

ASX ANNOUNCEMENT AND MEDIA RELEASE

12 September 2017

Kidman, SQM execute \$US110m Mt Holland lithium Joint Venture Agreement; Development work under way

Kidman Resources Limited (ASX: KDR) (**Kidman**) and Sociedad Quimica y Minera de Chile (NYSE: SQM) (**SQM**) are pleased to advise that they have finalised and executed definitive agreements (**Definitive Agreements**) regarding the 50-50 Mt Holland Joint Venture (**JV**), which was originally announced on 12 July 2017.

HIGHLIGHTS

- **50-50 JV over a spodumene mine and lithium concentrator for a total investment by SQM of \$US110 million;**
- **Kidman to participate to 50% in developing a world-class lithium refinery, drawing on SQM's technical expertise;**
- **Refinery design will allow for production of both lithium hydroxide and lithium carbonate;**
- **Kidman to retain sole marketing rights to its 50% share of lithium production providing optionality for refinery funding; and**
- **Kidman to retain all rights to the Mt Holland Gold resource**

Kidman and SQM intend to build a mine and concentrator adjacent to the Earl Grey deposit to produce 6% lithium concentrate, while in parallel advancing the studies and development of a refinery to produce lithium carbonate, lithium hydroxide or a combination of both, depending on end-user demand.

Work has already commenced on developing the project with the establishment of a working group to oversee development of the Earl Grey mine and concentrator, and to advance feasibility studies into the lithium refinery.

A Lithium Milestone

"This is a milestone moment for Kidman shareholders," Kidman Resources Managing Director Martin Donohue said.

"The fact Kidman and SQM were able to finalise the joint venture, well before the 30 September target date, clearly demonstrates the commitment of both parties to develop Mt Holland into a truly world-class lithium operation."

"Since Kidman and SQM announced the proposed joint venture on 12 July 2017, we have been encouraged by the positive feedback from investors and stakeholders about the potential of our lithium project and refinery aspirations."

"We thank SQM for their ongoing support and look forward to working together on developing the mine and concentrator as well as a lithium refinery in Western Australia."

Commenting on the finalisation of the Mt Holland JVA, SQM Chief Executive Patricio de Solminihac commented:

"The outlook for the lithium market has never been stronger, and we view Mt Holland as the best undeveloped hard-rock lithium project in Australia."

"SQM has searched the globe for world-class lithium projects to complement our existing production in Chile and emerging project in Argentina, and we are delighted to be partnering with Kidman to develop the integrated Mt Holland project."

"SQM is committed to expediting the development of Mt Holland, utilising SQM's unrivalled lithium industry expertise and technical capability to build a long-life, world-class operation that will deliver significant value for all stakeholders."

An Integrated Lithium Project

The Mt Holland integrated lithium project is centred on the Earl Grey hard-rock lithium deposit south of Southern Cross, in Western Australia.

In preparation for the formal commencement of the joint venture, Kidman is in the process of mobilising two additional drill rigs for a total of four onsite to further test and potentially upgrade the Earl Grey Mineral Resource. Kidman has already delineated a 128Mt resource grading 1.44% Li₂O for 1.84 million tonnes of lithium oxide (see Kidman ASX Announcement 14 December 2016) from limited drilling of what is a 1km wide, 1.5km long mineralised zone. With SQM's support, Kidman aims to test a series of targets to evaluate the true potential size of the Earl Grey deposit and to assist SQM in developing the most suitable metallurgical process flowsheet and the optimal refining process.

Kidman intends to release the capital and operating cost parameters of the mine-and-concentrator project before 30 September 2017 through a Scoping Study, as the base line studies that underpin this were estimated prior to the formation of the JV. As a result of the JV agreement, Kidman has engaged SQM to assist with further optimisation of the metallurgical test work already successfully completed by Kidman to date. Kidman is pleased to be drawing on SQM's technical expertise in lithium processing to further improve the Scoping Study results, thereby enabling the newly formed JV to provide an advanced Feasibility Study as soon as possible.

Kidman and SQM have also jointly commenced work on a Feasibility Study for the lithium refinery, to be located in Western Australia. The study will incorporate the updated Earl Grey technical results referred to above.

"Due to Kidman's size we have only been able to test a relatively small portion of the exploration potential within the Mt Holland project area. Now, with SQM's backing and support, we can further assess the full potential of the Earl Grey deposit as well as undertake a more extensive regional exploration program following our joint venture and farm-in agreement with Western Areas Limited. Kidman will also benefit from SQM's significant metallurgical expertise, which will be applied to determine the optimal refining process," Mr Donohue said.

