

25 January 2018

ASX Release

Kidman Resources Limited
ABN 88 143 526 096

Corporate Details:

ASX Code: KDR / KDRO

Issued capital:

350.14 M ordinary shares
47.45 M Listed European Options

Substantial Shareholders:

EDM Nominees (9.34%)

Directors:

Non-Executive Chairman:

John Pizzey

Managing Director:

Martin Donohue

Non-Executive Directors:

Brad Evans
David Southam
Aaron Colleran

Chief Financial Officer (CFO):

Jason Eveleigh

Company Secretaries:

Justin Mouchacca
Melanie Leydin

Contact Details:

Kidman Resources Limited
Suite 1, 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

Quarterly Report – December 2017

Highlights:

- Kidman Resources completes its strategic JV with SQM to advance the Mt Holland Lithium Project towards construction and vertically-integrated, sustainable production.
- The Company welcomed John Pizzey and Aaron Colleran to the Board.
- The WA Government grants 'Lead Agency Service' status to our Mt Holland Project.
- Scoping Study and new drill program results are announced for the Earl Grey Project within the Mt Holland lithium tenements.
- While exploration at the Bounty Prospect within the Mt Holland tenements demonstrates geological and mineralisation continuity.
- Kidman's program to divest non-core assets continues as planned.

Kidman Resources Limited (Kidman or the Company) completed a defining quarter to close out 2017, and is set for a very busy 2018.

During the quarter, Kidman announced completion of a strategic joint venture (JV) with Chilean-based Sociedad Quimica y Minera de Chile (SQM), the world's largest lithium producer, in respect of the world-class Mt Holland Lithium Project.

As part of transitioning from explorer to project developer, the Company has completed its Board renewal process through the addition of industry leader and new Chairman John Pizzey and respected business development executive Aaron Colleran as a Non-Executive Director.

While the Mt Holland JV prepares for a new Earl Grey Project Mineral Resource estimate (due March quarter 2018), followed by a maiden Ore Reserve and release of the Feasibility Study, planning for construction of an on-site lithium concentrator is well advanced. Early-stage planning for a related refinery is progressing well, with site selection imminent.

Encouraging exploration results from the Bounty Prospect, also within the Mt Holland JV tenements, will be tested further during 2018. While there are a considerable number of untested targets within the Mt Holland tenements, Bounty already has the genuine potential to be an important additional source of material for the Mt Holland Integrated Lithium Project.

CORPORATE

New Directors

On 20 December 2017, and following the announcement on 2 November of the retirement of Non-Executive Chairman Peter Lester, Kidman announced the appointment of two new Directors, including the appointment of resources industry leader John Pizzey as Non-Executive Chairman.

Mr Pizzey is joined on the Board by Independent Non-Executive Director Aaron Colleran, a respected minerals industry business development executive. Interim Chairman, Brad Evans, has returned to his position of Non-Executive Director. All appointments were effective 1 January 2018.

Mr Pizzey has been involved in the resources industry for more than 40 years. He is currently the Non-Executive Chairman of Alumina Limited, a position he will step down from early in this new-year. He is also a Non-Executive Director of Orora Limited. Previous directorships include Iluka Resources Limited, Amcor Limited and WMC Resources Limited. The majority of Mr Pizzey's executive experience was with Alcoa Inc. and Alcoa of Australia. Mr Pizzey is a Life Member and former Chairman of the International Aluminium Institute and he is a former Chairman of the London Metal Exchange.

Aaron Colleran is a strategic member of the highly-successful Evolution Mining leadership team, having managed their business development program for the past several years. Originally an exploration geologist with commercial tertiary qualifications, Mr Colleran has had a distinguished career in the resources-related finance industry. He has over 20 years' experience in mining finance and corporate advice, and has led a range of successful corporate transactions.

