

December 18th, 2015

ASX Release

Kidman Resources Limited  
ABN 88 143 526 096

## Kidman agrees to acquire 1Moz Mt Holland gold field in WA

**Corporate Details:**

ASX Code: KDR

**Issued capital:**

142.3M ordinary shares

**Substantial Shareholders:**

Capri 22.7m (15.97%)  
Holdex Nominees 11.3m (7.94%)

**Directors:**

**Non-Executive Chairman:**

Peter Lester

**Managing Director:**

Martin Donohue

**Non-Executive Director:**

Brad Evans

**Chief Operating Officer (COO):**

Tony Davis

**Chief Financial Officer (CFO):**

Melanie Leydin

**Company Secretary:**

Justin Mouchacca

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**Key points**

- Kidman has entered into a Non-Binding HOA to acquire the Mt Holland gold field near Southern Cross in WA for \$3.5million
- Mt Holland has a total combined Measured, Indicated and Inferred Mineral Resource of 928,000oz (excluding the remaining inaccessible 246,000oz Mineral Resource at Bounty)
- Mt Holland covers 50km of strike on the highly prospective Forrestania greenstone belt which hosts the historic Bounty gold mine
- Flagship deposit is Blue Vein, which has a combined Measured, Indicated and Inferred Mineral Resource of 372,000oz at 2.39gpt and access to extensive infrastructure
- Kidman's immediate focus will be growing the Blue Vein Resource ahead of a feasibility study
- Mt Holland acquisition comes as Kidman continues to ramp up production at its Burbanks gold mine in WA

Kidman Resources Limited (ASX: KDR) is pleased to advise that it has taken another key step in its plan to become a substantial Australian gold producer by entering into a Non-Binding Heads of Agreement (HOA) for the acquisition of the approximate one-million-ounce Mount Holland gold field in WA at a price that equates to \$3.77 per Resource ounce.

Kidman has agreed total consideration of \$3.5 million, comprising repayment of a \$1.5 million debt on behalf of MH Gold Pty Ltd, \$500,000 cash and \$1.5 million worth of Kidman shares, for the project.

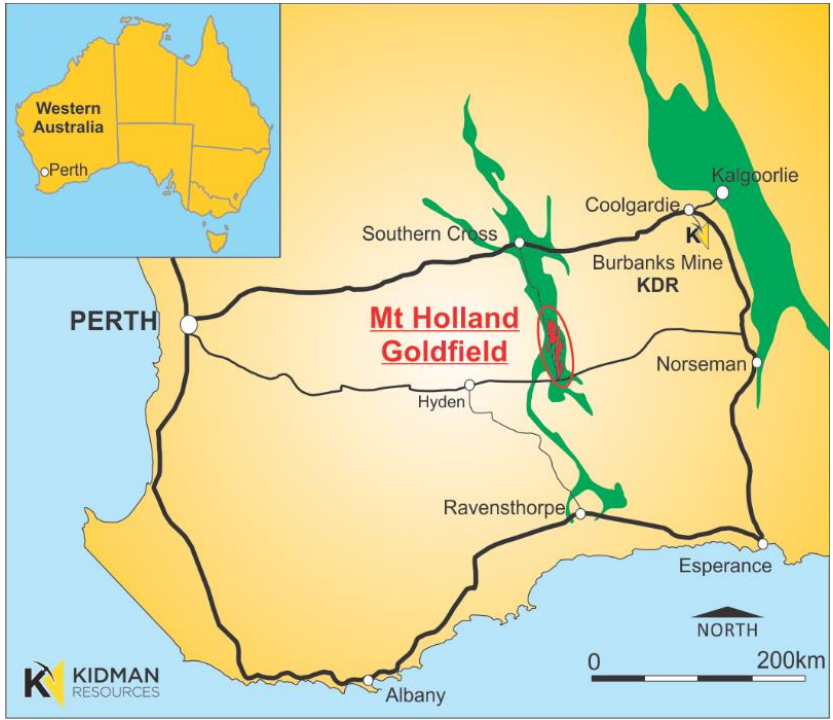


Image: Mt Holland Goldfield Location map

Mt Holland hosts total combined Inferred, Indicated and Measured Resources of 928,500 ounces of gold - hosted within a 50km-long strike length of the Forrestania greenstone belt south of Southern Cross. Within this 50km strike extent there remains numerous untested geochemical and geophysical anomalies that provide significant potential upside to Kidman within a land package that rarely becomes available in WA's eastern goldfields.

