

Kidman Resources Limited  
ABN 88 143 526 096

**Corporate Details:**

ASX Code: KDR

**Issued capital:**

315.9M ordinary shares  
47.45 listed options (KDRO)

**Substantial Shareholders:**

Capri Holdings (10.5%)  
Acorn Capital (5.88%)

**Directors:**

**Non-Executive Chairman:**

Peter Lester

**Managing Director:**

Martin Donohue

**Non-Executive Director:**

Brad Evans

**Chief Financial Officer (CFO):**

Jason Eveleigh

**Company Secretaries:**

Justin Mouchacca

Melanie Leydin

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# Kidman Expands Earl Grey Lithium Project by Acquiring Western Areas' Neighbouring Tenements

**World-class lithium deposit extends into newly acquired ground, providing scope for potential increases in the Earl Grey deposit and space for key infrastructure**

## Highlights

- Kidman to acquire two exploration licences from Western Areas, immediately adjacent to its world-class Earl Grey lithium deposit in WA
- Preliminary drilling shows the Earl Grey mineralisation extends into the Western Areas ground and potentially continues toward the east
- The deal strengthens Kidman's highly strategic landholding in the rapidly emerging Forrestania lithium belt
- Additional ground will allow Kidman to adopt the optimum site layout for the Earl Grey processing facility and related infrastructure
- Kidman will issue Western Areas \$6m worth of Kidman shares and will grant a gross revenue royalty of 1.5% on future lithium production from the acquired tenements. Nickel rights to remain with Western Areas
- Kidman will also pay Western Areas A\$150 for every contained tonne of Li<sub>2</sub>O classified as a JORC Ore Reserve
- Western Areas and Kidman are also in advanced discussions regarding a potential farm-in joint venture agreement for lithium rights on Western Areas' remaining northern Forrestania tenements

Kidman Resources Limited (ASX: KDR) ("Kidman" or the "Company") is pleased to announce that it has entered into a binding agreement with Western Areas Ltd (ASX: WSA) to acquire two tenements that border Kidman's Earl Grey lithium deposit in the Forrestania lithium belt, near Southern Cross in WA (refer Figures 1 & 2).

Kidman considers the acquisition to be highly strategic as the Earl Grey pegmatite extends into at least one of these tenements (E77/2099). In addition, the tenements also cover key infrastructure such as haul roads and the nearby air strip that are likely to be utilised in the future development of the Earl Grey deposit.

Drilling undertaken by Western Areas in 2016 confirmed the continuity of mineralisation to the east of the Earl Grey pegmatite. Kidman will further define this mineralisation, which sits outside of the Exploration Target it announced at the time of its Maiden Resource in December 2016 (see Kidman ASX announcement 14th December 2016).

In addition to the significant exploration potential, it is envisaged that the two licences acquired will provide the most suitable location for hauls roads, the proposed Earl Grey waste dump and for an enlarged ROM pad site for a stand-alone processing plant at Mt Holland.

Commenting on the acquisition, Kidman Resources Managing Director Martin Donohue said;

*“We see this transaction as an exceptional deal for both companies, which creates value for Kidman on several levels.*

*This additional ground has the potential to expand the Earl Grey Resource, based on preliminary drilling by Western Areas, which shows that the pegmatite continues into this area and the deposit potentially remains open to the east.*

*In addition, the expanded ground position will provide us with far greater flexibility to adopt the most optimal site layout for the Earl Grey development.”*



Figure 1: Conceptual site layout and proximity of Earl Grey Lithium Deposit to newly acquired tenements.

## Acquisition Terms

Under the terms of the binding agreement, Kidman will provide the following consideration to Western Areas for the acquisition of the two tenements:

- Issue of 11,111,111 million Kidman shares, with the shares to be voluntarily escrowed for a period of 12 months from the date of issue;
- A gross revenue royalty of 1.5% over any production of lithium minerals from the acquired tenements; and
- In the event of an Ore Reserve being defined over the two tenements acquired, Kidman will pay Western Areas A\$150/t for every contained tonne of Li<sub>2</sub>O classified as a JORC Ore Reserve.

All nickel rights on the two tenements will remain with Western Areas and should the value of Kidman's shares be materially adversely affected in limited circumstances Western Areas has the option to unwind the transaction.

Kidman and Western Areas are also in advanced discussions regarding a potential farm-in joint venture agreement in respect of the lithium rights on Western Areas' remaining northern Forrestania tenements.