Annual General Meeting

The Annual General Meeting of Kidman Resources was held on 10 November 2017. One special resolution and eight ordinary resolutions were under consideration at the AGM, and while one ordinary resolution was withdrawn at the commencement of the meeting, all other resolutions were carried with strong shareholder support.

Mt Holland JV completion

On 21 December 2017, Kidman and Sociedad Quimica y Minera de Chile (SQM) announced that they had entered into Definitive Agreements in relation to the establishment of the 50:50 Mt Holland Lithium Joint Venture.

Finalisation of the Mt Holland Lithium Joint Venture (JV) occurred following satisfaction of the relevant conditions precedent, including approval from the Australian Government's Foreign Investment Review Board. As a result:

- Kidman has transferred a 50% interest in the Mt Holland tenements, including the world-class Earl Grey lithium deposit, to an Australian subsidiary of SQM;
- The Mt Holland Lithium JV has been established with each of Kidman and SQM holding a 50% interest;
- Kidman has received the initial instalment of the purchase price for the transfer of the 50% interest of net US\$3.5m (being US\$5.0m less an amount of US\$1.5m lent by SQM and applied to Kidman corporate matters); and
- The newly-established Joint Venture received its first-stage contribution from SQM of net US\$15m (being US\$20.0m less US\$5m spent by Kidman and SQM on joint venture matters to date).

Pursuant to the Definitive Agreements with SQM (and consistent with the Company's announcement on 12 September 2017), further payments will be made both to Kidman directly and to the JV when the JV makes a decision to mine. A decision to mine is anticipated shortly after the expected release of the Feasibility Study. Kidman will receive US\$25.0m and the JV will receive US\$60.0m as further payments under this arrangement.

In commenting at the time on the formal completion of the JV, Kidman's Managing Director, Martin Donohue, said: "Kidman is now well-positioned to become a vertically-integrated lithium mine-to-refinery operation, giving it a clear competitive advantage in Australia.

"Kidman's unique and strategic partnership with SQM, the world's largest lithium producer, provides significant advantage, knowledge and opportunity to drive development, not just of the Earl Grey spodumene deposit, but also of the broader Mt Holland Project and related lithium concentrator and refinery."

Mt Holland – Lead Agency Service

On 16 October 2017, Kidman reported that the Western Australian (WA) Government had advised that the Mt Holland Project, incorporating the development of a mine, processing plant and refinery, had been granted the status of 'Level 2 Lead Agency Service' by the WA Government.

The granting of Lead Agency Service to Mt Holland will assist with the streamlining of project development activities, including the assessment of each strategic industrial site for the refinery, and further advance the Feasibility Study and approvals for the mining and concentrator operation. Examples of Lead Agency Service entities in WA include the Gorgon Project on Barrow Island and the Roy Hill iron ore project in the Pilbara.

Speaking at the time, Kidman's Managing Director, Martin Donohue, welcomed the decision by the WA Government to elevate project status of Mt Holland and said it was the culmination of proactive engagement from key government stakeholders with both Kidman and SQM executives.

"This decision reinforces the potential economic contribution of the proposed development of a large open pit lithium mine and processing operation in the Shire of Yilgarn as well as a stand-alone lithium refinery in Western Australia," Mr Donohue said.

Cash at bank

The Company's cash at bank at 31 December 2017 was \$5.4m.

Options conversion

On 5 and 24 October 2017, Kidman announced the issuance of new fully-paid ordinary shares in relation to the conversion of unlisted options. For more details, see the ASX announcements of 5 and 24 October.

