



## ASX RELEASE

# QUARTERLY ACTIVITIES REPORT – JUNE 2019

11 July 2019

Kidman Resources Limited (**Kidman** or the **Company**) (ASX: KDR) provides the following report for the period from 1 April 2019 to 30 June 2019 and through to the date of this report.

### HIGHLIGHTS

- During the quarter Kidman and Wesfarmers Limited (**Wesfarmers**) entered into a Scheme Implementation Deed (**SID**) under which it is proposed that Wesfarmers will acquire 100% of the shares in Kidman at \$1.90 per share by way of a Scheme of Arrangement.
- Covalent Lithium has continued to progress the Integrated Definitive Feasibility Study (**IDFS**) on the Mt Holland Lithium Project.
- On 3 July 2019 Kidman provided a trading and operations update which anticipated reduced cash outflows and an improved cash balance at the end of the June quarter.
- The Company's Annual General Meeting was held on Thursday, 9 May 2019 in Melbourne.

### OPERATIONS

#### Integrated Definitive Feasibility Study

Covalent Lithium, the joint venture company in which Kidman holds a 50% interest, continues to progress the IDFS for the Mt Holland Lithium Project.

It is anticipated that, on the basis of progress to date, Covalent Lithium will deliver a draft IDFS for review by the joint venture partners in July 2019 and, following the review and finalisation process set out in the Joint Venture Agreement, the IDFS will now be completed and approved by the joint venture partners in the final quarter of 2019 with a final investment decision expected in the first quarter of 2020.

### CORPORATE

#### Scheme of Arrangement with Wesfarmers

On 23 May 2019, Kidman and Wesfarmers entered into a SID, under which it is proposed that Wesfarmers will acquire 100% of the ordinary shares in Kidman for a cash consideration of \$1.90 per Kidman share by way of a Scheme of Arrangement.

If the Scheme is implemented, Kidman shareholders will receive \$1.90 in cash per share, which values the equity of Kidman at approximately \$776 million and represents an attractive, 47.3% premium to Kidman's closing share price of \$1.29 on 1 May 2019, being the last trading day prior to the announcement of the Wesfarmers proposal and entry into the Process and Exclusivity Deed on 2 May 2019.



The Board of Kidman, together with its advisers, has concluded that the Scheme is in the best interests of Kidman shareholders.

It is anticipated that a Scheme Booklet will be sent to Kidman shareholders in early August, and that Kidman shareholders will meet to vote on the Scheme in early September 2019. If the transaction is approved by Kidman shareholders, then the Scheme is expected to be implemented in September 2019.

The Board recommends that Kidman shareholders vote in favour of the Scheme and each of the Directors intends to vote their shares in favour of the proposed Scheme (in each case, in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of shareholders).

Implementation of the Scheme is subject to various conditions, including Kidman shareholder approval, the Independent Expert concluding that the Scheme is in the best interests of Kidman shareholders and other customary conditions included in the Company's ASX announcement on 23 May 2019.<sup>1</sup>

### **Offtake agreements**

Under the SID with Wesfarmers, Kidman (while able to continue discussions with existing offtake counterparties to the extent required by the relevant offtake arrangements) is not able to enter into, or modify, any offtake arrangements.

On 30 June 2019 the target date for entry into a definitive supply agreement with Mitsui passed. The passing of this date without a definitive supply agreement does not affect the validity of the Heads of Agreement, but provides each party with an option to terminate the Heads of Agreement upon 40 Business Days' notice. As at the date of this release neither party has given such notice.

### **Cashflow update**

As anticipated in the announcement on 3 July 2019, as a result of a change in the estimate and timing of tax payable, the Company's cash outflow for the June 2019 quarter was approximately \$1.4 million, and the cash balance at the end of the quarter was approximately \$25.6 million. Further details are included in the June 2019 Quarterly Cashflow Report, lodged today.

### **Annual General Meeting**

The Company's Annual General Meeting was held during the quarter, on Thursday, 9 May 2019 in Melbourne. All resolutions put to shareholders were passed by the requisite majorities.

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<sup>1</sup> ASX Announcement, "Kidman Resources and Wesfarmers Enter into Scheme Implementation Deed", 23 May 2019.



## **Forward-looking Statements**

This announcement contains certain statements which may constitute forward-looking statements. Such statements are only predictions and are subject to inherent risks, uncertainties and other factors which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements involve known and unknown risks and are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability, and tenure disputes.

Forward-looking statements in this announcement are based generally on the Company's beliefs, opinions and estimates as of the dates the forward-looking statements are made, and no obligation is assumed to update forward-looking statements if those beliefs, opinions and estimates should change or to reflect other future developments. Although the Company believes the outcomes expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. While the Company has made every reasonable effort to ensure the veracity of the information presented in this announcement, it cannot expressly guarantee the accuracy and reliability of the estimates, forecasts and conclusions contained herein.

## **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 will be a globally significant, low cost, integrated producer of battery-grade lithium hydroxide meeting increased demand from the electric vehicle market.

