



ASX RELEASE
SCHEME MEETING AND GENERAL MEETING –
CHAIRMAN'S ADDRESS
5 September 2019

Attached to this announcement is a copy of the address to be given by the Chairman of Kidman Resources Limited, Mr John Pizzey, to the attendees of the Scheme Meeting commencing at 10.00am (AEST) and the General Meeting commencing immediately following the closing or adjournment of the Scheme Meeting, both held at the RACV Club, Level 2, Bourke Room 2 & 3, 501 Bourke Street, Melbourne, Victoria 3000.

Capitalised terms used but not defined in the attached document have the meaning given to them in the Scheme Booklet dated 30 July 2019.

For more information

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ABOUT KIDMAN RESOURCES

Kidman Resources Limited (ASX:KDR) is developing the world class Mt Holland Lithium Project in a 50:50 joint venture called Covalent Lithium with Sociedad Química y Minera De Chile S.A., the world's largest lithium producer. The Mt Holland Lithium Project comprises a Mine & Concentrator and Refinery and is expected to be a globally significant, low cost, integrated producer of battery-grade lithium hydroxide meeting increased demand from the electric vehicle market.

Kidman Resources Limited

ABN 88 143 526 096

NE Suite, Level 30 | 140 William Street | Melbourne Victoria 3000 | Australia



CHAIRMAN'S ADDRESS TO SCHEME MEETING

THURSDAY, 5 SEPTEMBER 2019

Welcome

Good morning ladies and gentlemen, all shareholders and guests.

My name is John Pizzey and I'm the Chairman of Kidman Resources Limited. Welcome, and thank you for joining me at the Scheme Meeting for the Kidman Resources Limited scheme of arrangement.

Introduction of Directors and Management

Before we commence with the formal part of the meeting, I would like to introduce my fellow Directors:

- Our Managing Director and CEO, Martin Donohue
- Independent Non-Executive Directors, Brad Evans and Aaron Colleran

I would also like to introduce our General Counsel & Company Secretary, Tom Wilcox, and our Chief Financial Officer, Frederick Kotzee, who are both in attendance today.

Notice of Meeting

Today involves two meetings of shareholders back to back.

The first meeting (this meeting) is the Scheme Meeting. Notice of today's Scheme Meeting is included as Attachment 4 of the Scheme Booklet, which was despatched to Kidman shareholders on or about 6 August 2019. The notice was given in accordance with orders made by the Federal Court of Australia on 30 July 2019.

The second meeting to be held is a General Meeting of Kidman Shareholders to consider and vote on a resolution in relation to the approval of potential termination benefits to senior executives of Kidman. A notice of today's General Meeting is included as Attachment 5 of the Scheme Booklet.

Scheme Overview

On 23 May 2019 Kidman entered into a Scheme Implementation Deed with Wesfarmers Limited and Wesfarmers Lithium Pty Ltd (a wholly owned subsidiary of Wesfarmers Limited). I will refer to both companies collectively as Wesfarmers unless the context requires otherwise. Under the Scheme Implementation Deed, it was proposed that Wesfarmers would acquire all Kidman Shares by way of a scheme of arrangement.

If the Scheme is approved by Kidman Shareholders at this meeting and by the Court, and if all other necessary approvals and conditions for the Scheme are satisfied or waived, Kidman will become a wholly-owned subsidiary of Wesfarmers and be delisted from the ASX.

If the Scheme is implemented, Kidman Shareholders will receive \$1.90 cash for each Kidman Share held on the Record Date, currently anticipated as being 18 September 2019. Payment of the Scheme Consideration will be made on the Implementation Date, currently anticipated as being 23 September 2019.

Full details of the proposed Scheme are set out in the Scheme Booklet.

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Purpose of Scheme Meeting

Today, Kidman Shareholders will be asked to consider and vote on a resolution in relation to the Scheme which requires their approval for it to proceed. First, I will provide an overview of the Directors' recommendation and the Independent Expert's conclusion in respect of the Scheme.

I will then present the Scheme Resolution to be considered and there will be time for any questions or comments you may have.

Scheme Booklet and Directors' Recommendation

Kidman Shareholders will have received the Scheme Booklet dated 30 July 2019 together with a proxy form for each of the Scheme Meeting and General Meeting. The Scheme Booklet includes:

- a notice convening today's Scheme Meeting;
- a notice convening today's General Meeting;
- an overview of the Scheme and how to vote;
- the key considerations relevant to each Kidman Shareholder's vote including key risk factors;
- frequently asked questions;
- information about Wesfarmers;
- the Scheme of Arrangement;
- the executed Deed Poll; and
- the Independent Expert's Report.

Kidman appointed KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) as the Independent Expert to assess the merits of the Scheme. Their report is Attachment 1 to the Scheme Booklet. KPMG relied upon an Independent Technical Specialist's Report, which was prepared by AMC Consultants Pty Ltd, whose report is also at Attachment 1 in the Scheme Booklet.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Kidman Shareholders. It is noteworthy that the Independent Expert has assessed the value of Kidman to be in the range of \$1.62 to \$2.00 per Kidman Share.