MT HOLLAND LITHIUM PROJECT

Earl Grey

On 3 October 2017, Kidman announced the results of the Earl Grey Scoping Study (the Study) on a 100% project basis. The defined production target for the Study was 47Mt at 1.4% Li₂O over a 25-year period. Key results of the Scoping Study included:

- Low strip ratio of 2.3, reducing to 1.9 after pre-strip;
- Marketable concentrate of 5.8% to 6.0% Li₂O at a processing rate of 2.0Mtpa;
- Produces an average 288ktpa concentrate, containing approximately 40Ktpa Lithium Carbonate Equivalent (LCE) units;
- Low technical risk, using open pit mining and conventional processing;
- Large-scale resource provides significant opportunity to expand mine life at potentially higher annual processing rates;
- Unit mine site operating costs of USD\$32 per tonne of ore and C1 cash cost approximately USD\$205 per tonne of concentrate; and
- Long life can support an investment in downstream refining infrastructure to produce lithium carbonate or hydroxide.

While the Scoping Study examined a base case scenario to produce a saleable concentrate for the export market, it did not examine nor factor in a potential refinery, also proposed to be built in WA. As contemplated in the JV with SQM, the construction of a refinery will be analysed in the next level of studies.

The future inclusion of a refinery will enhance Kidman's vision to differentiate through downstream participation in a long-term sustainable business. Kidman believes this vision will extract maximum shareholder benefit, with Kidman planning to become a very significant participant in a burgeoning global lithium market for carbonate and hydroxide which is currently dominated by a handful of incumbent producers who still account for over 80% of the global lithium market.

It is important to note that the Scoping Study results do not contain the expected future benefits that SQM should bring to the project's advancement, some of which are already being experienced in early JV workflow and technical meetings.

The Scoping Study provides order of magnitude estimates of costs, production and financial metrics for developing the Earl Grey deposit and concentrator only (see *project location map [figure 1]*, *general arrangement of the Mt Holland mine [figure 2]* and *the Earl Grey deposit as an open pit mine [figure 3]*).

There was no consideration in the Study for a potential gold mining endowment or operation at Mt Holland in which Kidman retains 100% of the gold rights. Within the JV with SQM, Kidman will retain the sole marketing rights to its 50% share of lithium production, providing optionality for refinery funding.