"Kidman is excited about the lithium refinery potential and intends to take up its rights for a 50% share of the development."

"Kidman is also pleased to confirm it will retain marketing rights to its share of the production from the planned lithium refinery which will greatly enhance funding optionality for the Company. We consider the refinery will be of significant strategic value to Kidman and its shareholders well into the future."

The structure of the JV requires the formation of a JV Management Committee (**Committee**) that is comprised of two Kidman and two SQM representatives to oversee the development of the Earl Grey mine, concentrator and refinery. There is no casting vote afforded to the Chairman of the Committee and the Chairmanship is rotated on a bi-annual basis, with a Kidman representative being the inaugural Chair. Kidman is afforded protection against future dilution, as any proposed expansion in operations may only be done by unanimous management committee decision.

Overview of Definitive Agreements

Under the Definitive Agreements:

- Kidman will transfer a 50% interest in the Mt Holland Tenements for \$US30 million; and
- Kidman and SQM will establish an unincorporated joint venture under which SQM will commit to sole fund \$US80 million of JV expenditure.

The Definitive Agreements are subject to conditions precedent (being principally foreign investment approvals, approvals of the WA Minister of Mines and other necessary third-party approvals) (**Conditions**).

In the period up to when the Conditions are satisfied, SQM Australia has committed to grant Kidman up to \$US21.5 million in credit ("Credit") through a Converting Note (7.0% interest per annum, convertible at \$0.678 at Kidman's election in the event conditions precedent are not satisfied and otherwise repayable from future SQM capital contributions). The proceeds of the converting note will be used as required by Kidman to continue the development of the Mt Holland project.

1. Drawdown of SQM Converting Note

- (i) Aggregate of \$US6 million drawn down on or around 12 September 2017; and
- (ii) Draw down of up to a further \$US15.5 million is anticipated by 31 October 2017

Once the Conditions are met, SQM Australia will make the following payments to Kidman:

2. Payment upon Conditions being met

- a) \$US5 million to Kidman; plus
- b) \$US20 million in capital contributions to the Mt Holland lithium project JV, at which time the drawn-down amount of the \$US21.5 million converting note is to be repaid by being offset against capital contributions.

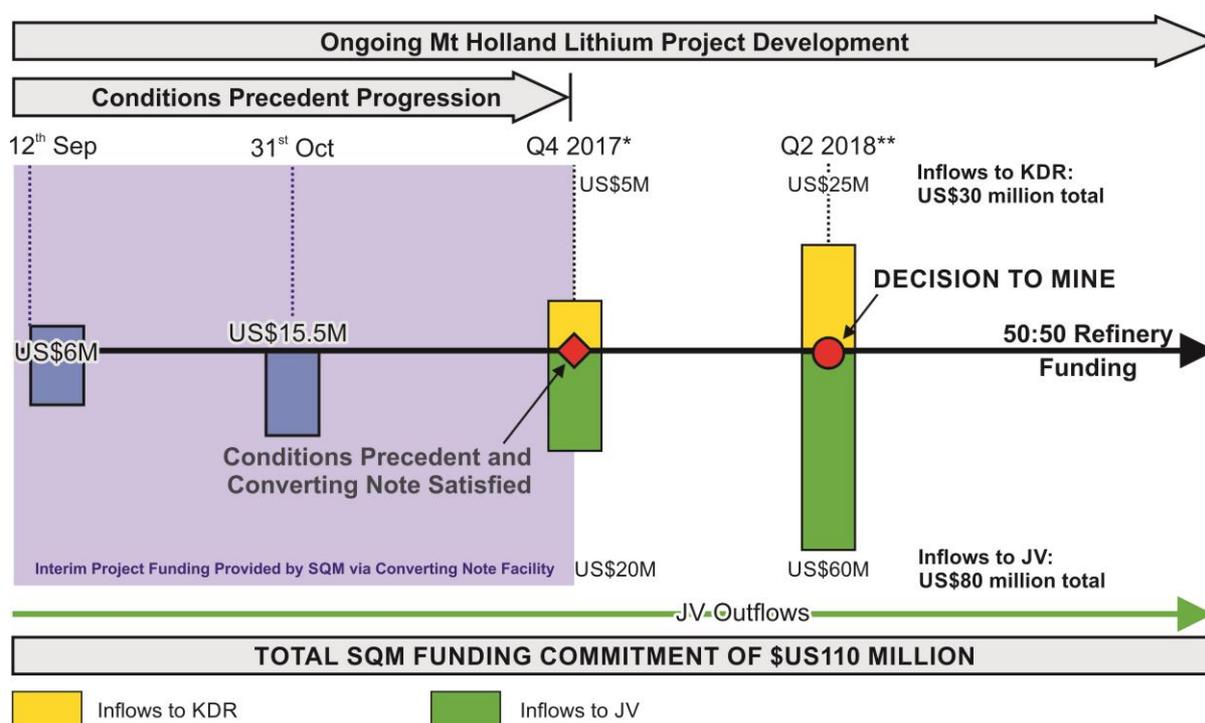
Kidman and SQM anticipate that the Conditions will be satisfied during the December 2017 quarter, although there can be no absolute assurances the relevant regulatory approvals will be obtained by that time.

