming feasibility study. This work will also consider pre-concentration of the ore at a coarse crush size of 10mm by DMS (Dense Media Separation) gravity before finer crushing of the intermediate concentrate to generate the final concentrate by gravity.

In addition to this work, several flotation tests are currently being conducted to look at the recovery of further high grade concentrates from the middlings fractions of the gravity plant which shows significant scope to further enhance overall recoveries.

Characterisation Test Work

Selected intercepts from the current drilling campaign have been subjected to mineralogical characterisation tests by HLS and XRD. The drill holes have been located in the southern shallower portion of the orebody, which represents approximately the first 10 years of production (“Stage 1 Development”). Over 120 samples are being tested to account for variability in the ore body.

The testing regime consisted of crushing the samples to 3.35mm and then undertaking Heavy Liquid Separation (HLS) testing at densities of 2.5 and 2.8. HLS fractions were then examined by XRD.

The results to date clearly demonstrate that the holes drilled in the pit area designated for initial production are very much spodumene dominant.

The presence of spodumene remaining in the 2.8 float fraction demonstrates the potential for further improvements to recoveries through greater liberation and processing by flotation. Finer crushing has been shown to lift lithium recoveries further.



Figure 1: Coarse grained spodumene within KEGM004

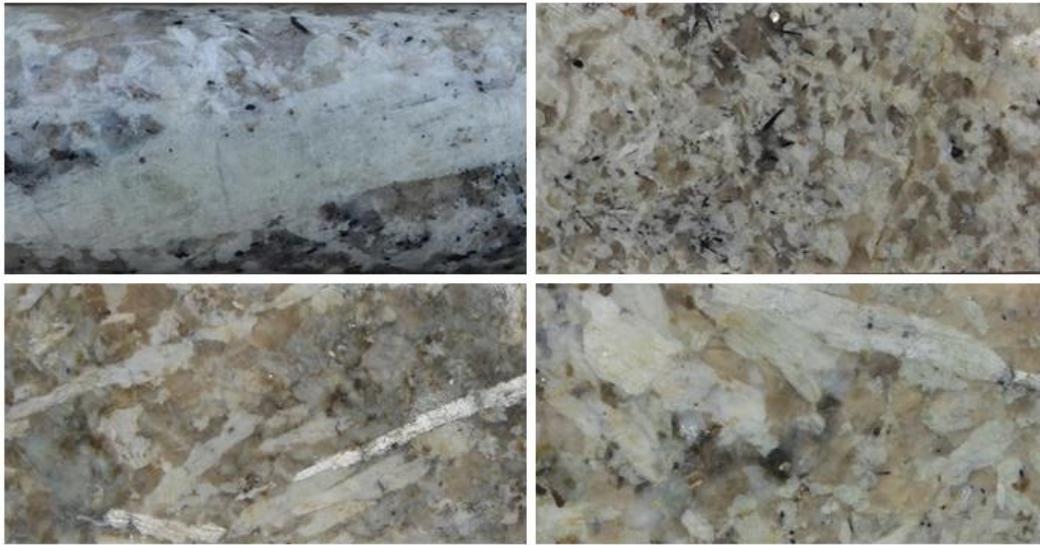


Figure 2: Photographs of spodumene-rich pegmatite within newly drilled diamond drill holes

Kidman Background

Kidman is a diversified resource company which owns the Mt Holland lithium and gold project near Southern Cross in WA (see ASX Announcement 18 December 2015 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 the Burbanks Gold Mine near Coolgardie in WA, that is currently part of an ongoing sale process.

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

Media:

Paul Armstrong / Nicholas Read

Read Corporate

0421 619 084

Martin Donohue

Managing Director

info@kidmanresources.com.au

+61 3 9671 3801

Competent Persons Statement

Metallurgy:

The information in this release that relates to metallurgy and metallurgical test work has been reviewed by Mr N. O'Brien, FAusIMM , MBA, B. Met Eng.. Mr O'Brien is not an employee of the company, but is employed as a contract consultant. Mr O'Brien is a Fellow of the Australasian Institute of Mining and Metallurgy, he has sufficient experience with the style of processing response and type of deposit 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 O'Brien consents to the inclusion in this report of the contained technical information in the form and context as it appears.

Cautionary Statement:

Readers should use caution when reviewing the exploration and historical information results presented and ensure that the Modifying Factors described in the 2012 edition of the JORC Code are considered before making an investment decision. Potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Information in this report may also reflect past exploration results, and Kidman's assessment of exploration completed by past explorers, which has not been updated to comply with the JORC 2012 Code. The company confirms it is not aware of any new information or data which materially affects the information included in this announcement.