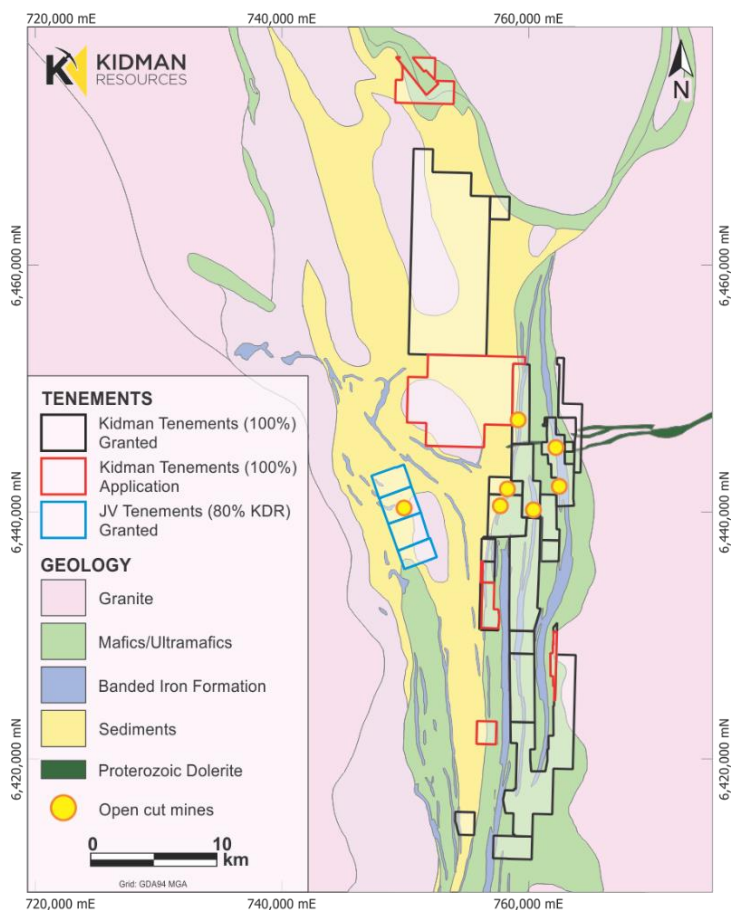


Image: Mt Holland Tenement location map

The key deposit being targeted by Kidman is Blue Vein, which at a 3 gpt cut off has a 208,000-ounce Combined Measure, Inferred and Indicated Mineral Resource of 963,000t @ 6.7gpt.

Kidman intends to start a drilling campaign early next year to grow this Resource significantly ahead of a new feasibility study scheduled to start later in the year.

Importantly, Blue Vein sits just 5km from the historical Bounty gold mine, which produced more than 1.2Moz between 1989 and 2001 before being closed due to geo-technical concerns when mining had reached around 900m below surface

Blue Vein is considered an analogue to the historic Bounty mine and exhibits very similar geology and gold grades yet is only drilled to depth of around 300m below surface . Blue Vein is open along strike and at depth, with the deepest drill hole at Blue Vein returning 14.5m @ 13.6pt Au