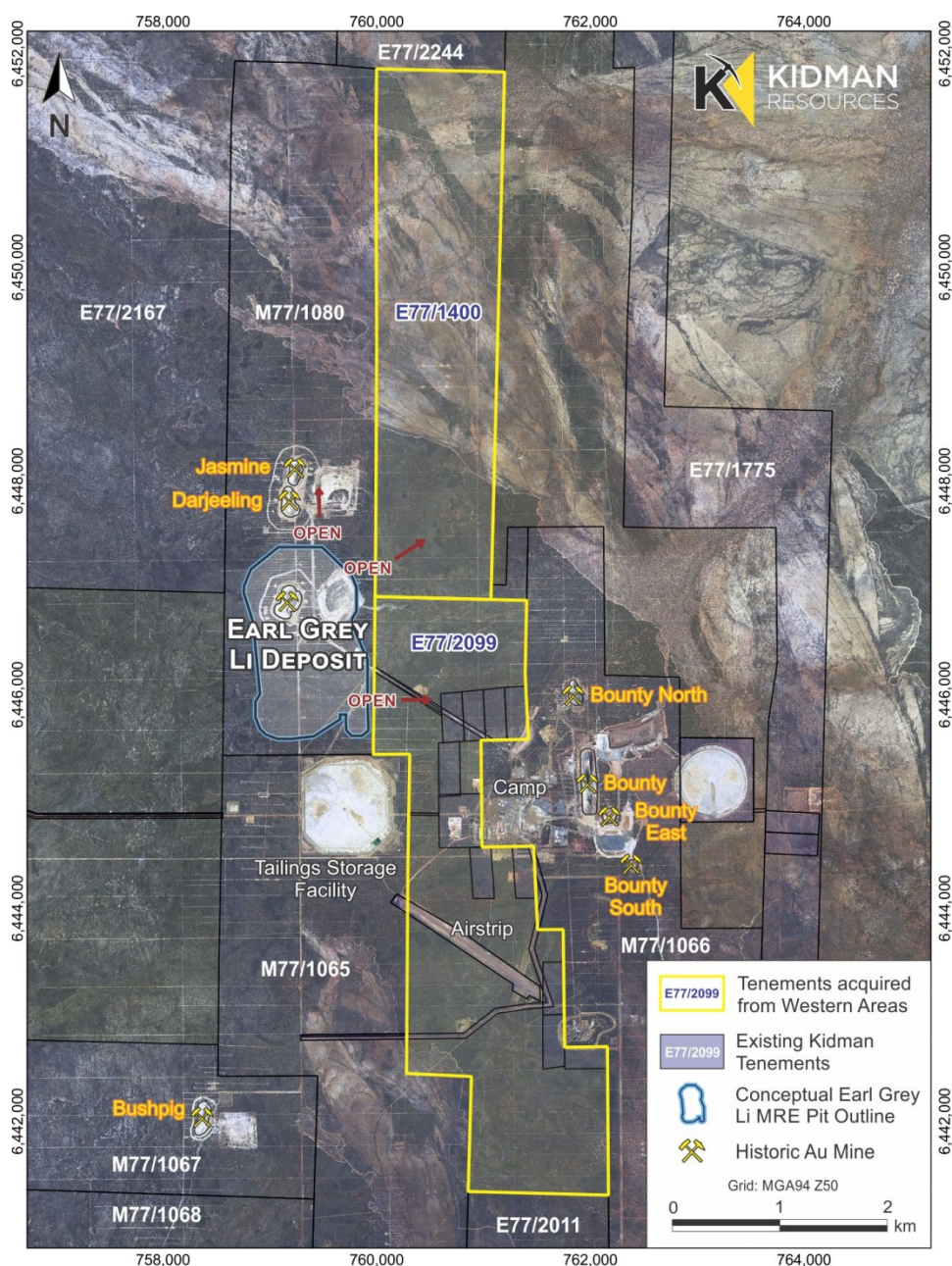


Figure 2: Newly acquired tenements from Western Areas E77/2099 and E77/1400

## **Kidman Background**

Kidman is a diversified resource company which owns the Mt Holland lithium and gold project near Southern Cross in WA (see ASX Announcement 18th December for further details of the project). The company is now undertaking metallurgical and geotechnical drilling at Earl Grey as well as commencing feasibility work and has entered into an exclusive option agreement to potentially process Lithium ores at the Lake Johnston 1.5Mtpa concentrator owned by Poseidon Nickel.

The Company also intends to revise the existing gold resource at Mt Holland with a significant RC and Diamond drilling program, followed by an update to the feasibility study undertaken by previous operators.

Kidman also owns the Burbank's Gold Mine near Coolgardie in WA, and on 22 November 2016 announced that it has signed a binding Heads of Agreement with Resources & Energy Group Limited (REZ) to sell the Burbank's Gold Mine to REZ for \$4.5 million.

Kidman also owns 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 refer to the website at: [www.kidmanresources.com.au](http://www.kidmanresources.com.au)

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