

28th October 2013

ASX Release

**Kidman Resources
Limited**
ABN 88 143 526 096

Corporate Details:

ASX Codes: KDR and KDRO

Issued capital:

105.6M ordinary shares
25.4M listed options (20c Nov 2013)

Substantial Shareholders:

Blumont Group 11.3M (10.7%)
Acorn Capital 8.7M (8.24%)

Directors:

Non-Executive Chairman:
Garrick Higgins
Managing Director:
Shane Mele
Non-Executive Director:
Andrew McIlwain

Company Secretaries:

Melanie Leydin
Justin Mouchacca

Cash at bank – 30 Sept 2013

\$5.66 Million

Contact Details:

Kidman Resources Limited
Level 4 Suite 3
12-20 Flinders Lane
Melbourne
Victoria 3000
Australia

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Fax: +61 (0)3 9671 3523

Email:
info@kidmanresources.com.au

Media contact:

Nathan Ryan
(NWR Communications)
0420 582 887

Website:

www.kidmanresources.com.au

Letter to KDRO option holders

Kidman Resources Limited (ASX codes **KDR** and **KDRO** or the **Company**) would like to advise of the following letter which has been dispatched to KDRO option holders in accordance with ASX Listing Rule 6.24 and that provides notice that the expiry date of these options is 5:00pm (AEDST) on 29 November 2013.

Do not hesitate to contact the Company Secretary with any further queries in relation to these options.

For further information, contact:

Justin Mouchacca
Company Secretary

Company Background

Kidman Resources Ltd is an Australian exploration company focused on base and precious metals. The company has a strong focus on regions and projects that show potential for high grade ore deposits that may be developed into high margin mining operations.

Its flagship asset is the 100% owned Home of Bullion Copper project located near Barrow Creek in the Northern Territory of Australia. The project is close to infrastructure including the Darwin/Adelaide railway (9km East), the Stuart Hwy (20km West) and the gas pipeline.

The company also holds a portfolio of highly prospective projects in central New South Wales. For further information on the company's projects please go to www.kidmanresources.com.au

28 October 2013

Number of Options Held:

Dear Optionholder,

Option Holders – Notice of Expiry Date 29 November 2013 (ASX: KDRO)

We write to you as a registered holder as at today's date of KDRO options issued by Kidman Resources Limited. These options entitle you to acquire ordinary fully paid shares in Kidman Resources Limited. Each option held is for the acquisition of one fully paid ordinary share, and the exercise price is \$0.20 (20 cents) per share.

You are formally advised that these KDRO options will expire at 5.00pm Australian Eastern Daylight Standard Time (AEST) on 29 November 2013 and that official quotation of KDRO options on the Australian Securities Exchange (ASX) will cease at the close of trading on Friday 22 November 2013.

The courses of action open to you as a holder of these options are:

- (i) Exercise all or some of the options. Documentation and payment must be received by the Company **no later than 5.00 p.m. (AEDST) on 29 November 2013**. As a holder of these options, you have the entitlement to convert either all or part of your holding into fully paid ordinary shares.
- (ii) Sell your Options. Quotation of the Options will cease on Friday 22 November 2013;
- (iii) Do nothing. If you do not take any action to exercise your options prior to 29 November 2013, the options will expire and your rights to purchase shares at \$0.20 (20 cents) each will lapse.

Pursuant to Listing Rule 6.24, Appendix 6A of the ASX, the Company provides the information contained in this notice.

Market Sale Price of shares and options

The market sale price of fully paid ordinary shares in **Kidman Resources Limited (ASX: KDR)** on the ASX was \$0.245 cents (24.5 cents) on 22 October 2013, being the last trading day prior to the date of this notice.

During the three months preceding the date of this notice:

- the highest market price per KDR share on the ASX was \$0.365 (36.5 cents) on 15 August 2013; and
- the lowest market price per KDR share on the ASX was \$0.205 (20.5 cents) on 7 August 2013.
- the highest market price per KDRO option on the ASX was \$0.13 (13 cents) on 15 August 2013; and
- the lowest market price per KDRO option on the ASX was \$0.036 (3.6 cents) on 22 October 2013.

A Option Expiry Notice form is enclosed for your completion.