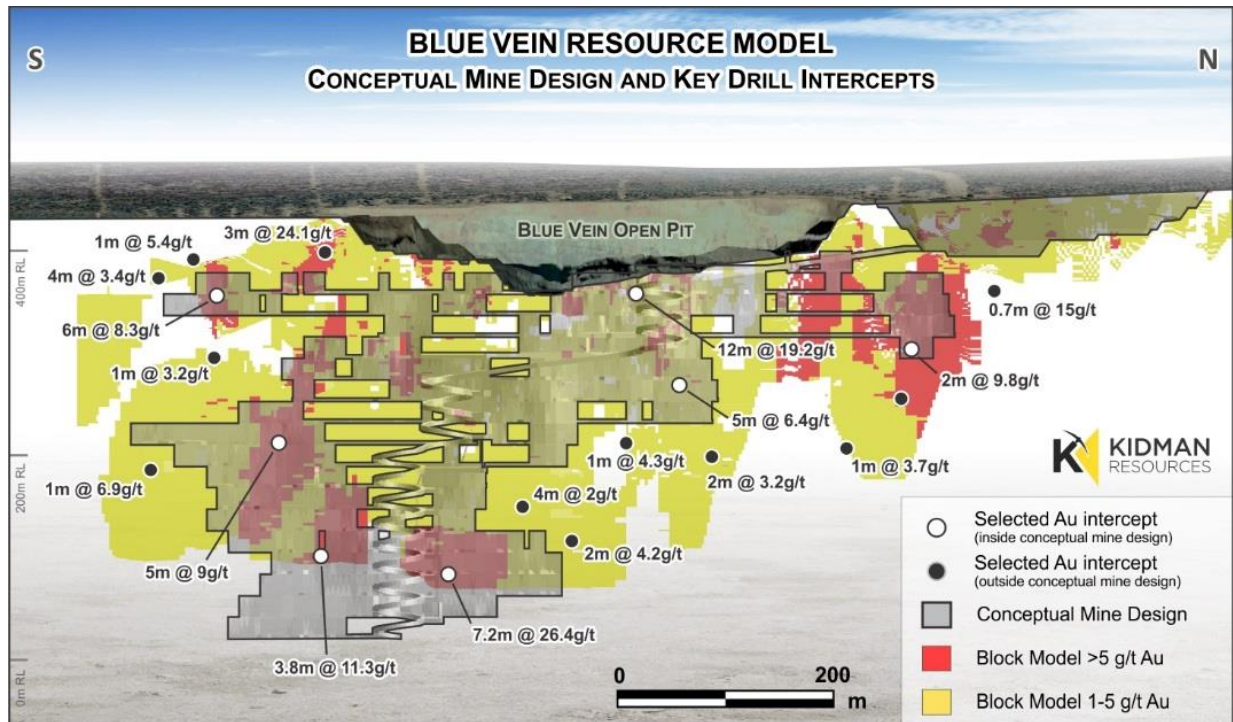


Image: Blue Vein Resource Model with proposed underground infrastructure following 2013 PFS

In addition to Blue Vein, Mt Holland has Resources of 404,000oz in several previously developed oxide open pits, such as Twinings, Van Uden, Bush Pig and Razor Back. Significantly, these deposits are open at depth and provide significant scope for Kidman to grow Resources further within the overall project area.

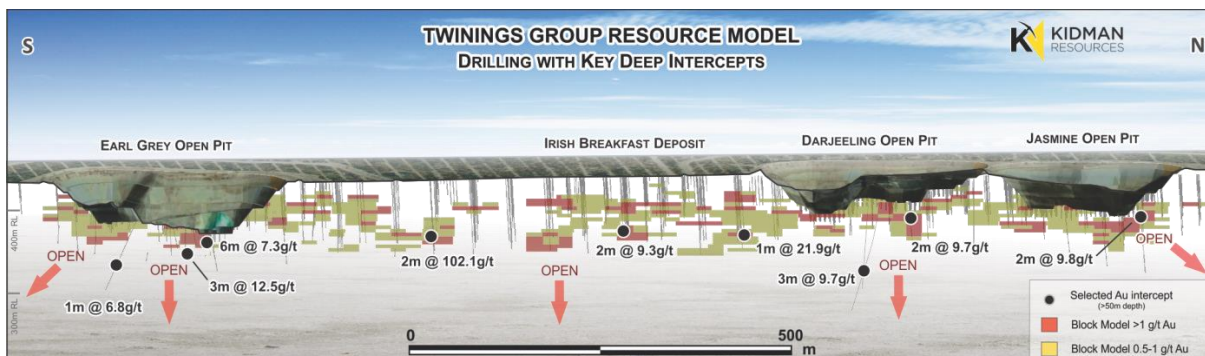


Image: Twinings Group with exploration upside at depth and along strike.