The Kidman Directors unanimously recommend that Kidman Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kidman Shareholders.

As we stand here today, no Superior Proposal has emerged and the Independent Expert continues to maintain its conclusion that the Scheme is in the best interests of Kidman Shareholders in the absence of such a proposal.

As set out in detail in the Scheme Booklet, if the Scheme becomes Effective, members of Kidman's senior management will receive incentive payments by way of a cash bonus in recognition of the additional personal efforts required by these employees to complete various activities required to implement the Scheme. Mr Donohue, Kidman's Managing Director and Chief Executive Officer, will receive an incentive payment of \$550,000. In addition, Mr Donohue holds or controls 3,915,000 Kidman Shares and 972,954 Performance Rights, which if the Scheme becomes Effective, will convert into that number of Kidman Shares. On the Record Date Mr Donohue will hold a total of 4,887,954 Kidman Shares.



Given the importance of the Scheme and Mr Donohue's role in the development and management of Kidman, the Board has determined that Mr Donohue can, and should, if he wished to, make a recommendation on the Scheme notwithstanding the benefits which he will receive if the Scheme becomes Effective. Mr Donohue has made such a recommendation.

In addition, I hold or control 90,744 Kidman Shares and 60,753 Share Rights, which will convert into that number of Kidman Shares if the Scheme becomes Effective and Mr Evans holds or controls 121,366 Kidman Shares. Mr Colleran does not hold or control any Kidman Shares.

All Kidman Directors (other than Mr Colleran) have signed voting deeds with Wesfarmers which require them to vote any Kidman Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Kidman Shareholders.

There are, of course, reasons why Kidman Shareholders may decide not to support the Scheme. Some of those reasons are set out in the Scheme Booklet.

Status of Conditions Precedent

The Scheme Implementation Deed contains several Conditions Precedent, which are outlined in Section 7 of the Scheme Booklet.

The key conditions which remain outstanding are:

- approval of the Scheme by Kidman Shareholders, which is why we are holding this meeting today; and
- approval of the Scheme by the Federal Court of Australia.

Nothing has occurred to date which would, to the knowledge of Kidman, prevent the conditions precedent being satisfied.

Requisite Majorities for Scheme to be Approved

The Scheme is conditional on Kidman Shareholder approval. The Scheme Resolution needs to be approved by the Requisite Majorities of Kidman Shareholders, which are:

- a majority in number (more than 50%) of the Kidman Shareholders present and voting (either in person, by proxy, attorney or corporate representative) at this Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution (either in person, by proxy, attorney or corporate representative).

Implementation of the Scheme

If the Scheme Resolution is passed today, the Second Court Hearing will be held at 10:15am Melbourne time on Thursday, 12 September 2019. If the Court approves the Scheme, a copy of the Court order approving the Scheme will be lodged with ASIC and the Scheme will become Effective.

On the Implementation Date, which, if the Scheme Resolution is passed and Court approval obtained, is currently expected to be Monday, 23 September 2019, all Kidman Shares will be transferred to Wesfarmers and all Kidman Shareholders will receive the Scheme Consideration of \$1.90 per Kidman Share.



CHAIRMAN'S ADDRESS TO GENERAL MEETING

THURSDAY, 5 SEPTEMBER 2019

Welcome

Ladies and Gentlemen, as you are aware my name is John Pizzey and I'm the Chairman of Kidman Resources Limited. Welcome, and thank you for joining me at this General Meeting for Kidman Resources Limited.

Directors and Company Secretary

I have already introduced you to my fellow Directors, our Managing Director and CEO, General Counsel & Company Secretary and Chief Financial Officer at the Scheme Meeting immediately preceding this meeting.

Notice of Meeting

Notice of today's General Meeting is included as Attachment 5 of the Scheme Booklet, which was despatched to Kidman shareholders on 6 August 2019.

I will take the Notice of General Meeting as read.

Background and why Shareholder Approval is Being Sought

The Corporations Act restricts the benefits which can be given to a person who holds a 'managerial or executive office' on leaving employment or upon retirement.

As set out in the Scheme Booklet, no termination payments are payable under or in connection with the Scheme and no decision has been made in relation to whether any current person who holds a 'managerial or executive office' in Kidman (each a Kidman KMP) will cease employment. Approval of the resolution is being sought to ensure that if the employment of any Kidman KMP is terminated, Kidman is entitled to make payments to that employee in accordance with their existing contractual entitlements and all entitlements under the Kidman Group short term incentive plan.

If Kidman Shareholder approval is obtained, it will be effective from today (being the date the resolution is passed) subject to and conditional on the Scheme becoming Effective and the Implementation Date occurring, and will remain in place for three years.

An explanatory memorandum setting out further detail as to the reasons for why this approval is being sought accompanied the Notice of Meeting.

Mr Donohue, Kidman's Managing Director and Chief Executive Officer, may receive termination benefits if his contract of employment is subsequently terminated. For this reason, Mr Donohue has not made a recommendation in relation to the resolution and will not vote on the resolution.

The Kidman Directors (other than Mr Donohue) recommend that Kidman Shareholders vote in favour of the resolution to be put at this meeting.

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