**Kidman Resources Limited**

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## Appendix: Tenement Holding Summary

Below is a listing of the tenements held by Kidman Resources Limited as at 30 June 2019:

Mining Tenement	Location	Beneficial Percentage held	Interest acquired / farm-in during quarter	Interest disposed / farm-out during the quarter
M77/0477 - Van Uden North	WA, Australia	80% - JV owns 100% lithium rights	-	-
M77/0478 - Van Uden South	WA, Australia	80% - JV owns 100% lithium rights	-	-
M77/0522 - Van Uden North	WA, Australia	80% - JV owns 100% lithium rights	-	-
M77/0523 - Van Uden South	WA, Australia	80% - JV owns 100% lithium rights	-	-
E77/1361 - Deserts	WA, Australia	80% - JV owns 100% lithium rights	-	-
E77/1535 - Cities	WA, Australia	80% - JV owns 100% lithium rights	-	-
E77/1582 - Aircraft	WA, Australia	80% - JV owns 100% lithium rights	-	-
E77/2305 - Michael	WA, Australia	80%*** - JV owns 100% lithium rights	-	-
M77/1065 - Cheeses	WA, Australia	100% - JV owns 100% lithium rights	-	-
M77/1066 - Bounty	WA, Australia	50%* - KDR owns 100% gold rights	-	-
M77/1067 - Razorback	WA, Australia	100% - JV owns 100% lithium rights	-	-
M77/1068 - BushPig	WA, Australia	100% - JV owns 100% lithium rights	-	-
M77/1080 - Twinings	WA, Australia	50%* - KDR owns 100% gold rights	-	-
E77/1400 - Cakes	WA, Australia	50%* - KDR owns 100% gold rights	-	-
E77/1773 - Southern Cross	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/1775 - Sea	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2011 - Coffee	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2080 - Battles	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2097 - Generals	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2099 - Biscuits	WA, Australia	50%* - KDR owns 100% gold rights	-	-
E77/2137 - Planets	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2162 - Moons	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2167 - Golf	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2188 - Hamlet	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2244 - Texas	WA, Australia	100% - JV owns 100% lithium rights	-	-
E77/2530 - Mythology	WA, Australia	100%	-	-
P77/4115 - Snow	WA, Australia	100% - JV owns 100% lithium rights	-	-
G77/0037	WA, Australia	100%	-	-
G77/0038	WA, Australia	100% - JV owns 100% lithium rights	-	-
G77/0109	WA, Australia	100%	-	-
G77/129	WA, Australia	50%* - KDR owns 100% gold rights	-	-
G77/130	WA, Australia	50%* - KDR owns 100% gold rights	-	-
G77/131	WA, Australia	50%* - KDR owns 100% gold rights	-	-
G77/132	WA, Australia	100%	-	-
G77/133	WA, Australia	100%	-	-
G77/134	WA, Australia	50%** - KDR owns 100% gold rights	-	-
G77/136 - Application	WA, Australia	50%** - KDR owns 100% gold rights	-	-
L77/0085	WA, Australia	100% - JV owns 100% lithium rights	-	-
L77/0096	WA, Australia	100% - JV owns 100% lithium rights	-	-
L77/0107	WA, Australia	50%* - KDR owns 100% gold rights	-	-
L77/0176	WA, Australia	50%* - KDR owns 100% gold rights	-	-

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Mining Tenement	Location	Beneficial Percentage held	Interest acquired / farm-in during quarter	Interest disposed / farm-out during the quarter
L77/0193	WA, Australia	50%*- KDR owns 100% gold rights	-	-
L77/0194	WA, Australia	50%*- KDR owns 100% gold rights	-	-
L77/0198	WA, Australia	100% - JV owns 100% lithium rights	-	-
L77/0199	WA, Australia	100% - JV owns 100% lithium rights	-	-
L77/0200	WA, Australia	50%*- KDR owns 100% gold rights	-	-
L77/0205	WA, Australia	50%*- KDR owns 100% gold rights	-	-
L77/0206	WA, Australia	50%*- KDR owns 100% gold rights	-	-
L77/0207	WA, Australia	100% - JV owns 100% lithium rights	-	-
L77/0208	WA, Australia	50%*- KDR owns 100% gold rights	-	-
L77/0271	WA, Australia	50%*- KDR owns 100% gold rights	-	-
L77/295	WA, Australia	100%	-	-
L77/296	WA, Australia	100%	-	-
L77/298	WA, Australia	100%	-	-
L77/299 - Application	WA, Australia	100%	-	-
L77/300 - Application	WA, Australia	100%	-	-
L77/301 - Application	WA, Australia	50%*- KDR owns 100% gold rights	0%	100%
L77/302 - Application	WA, Australia	50%*- KDR owns 100% gold rights	0%	100%
P77/4485 - Application	WA, Australia	100% - JV owns 100% lithium rights	-	-
M77/0215	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0216	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0284	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0285	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0286	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0324	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0389	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0458	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0542	WA, Australia	Right to acquire 70% Lithium Rights	-	-
M77/0550	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/1436	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/1581	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/1734	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4067	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2127- Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2228 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2235 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2236 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
E77/2261 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4473 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4474 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4475 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4476 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4477 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-

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Mining Tenement	Location	Beneficial Percentage held	Interest acquired / farm-in during quarter	Interest disposed / farm-out during the quarter
P77/4478 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
P77/4479 - Application	WA, Australia	Right to acquire 70% Lithium Rights	-	-
EL 23186 - Home of Bullion	NT, Australia	100%	-	-
EL 6321 - Browns Reef	NSW, Australia	100%	-	-

\* Pending transfer as part of the MH Gold Pty Ltd / SQM Australia Pty Ltd Asset Sale Agreement.  
\*\* New licences over core licences – requires transfer into JV with SQM Australia Pty Ltd as 50% holder.  
\*\*\* 20% to be transferred to Tianye SXO Gold Mining Pty Ltd