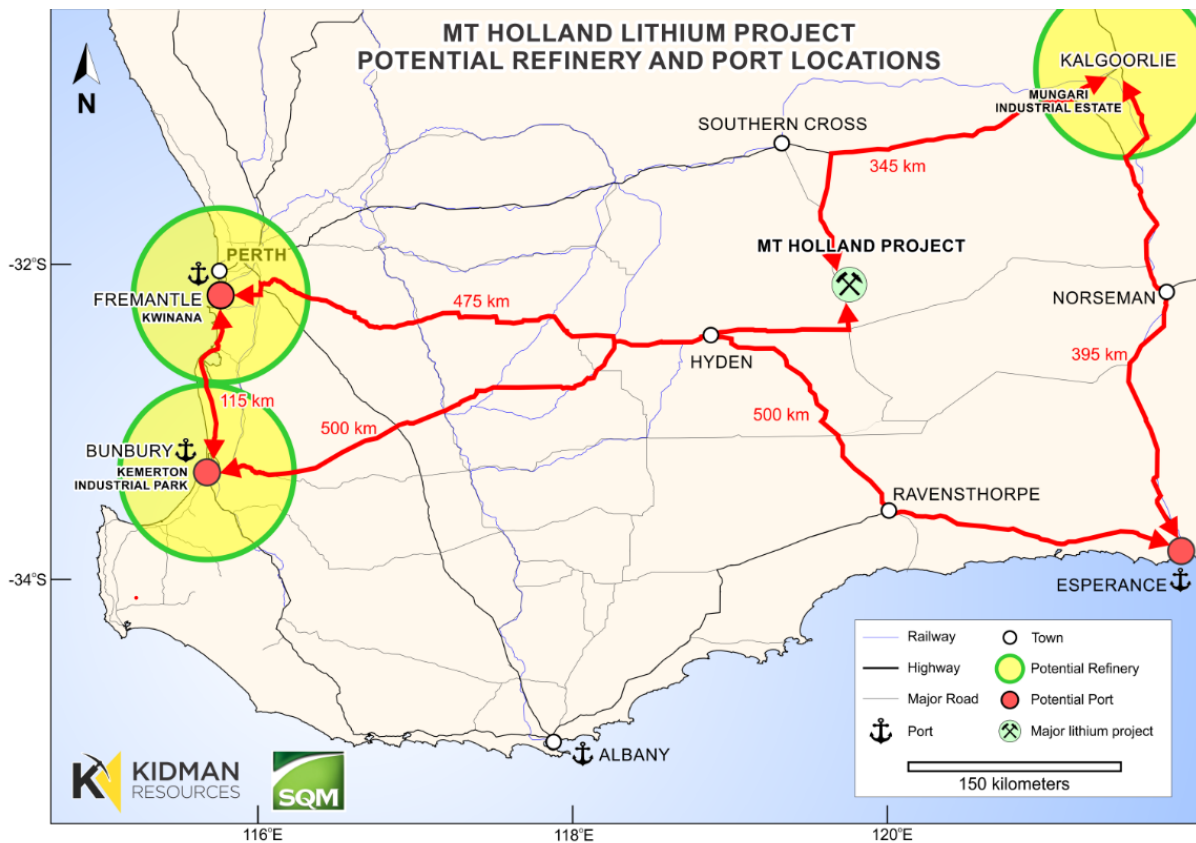


Figure 1: Project location

On 29 November 2017, Kidman announced that its extensive program of infill and extensional drilling at Earl Grey continues to deliver outstanding results, paving the way for a further increase in the project's Mineral Resource confidence and inventory. Significant intercepts included:

- 81m @ 1.63% Li₂O from 105m (KEGR132);
- 79m @ 1.68% Li₂O from 117m (KEGM024);
- 75m @ 1.80% Li₂O from 99m (KEGR151);
- 78m @ 1.84% Li₂O from 116.34m (KEGM032);
- 72m @ 1.80% Li₂O from 137m (KEGM153);
- 75m @ 1.67% Li₂O from 118m (KEGR134);
- 42.7m @ 1.68% Li₂O from 61.4m, incl. 22m @ 1.93% Li₂O from 62m and 24m @ 1.94% Li₂O from 115m, (KEGM020);
- 46m @ 1.73% Li₂O from 103m (KEGR158);
- 43m @ 1.94% Li₂O from 150m (KEGR160);
- 49m @ 1.93% Li₂O from 153m (KEGR161); and
- 40m @ 2.00% Li₂O from 159m (KEGR172).

The exceptional results generated from expansion and infill drilling at Earl Grey have continued to increase the confidence in the Mineral Resource and confirm grade continuity. Additionally, the program is identifying multiple new pegmatite intercepts which require follow-up.

The Maiden Combined Inferred and Indicated Mineral Resource at the Earl Grey deposit of 128Mt @ 1.44% Li₂O for 1.84Mt lithium oxide (4.54Mt Lithium Carbonate Equivalent) was announced on 14 December 2016. With integration of the recent infill and extensional drilling program, Kidman is aiming to announce an updated and expanded Mineral Resource in the March quarter 2018.