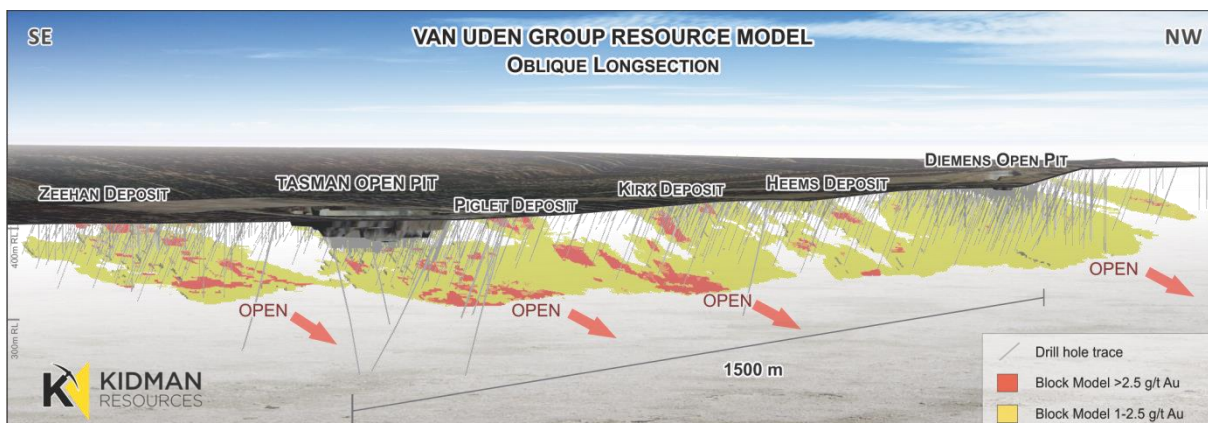


Image: The Van Uden group of deposits with Resource Model

The 928,500-ounce Resource at Mt Holland excludes the 246,000-ounce Combined Underground Resource remaining at Bounty because the geo-technical issues mean this is not a realistic development prospect.

