

21 December 2017

ASX Release

Kidman Resources Limited
ABN 88 143 526 096

Kidman and SQM complete establishment of Mt Holland Joint Venture

Corporate Details:

ASX Code: KDR

Issued capital:

350.14M ordinary shares
47.45 listed options (KDRO)

Substantial Shareholders:

EDM Nominees (9.28%)

Directors:

Non-Executive Chairman:

Brad Evans

Managing Director:

Martin Donohue

Non-Executive Director:

David Southam

Chief Financial Officer:

Jason Eveleigh

Company Secretaries:

Justin Mouchacca
Melanie Leydin

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On 12 September 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.

Kidman Resources Limited (**Kidman** or **the Company**) is pleased to announce that finalisation of the Mt Holland Lithium Joint Venture (**JV**) has now 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 Joint Venture 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 staged 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)

In commenting on the formal establishment 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."

"SQM has described the Mt Holland Project as "the best undeveloped hard-rock lithium project in Australia."

"Our partnership with SQM is working exceptionally well, as demonstrated by our ability to deliver on our promises, with the JV being established and funding occurring on schedule in December 2017," said Mr Donohue.

Future Payments

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 in the June quarter 2018. The further payments are as follows:

1. Kidman Resources to receive US\$25.0m; and
2. JV to receive US\$60.0m

Further Information

On 29 November 2017, Kidman announced a further series of drilling results at the Mt Holland Project, located in the Forrestania Greenstone Belt near Southern Cross in Western Australia.

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

An updated Mineral Resource, with the aim of leading to a determination of an Ore Reserve at Mt Holland in mid-2018, 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.

On the current work schedule, and with relevant approvals, construction of an on-site lithium concentrator is targeted to commence in the December 2018 quarter 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 WA State Government.

For media and investor relations information, please contact:

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KIDMAN BACKGROUND

Kidman Resources Ltd (ASX: KDR), a precious and base metals company holds the Tier-1 Globally significant Earl Grey Lithium Deposit (128Mt @ 1.44% Li₂O) as well as the Mt Holland Gold Project located centrally within the Forrestania Greenstone Belt near Southern Cross of Western Australia.

For further information on the company's portfolio of projects please visit www.kidmanresources.com.au