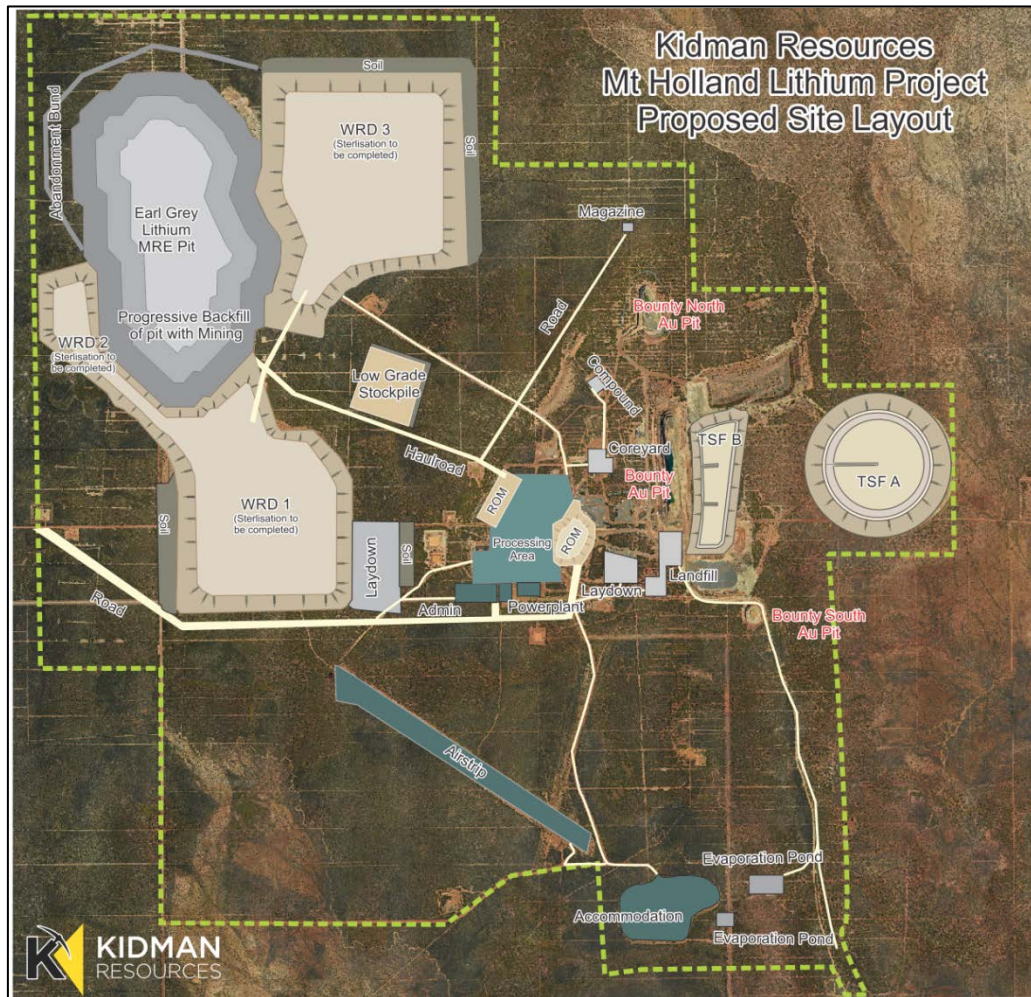


Figure 2: General arrangement of the Mt Holland mine

Determination of an Ore Reserve at Mt Holland will follow determination of an updated and expanded Mineral Resource, and it is expected to form the basis of a robust project, providing reliable long-term supply. This positions the Mt Holland Lithium Project at the forefront of lithium projects at a time of increasing global demand for lithium products.

With relevant approvals, construction of an on-site lithium concentrator remains on schedule, and on current planning this will be followed by construction in WA of a lithium refinery for production of both lithium hydroxide and lithium carbonate. Work on finalising the optimal location for a refinery is progressing well, with strong support from the WA Government.