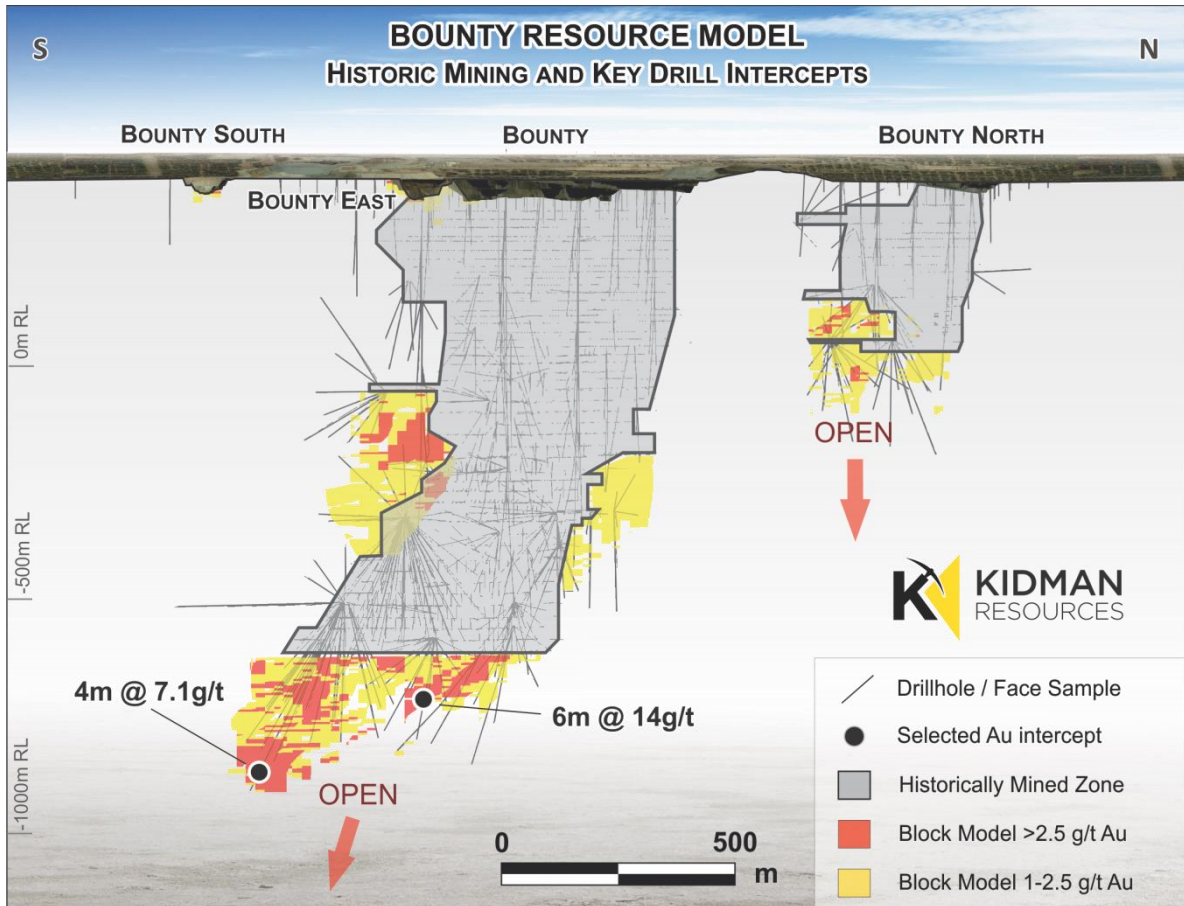


Image: The historic Bounty mine with remnant resource and deepest drill Intercepts

A pre-feasibility study on Blue Vein undertaken in 2013 found the project would generate free cashflow of \$23 million at a gold price of A\$1400/oz and production of 43,000ozpa over an initial three years.

Kidman aims to grow the Resource inventory and mine life significantly to enhance the economics of the project.

Blue Vein has the key advantage of access to existing infrastructure, including tailings dams, haul roads, mains electrical power and a water bore field. However, the old Bounty Mill has been removed.

## Key step in Kidman’s growth strategy

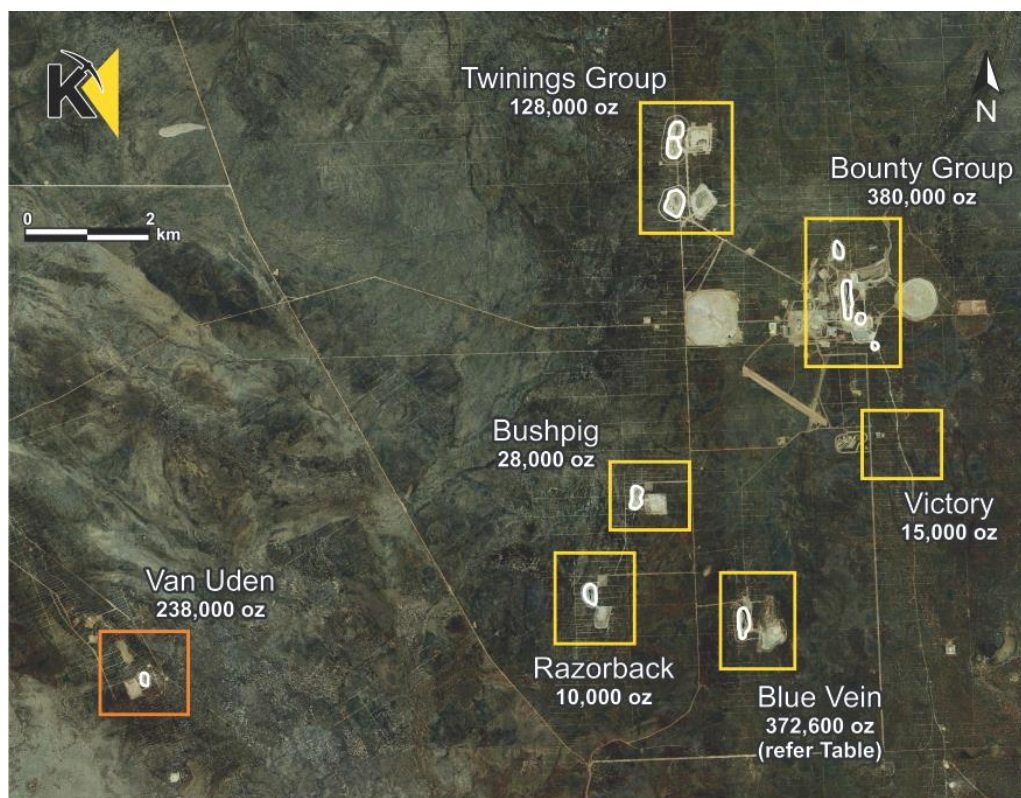


Image: Mt Holland Deposit locations and Resources

The acquisition of the Mt Holland goldfield is consistent with Kidman’s strategy to become a substantial Australian gold producer by self-funding acquisitions with immediate or near-term cashflow and strong potential for resource growth.

“Mt Holland meets our acquisition criteria perfectly,” Kidman Managing Director Martin Donohue said.