Options on Issue

The Company provides the following information in accordance with the Listing Rules:

1. The total number of outstanding Options as at the date of this letter is 25,278,752;
2. Each Option entitles the holder to receive, on exercise, one single fully paid ordinary share in the Company. If all Options are exercised, 25,278,752 fully paid ordinary shares will be issued;

How to Exercise your Options

Please complete the enclosed 'Notice of Exercise of Options and Application for Shares' form and then forward it together with your cheque, to be received by 5.00 pm AEDST on 29 November 2013, the option expiry date, to:

Kidman Resources Limited
Level 4, 100 Albert Road
SOUTH MELBOURNE VIC 3205

Telephone: +61 3 9692 7222
Facsimile: +61 3 9077 9233

Payments must be in Australian dollars only, and cheques should be made payable to **Kidman Resources Limited** and crossed "Not Negotiable" and drawn on an Australian bank.

Do not hesitate to contact the Company Secretary with any further queries in relation to these options.

Yours sincerely
KIDMAN RESOURCES LIMITED



Justin Mouchacca
Company Secretary

KIDMAN RESOURCES LIMITED (KDRO)

ABN 88 143 526 09

TERMS AND CONDITIONS OF OPTIONS EXPIRING 29 NOVEMBER 2013 AT \$0.20

The terms and conditions of the Options are as follows:

(a) Entitlement

- (i) Each Option entitles the Optionholder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- (ii) Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

(b) Exercise of Option

The Options are exercisable at any time from the date of issue.

The final date and time for exercise of the Options is 5pm (AEDT) on 29 November 2013. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.

The exercise price of each Option is \$0.20.

Each Option is exercisable by the Optionholder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company.

Remittances must be made payable to 'Kidman Resources Limited' and cheques should be crossed 'Not Negotiable'.

All Options will lapse on the earlier of the:

- (a) receipt by the Company of notice from the Optionholder that the Optionholder has elected to surrender the Option; and
- (b) expiry of the final date and time for exercise of the Option.

In the event of liquidation of the Company, all unexercised Options will lapse.

(c) Quotation

The Company will apply to the ASX for Official Quotation of the Options.

If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

(d) Participation in Securities Issues

Subject to paragraph (e) below, the holder is not entitled to participate in new issues of securities without exercising the Options.

(e) Participation in a Reorganisation of Capital

In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on Shareholders of the Company.

In any reorganisation as referred to in paragraph (e)(i), Options will be treated in the following manner:

- (a) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (b) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (c) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (e) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (f) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders.

(f) Adjustments to Options and Exercise Price

Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph (f)(ii) to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

The method of adjustment for the purpose of paragraph (f)(i) shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(a) Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N+1}$$

where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities into which one Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(b) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

(g) Takeovers and Schemes of Arrangement

(i) If during the currency of any Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Optionholder of the offer and from the date of such notification, the Optionholder has 60 days within which to exercise the Options notwithstanding any other terms and conditions applicable to the Options or arrangement. If the Options are not exercised within 60 days after notification of the offer, the Options may be exercised at any other time according to their terms of issue.

(ii) If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Optionholder will be entitled to exercise Options held by it within the period notified by the Company.

(h) Transfers

The Options are freely transferable subject to the provisions of the Constitution of the Company, Corporations Act and the ASX Listing Rules.

(i) Notices

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

(j) Rights to Accounts

The Optionholder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.

NOTICE OF EXERCISE OF OPTIONS

To
Company Secretary
Kidman Resources Limited
LEVEL 4
100 ALBERT ROAD
SOUTH MELBOURNE VIC 3205

I / We
Name of Optionholder(s) (Please use BLOCK letters)

.....
Registered address of Optionholder(s) (Please use BLOCK letters)

hereby exercise my options to subscribe for
(number in words) (in figures)

fully paid ordinary shares in the capital of Kidman Resources Limited at \$0.20 per option.

I/We enclose application money of \$ and authorise you to register me/us as the holder of the shares to be allotted to me/us and /we agree to accept such shares subject to the Rules of the Constitution of the Company

PLEASE SIGN HERE:

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Joint Shareholder 2 (Individual)

Director

Joint Shareholder 3 (Individual)

Director / Company Secretary

Contact Name:

Contact Number:

Date:

This application, with application money in Australian Currency, should be lodged with the Company on or before the Expiry Date.

NOTE: Cheque should be made payable to **Kidman Resources Limited – Share Offer Account** and forwarded to the Company.