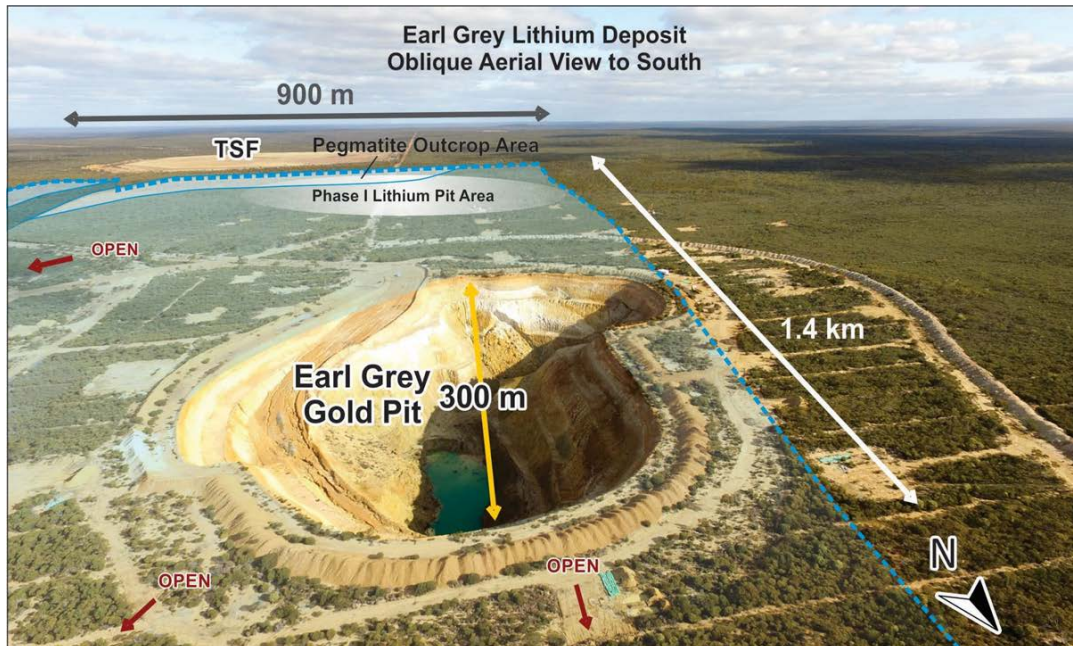


Figure 3: The Earl Grey deposit, open pit, aerial view in concept

Bounty

On 19 December 2017, Kidman announced that the first-pass of its exploration program at the Bounty prospect, 3.5kms south-east of the world-class Earl Grey lithium deposit, had intersected multiple pegmatites enriched in lithium and tantalum.

The intersections at Bounty have demonstrated geological and mineralisation continuity, and will be tested further with a follow-up program in 2018 with the aim of defining a second Mineral Resource at the Mt Holland Integrated Lithium Project. Significant intercepts of lithium and tantalum in Bounty's KBYD001 and KBYD002 include:

- 17.6m @ 1.67% Li₂O from 146m, incl. 9.65m @ 2.34% Li₂O from 151m (KBYD001);
- 4.0m @ 1.38% Li₂O from 63.2m, (KBYD001);
- 3.7m @ 1.35% Li₂O from 92.1m (KBYD001);
- 1.2m @ 1.02% Li₂O from 61.6m (KBYD001);
- 1.1m @ 1.28% Li₂O from 97.6m (KBYD001);
- 2.3m @ 1.39% Li₂O from 108.8m (KBYD001);
- 5.9m @ 0.85% Li₂O from 206.0m (KBYD001);
- 3.0m @ 1.39% Li₂O from 225.0m (KBYD001);
- 2.5m @ 1.38% Li₂O from 325.5m (KBYD001); and
- 65.0m @ 138ppm tantalum (Ta) from 78.0m (KBYD002).

Commenting at the time, Kidman's Managing Director, Martin Donohue, said: "Early indications at Bounty are extremely encouraging, with the intersections demonstrating the hallmarks of a potentially significant discovery in its own right.

"Importantly and strategically, Bounty has the potential to be an important additional source of material for the Mt Holland Integrated Lithium Project, on the basis that our program in 2018 demonstrates the same type of early results achieved from this first-pass program.

"Combined with what we already know about Earl Grey, the Mt Holland Lithium Joint Venture is shaping as a robust and long-term supplier of lithium to an ever-demanding global battery market. While these results are clearly encouraging, our core focus at Kidman will remain to progress the Earl Grey lithium deposit."