“We have secured a 1Moz gold inventory in a highly prospective belt with huge scope for further growth in the resource base –and it comes at a very attractive price for Kidman shareholders. Land packages of this quality and size rarely become available in the WA goldfields.

“Our immediate focus will be on growing the Blue Vein Resource to ensure that our feasibility study and development decision are based on an inventory which is sufficient to generate robust financial returns.

“At the same time, we are ramping up production and cashflow at our Burbanks operations which produced its first gold for Kidman only 3 months ago.

“This means we are well on track to achieve our objective of being a significant Australian gold producer with a substantial resource base and exploration upside.”

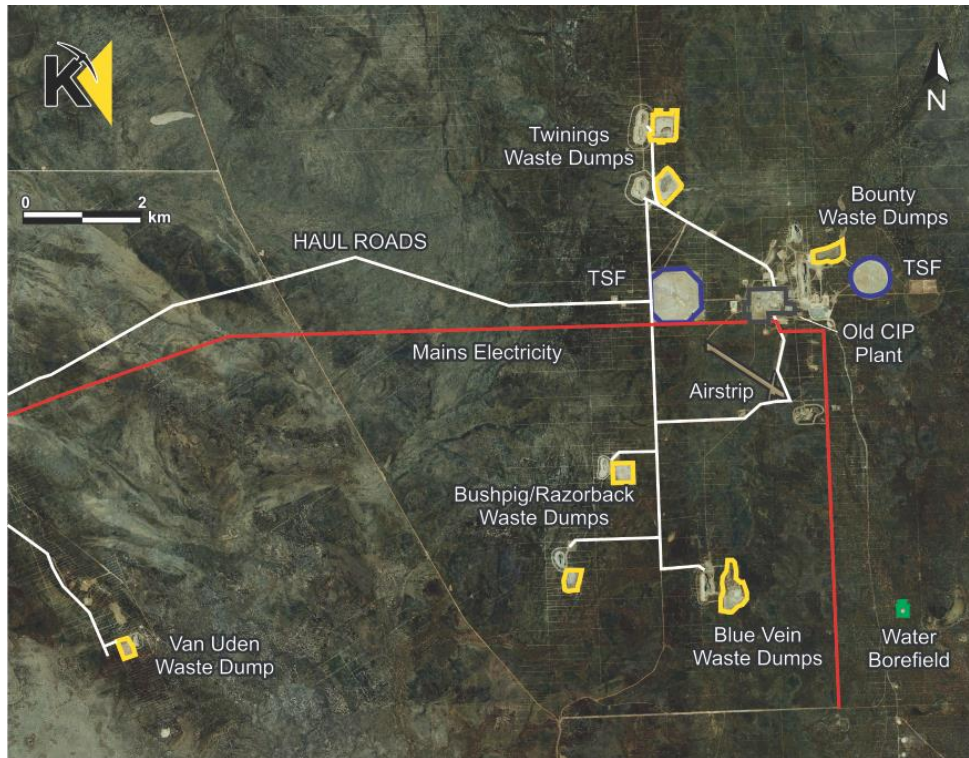


Image: Existing Infrastructure of the Mt Holland Goldfield

### **Purchase Heads of Agreement**

The Non-Binding Heads of Agreement provides that Kidman shall have the exclusive right to deal with the vendor until 29 February 2016 whilst a formal binding agreement is negotiated.

Under the terms of the heads of agreement, Kidman has reached an in principle agreement to acquire all of the tenement interests previously held by the Convergent Minerals Limited group of companies (in administration) for a total of \$3.5 million, which would comprise purchase consideration of \$500,000 million cash and \$1.5 million worth of Kidman shares, together with \$1.5 million payable within a time frame to be agreed to satisfy the registered owner's liability under a debt assignment between the administrators of CVG and Capri Trading Pty Ltd.

The Heads of Agreement further provides that, during the exclusivity period, Kidman shall assume all responsibilities in respect of the maintenance of the tenement assets.

### **Transaction Steps**

As Capri Trading is the holder of a present relevant interest of 15.98% in Kidman, any formal agreement will be subject to approval by Kidman's shareholders together with Kidman obtaining an independent experts report as to the fairness and reasonableness of the proposed transaction.

Kidman intends to instruct an independent expert, during the exclusivity period, with a view to convening a general meeting to approve the transaction as soon as practical upon the formal binding agreement being entered into to acquire the assets.

