

Kidman Resources Limited
ABN 88 143 526 096

Corporate Details:

ASX Code: KDR

Issued capital:

119.61M ordinary shares

Substantial Shareholders:

Holdex Nominees 11.3m
(9.45%)

Directors:

Non-Executive Chairman:
Garrick Higgins
Managing Director:
Martin Donohue
Non-Executive Director:
Brad Evans

Company Secretaries:

Melanie Leydin
Justin Mouchacca

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Corporate Update

Kidman Resources Limited ('Kidman', 'KDR' or 'the Company') provides the following corporate update to shareholders.

1. Strategy Review

In late 2014 the Board committed to securing additional operations in the Gold or Base Metals Sector that would provide an opportunity for Kidman to generate cash flow or provide synergies to KDR's current projects.

With the current state of the resources sector there are many assets available that require working capital or further investment to improve profitability or continue operations. Over the last four months, KDR has reviewed multiple assets and has completed detailed due diligence on three assets. KDR is seeking assets that have solid returns and are not distressed in nature.

KDR is continuing with this process and is confident of an investment in the near term, reflecting market conditions, risk and price paid for the asset.

As part of this strategy review KDR also recognizes the need for funding to acquire assets that is not punitive in nature. This is further discussed in Funding Strategy below.

2. KBL Update

KDR explored the possibility of acquiring the assets of KBL through processes which reflected the performance of the Mineral Hill mine which was located adjacent to KDR projects within the company's NSW portfolio of tenements.

Presently the exposure to this process is Legal Costs of approximately \$100-\$120k and outstanding claims KDR has against KBL in respect of part of these legal costs.

As part of the process KDR sold 37,525,836 shares in KBL and can issue 22,249,824 KDR shares to Capri Trading Pty Ltd ("Capri") in return. To date the net affect was \$858,295.59 raised which strengthened Kidman's cash position.

3. Assets Reviewed

Within the last four months KDR has reviewed multiple assets and has completed detailed Due Diligence on three assets. These assets are covered by non-disclosure and / or confidentiality agreements, however are in the Gold and Base Metals sector within Australia.

Of the three detailed due diligence assets reviewed, two are still in confidential commercial negotiation. There should be no expectation that these two deals are likely to occur however commercial negotiation continues with the counterparties.

Importantly these assets are either in production or can be bought into production with 18 months or have some potential synergy with our current tenement holdings.

4. Funding Strategy

Over the last three months KDR has established relationships with financier's that has resulted in term sheets with an appetite to lend \$10 to \$20mn for the purposes of acquiring assets in this current market cycle. These facilities are subject to the normal Due Diligence and security arrangements (if permissible).

These term sheets indicate competitive financing but significantly also manage dilution for value of the current KDR stock holders.

5. Human Resources

The company has engaged several key persons on a consulting basis at present to assist with the due diligence process underway on potential acquisitions. These persons have been engaged due to their experience and operational skill sets, which include managing gold / base metal assets in production. It is planned that upon completion of a successful acquisition that these key people will be retained at Kidman on a full time basis in senior roles.

6. Current Exploration

Kidman has maintained ongoing exploration work over recent months and has completed a regional geological structural mapping program on its Crowl Creek projects in NSW and also a soil geo-chem program at the Murray's gold project in NSW. Initial results of the geo-chem program at Murray's are being finalised with the aim of defining the next round of drill targets.

The company's two flagship projects, Home of Bullion and Browns Reef are both earmarked for further development as outlined in previous ASX announcements on July 29th 2014 and 20th January 2015 respectively. Both of these projects will require further exploration, development capital and time to potentially develop into future producing assets.

7. Summary

In view of the ongoing market conditions in the resource sector, KDR will seek additional assets that generate cash flow or are synergistic with its existing assets and also continue to advance its flagship projects. KDR's ability to obtain finance and the engagement of key persons has been pivotal in this decision.

For more information please contact;

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