3. Third payment upon Decision to Mine

The JV agreement contains appropriate deadlock procedures so that no joint venture member can unreasonably withhold approval to proceed to decision to mine where there is a positive feasibility study. Accordingly;

- A further \$US25 million to Kidman; plus
- A further \$US60 million in capital contributions to the Mt Holland lithium JV project (bringing the total to \$US80 million) to finance progression of the Mt Holland lithium project towards production.

Once the \$US80 million has been contributed to the Mt Holland project each of the Joint Venture partners will provide any further capital on a pro rata 50-50 basis with Kidman also having the right to participate in the lithium refinery up to 50%. This is in addition to the 50% interest Kidman will hold in the JV over the mine and concentrator.



*Q4, 2017: As noted above this is the anticipated timing and no guarantee can be given in terms of the timing of regulatory approvals.

** Q2, 2018: Current timing based on schedule agreed with SQM.

The Mt Holland JV will be granted rights to explore for and mine lithium on other tenements held by Kidman in the Mt Holland area. Kidman Gold, a 100% subsidiary of Kidman, will be given the right to explore for and mine gold on the Mt Holland tenements.

The Definitive Agreements contain warranties, indemnities, dilution provisions and other protections usual for agreements of this type.

Other Matters

Finally, to facilitate the transaction with SQM, the Kidman Board has agreed to settle the balance of the consideration owed to Capri Trading for the purchase of Mt Holland (Refer Kidman ASX releases 27 May 2016 and 28 July 2016) in exchange for various consents and releases of security. As a result and consistent with prior disclosure, 14,910,341

fully paid ordinary shares will now be issued to Capri Trading in full and final settlement of the Mt Holland acquisition.

- ENDS -

For further information about the JV, please visit Kidman's website at www.kidmanresources.com.au/joint-venture.

For more information, please contact:

Martin Donohue

Kidman Resources

Managing Director

info@kidmanresources.com.au

+61 3 9671 3801

Investor & Media Relations

Warrick Hazeldine

Cannings Purple

0417 944 616

whazeldine@canningspurple.com.au

Peter Klinger

Cannings Purple

0406 775 241

pklinger@canningspurple.com.au

Forward-Looking Statements

This announcement contains certain statements which may constitute forward-looking statements. Such statements are only predictions and are subject to inherent risks, uncertainties and other factors which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based generally on the Company's beliefs, opinions and estimates as of the dates the forward-looking statements that are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. Although the Company believes the outcomes expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include licence applications, the development of economic mineral or metal substitutes and general economic, market or business conditions. While, the Company has made every reasonable effort to ensure the veracity of the information presented they cannot expressly guarantee the accuracy and reliability of the estimates, forecasts and conclusions contained herein. Accordingly, the statements in the presentation should be used for general guidance only

About Kidman Resources

Kidman is a diversified resources company which owns the Mt Holland lithium and gold project near Southern Cross in Western Australia

Kidman also owns the Burbanks Gold Mine near Coolgardie in WA and 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 visit www.kidmanresources.com.au

About SQM

Sociedad Quimica y Minera de Chile, or SQM (NYSE: SQM), is a Chilean-headquartered, global integrated producer and distributor of specialty chemicals, with lithium being a core business function for the past 22 years, along with potassium-related fertilisers and other industrial chemicals.

Its products are based on the development of high-quality natural resources and know-how and proprietary technology that allow the company to be a leader in efficient production, supported by a commercial network that reaches more than 110 product customers around the world.

In 2016, revenue from its operations totalled \$US1.9 billion. SQM is listed on the NYSE and has a market capitalisation of about \$US9.5 billion.

SQM holds a current global market share of 27% in relation to its lithium chemicals business, reflecting its ability to innovate with new markets and products. SQM produces lithium carbonate and lithium hydroxide (industrial and battery grades) in Chile and has a development under way in Argentina.

For further information on SQM's global portfolio of projects please visit www.sqm.com