## **Kidman Background**

Kidman is a diversified resource company currently in production at the Burbanks Gold Mine near Coolgardie in WA, production commenced in the September quarter of 2015.

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 Crawl 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)

### **Media:**

#### **Read Corporate**

**Paul Armstrong / Nicholas Read**

**+61 8 9388 1474**

### **Competent Persons Statement**

*The Information contained within this public announcement is extracted from the report entitled Convergent Minerals Limited Annual Report to Shareholders created on 30/09/2014 and is available to view on the ASX website. The Competent person responsible for the information contained within this report is Mr. Robin Rankin MSc DIC MAusIMM(CP). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

*The Information contained within this public announcement is extracted from the report entitled Convergent Minerals Limited Presentation for Resources Symposium Broken Hill 2015 created on 26/05/2015 and is available to view on the ASX website. The Competent person responsible for the information contained within this report is Mr. David Price FAusIMM. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

### **Exploration:**

*The information in this release that relates to sampling techniques and data, Exploration Results, geological interpretation and Exploration Targets has been compiled by Mr. Michael Green BSc (Hons), MAusIMM, an employee of the Company. Mr. Green is a Member of the Australian Institute of Mining and Metallurgy and he has sufficient experience with the style of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as a competent person as defined in the 2012 Edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr. Green is a shareholder in KDR. Mr. Green consents to the inclusion in this report of the contained technical information in the form and context in which it appears.*

### **Cautionary Statement**

*Readers should use caution when reviewing the exploration and historical production results presented and ensure that the Modifying Factors described in the 2012 edition of the JORC Code are considered before making an investment decision.*



### Mt Holland Resources

0.50g/t Au cut-off

Project Name	Measured Gold			Indicated Gold			Inferred Gold			Total Gold		
	Tonnes	(g/t)	Ounces	Tonnes	(g/t)	Ounces	Tonnes	(g/t)	Ounces	Tonnes	(g/t)	Ounces
Van Uden (KDR 80%) *	326,000	1.72	18,000	1,601,000	1.51	78,000	3,451,000	1.28	142,000	5,378,000	1.38	238,000
Blue Vein **	2,093,000	2.30	155,100	1,299,000	2.07	86,600	1,457,000	2.79	130,900	4,849,000	2.39	372,500
Twinnings Group (Earl Grey, Jasmine)	1,955,000	1.11	70,000	929,000	1.06	32,000	739,000	1.10	26,000	3,623,000	1.10	128,000
Bushpig	293,000	1.31	12,000	277,000	1.01	9,000	173,000	1.10	6,000	743,000	1.16	28,000
Razorback	165,000	1.08	6,000	86,000	1.15	3,000	30,000	1.40	1,000	282,000	1.13	10,000
Victory	73,000	1.07	3,000	169,000	1.18	6,000	139,000	1.30	6,000	382,000	1.20	15,000
Bounty South	21,000	1.74	1,000	27,000	1.44	1,000	23,000	1.10	1,000	71,000	1.42	3,000
			265,100			215,600			312,900	15,328,000	1.64	794,500

### Bounty Resources

0.50g/t Au cut-off for open cuts

2.00g/t Au cut-off for underground

Project Name	Measured Gold			Indicated Gold			Inferred Gold			Total Gold		
	Tonnes	(g/t)	Ounces	Tonnes	(g/t)	Ounces	Tonnes	(g/t)	Ounces	Tonnes	(g/t)	Ounces
Bounty Main - underground	1,164,000	3.64	136,000	536,000	3.79	65,000	287,000	3.70	34,000	1,987,000	3.69	235,000
Bounty North - underground	118,000	2.53	9,600	6,000	2.81	1,000	14,000	2.30	1,000	138,000	2.52	11,000
Bounty Main - open cut	682,000	2.22	49,000	309,000	1.71	17,000	407,000	1.40	18,000	1,399,000	1.86	84,000
Bounty North - open cut	327,000	1.46	15,000	150,000	1.32	6,000	240,000	1.40	11,000	717,000	1.40	32,000
Bounty East - open cut	295,000	1.37	13,000	62,000	0.95	2,000	120,000	0.90	3,000	477,000	1.20	18,000
			222,600			91,000			67,000	4,718,000	2.51	380,000

\* Resources estimated by GeoRes in 2012

\*\* Resources estimated by GeoRes in 2014

All other resources estimated by Hellman & Schofield in 2010