OTHER OPERATIONAL

Coolgardie Mining

On 20 December 2017, and as part of an ongoing program to divest non-core assets, Kidman announced the completion of the sale of the share capital of its fully-owned subsidiary Coolgardie Mining Company Pty Ltd to Barra Resources Limited, covering Mining Licence M15-161 and the Burbanks gold mine, for an upfront fee (announced 13 November 2017) of \$121,000 and a royalty of \$20/oz for the first 55,000 ozs sold from the Burbanks mine.

NSW & NT Projects

During the quarter, Kidman continued to review all projects in NT and NSW with the aim of considering alternatives to potentially divest these assets. No field work was conducted on these projects during the quarter.

Exercise of KDRO (New Options)

In April 2016, as part of its rights issue, the Company issued free options over ordinary shares with an exercise price of \$0.15 (New Options).

The Company has received queries from shareholders about the procedure for the exercise of the New Options.

The New Options are only exercisable by the holders of the New Options between 9.00 am and 5.00 pm on 30 April 2018. The New Options can be exercised by delivering a completed application form and payment to the Company's Share Registry. While the terms of the New Options require the application form and payment to be actually delivered to the Company's Share Registry on 30 April 2018, the Company will treat as a valid exercise of New Options, application forms (and accompanying payments) which are received by the Company's Share Registry no earlier than 9.00 am on 16 April 2018. **The Company will not accept application forms which are received after 5.00 pm on 30 April 2018.**

Payment of the exercise price must be by way of cheque or money order. Neither the Company nor its Share Registry have the capacity to accept payment of the exercise price by EFT or credit card.

As detailed in the Prospectus dated 23 March 2016, the New Options cannot be exercised at any other time. In particular, and as advised earlier, there will be no acceleration of the exercise of the New Options even if there is a takeover bid for the Company or some other form of control transaction occurs.

The Company will make an announcement to the ASX before this time, reminding option holders of the exercise date and process for exercise of the options.

Shareholders who have any other queries in relation to the New Options are invited to call the Company's Share Registry. Details are as follows:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Phone: 1300 737 760 (within Australia)
+61 2 9290 9600 (international)

KIDMAN BACKGROUND

Kidman Resources Limited (ASX: KDR) is focused on the discovery, development and sustainable long-term delivery of lithium to service a growing product demand. Kidman has a 50% interest in at least one Tier-1 globally-significant lithium discovery within the broader Mt Holland tenements, located in the Forrestania Greenstone Belt near Southern Cross in Western Australia.

The Mt Holland Project contains the world-class Earl Grey lithium deposit as well as the promising Bounty lithium prospect, with considerable potential across the Mt Holland tenements for additional discovery. Kidman's 50:50 Joint Venture partner in the Mt Holland lithium deposits and proposed project infrastructure is Sociedad Quimica y Minera de Chile (SQM), the world's largest lithium producer.

Within the Mt Holland Project, Kidman retains sole marketing rights to its 50% share of lithium production, providing optionality for refinery funding beyond the current-funded program to build an on-site lithium concentrator. The Mt Holland Project also contains a significant gold endowment, to which Kidman retains all rights.

Kidman Tenement holding summary

Below is a listing of the tenements held by Kidman Resources Limited as at 31 December 2017:

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 – Wilmatha	NSW, Australia	100%	-	-
EL 7820 – Melrose	NSW, Australia	100%	-	-
EL 7821 – Lockerbie	NSW, Australia	100%	-	-
EL 7523 – Kiacatoo	NSW, Australia	100%	-	-
EL 4152 – Bogong	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 8604 – Hill View	NSW, Australia	Right to acquire up to 90%	-	-
EPM18050 - Esmerelda	QLD, Australia	100%	-	-
EPSX00410113	QLD, Australia	100%	-	-
M15/0161 – Burbanks	WA, Australia	0%	-	100%
M77/0477 - Van Uden North	WA, Australia	80%	-	-
M77/0478 - Van Uden South	WA, Australia	80%	-	-
M77/0522 - Van Uden North North	WA, Australia	80%	-	-
M77/0523 - Van Uden South South	WA, Australia	80%	-	-
E77/1361 – Deserts	WA, Australia	80%	-	-
E77/1535 – Cities	WA, Australia	80%	-	-
E77/1582 – Aircraft	WA, Australia	80%	-	-
M77/1065 – Cheeses	WA, Australia	100%	-	-
M77/1066 – Bounty	WA, Australia	50%	50%*	-
M77/1067 – Razorback	WA, Australia	100%	-	-
M77/1068 – BushPig	WA, Australia	100%	-	-
M77/1080 – Twinings	WA, Australia	50%	50%*	-
P77/4115 – Snow	WA, Australia	100%	-	-
E77/1773 - Southern Cross	WA, Australia	100%	-	-
E77/1775 – Sea	WA, Australia	100%	-	-
E77/2011 – Coffee	WA, Australia	100%	-	-
E77/2080 – Battles	WA, Australia	100%	-	-
E77/2097 – Generals	WA, Australia	100%	-	-
E77/2137 – Planets	WA, Australia	100%	-	-
E77/2162 – Moons	WA, Australia	100%	-	-
E77/2167 – Golf	WA, Australia	100%	-	-

E77/2188 – Hamlet	WA, Australia	100%	-	-
E77/2305 – Michael	WA, Australia	100%	-	-
E77/2244 - Texas	WA, Australia	100%	-	-
E77/1400 – Game Fish	WA, Australia	50%	50%*	-
E77/2099 - Chile	WA, Australia	50%	50%*	-
G77/0037	WA, Australia	100%	-	-
G77/0038	WA, Australia	100%	-	-
G77/0109	WA, Australia	100%	-	-
G77/129	WA, Australia	50%	50%*	-
G77/130	WA, Australia	100%	-	-
L77/0059	WA, Australia	100%	-	-
L77/0085	WA, Australia	100%	-	-
L77/0096	WA, Australia	100%	-	-
L77/0107	WA, Australia	100%	-	-
L77/0176	WA, Australia	50%	50%*	-
L77/0193	WA, Australia	50%	50%*	-
L77/0194	WA, Australia	100%	-	-
L77/0198	WA, Australia	100%	-	-
L77/0199	WA, Australia	100%	-	-
L77/0200	WA, Australia	100%	-	-
L77/0205	WA, Australia	100%	-	-
L77/0206	WA, Australia	50%	50%*	-
L77/0207	WA, Australia	100%	-	-
L77/0208	WA, Australia	50%	50%*	-
L77/0271 - Application	WA, Australia	100%	-	-
P77/4485 - Application	WA, Australia	100%	-	-
E77/1436	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/1581	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2127- Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2228 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2235 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2236 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2261 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0215	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0216	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0284	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0285	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0286	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0324	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0389	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0458	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0542	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0550	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4067	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/1734	WA, Australia	Right to acquire 70% Lithium Rights	-	-
*Pending transfer as part of the SQM JV Agreement.				

Forfeitures

From 14-16 November 2017, the Mining Warden in Perth WA heard applications for exemption from expenditure in relation to 13 tenements held by Kidman's subsidiaries. The applications for exemption were made under section 102 of the WA Mining Act and relate to expenditure years ending in the period August 2015 to March 2016 (ie: before Kidman acquired the Mt Holland Project).

The Mining Warden considers the evidence given at the hearing and makes a written recommendation to the WA Minister for Mines as to whether the applications should be granted, and the Minister will determine the applications. If the Minister grants the applications for exemption, the forfeiture claims regarding those tenements will be dismissed. If the applications for exemption are not granted, the forfeiture claims will be heard by the Mining Warden who will then make a written recommendation to the Minister, and the Minister will determine the applications. Recommendation from the Mining Warden are pending.

For media and investor relations information, please contact:

Gavan Collery, phone +61 (0) 419 372 210 or email 'info@kidmanresources.com.au'