

kre
KIMBERLEY
RARE
EARTHS



Focused on Rare Earths

October 2011

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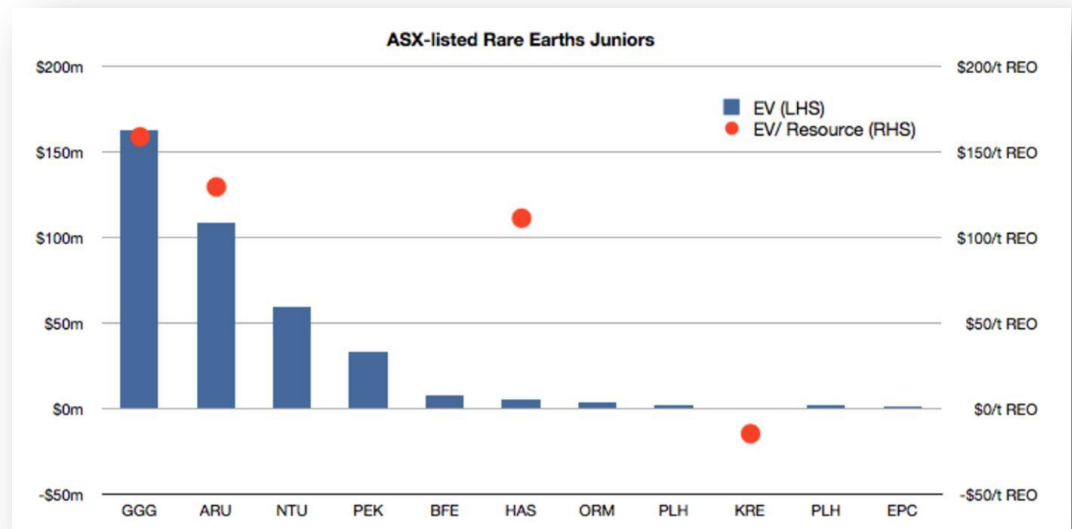
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COMPETENT PERSONS STATEMENT

- Information in this presentation that relates to exploration or exploration results is based on information compiled by Mr Geoff Collis, who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australian Code for Reporting of Mineral Resources and Ore Reserves”. Mr Collis consents to the inclusion of these estimates in the form and context in which they appear.
- Information in this presentation that relates to Mineral Resources is based on a resource estimate at Cummins Range performed by Dr Phillip Hellman FAIG, who is a Director of Hellman and Schofield Pty Ltd and who has had sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australian Code for Reporting of Mineral Resources and Ore Reserves”. Dr Phillip Hellman consents to the inclusion of these estimates in the form and context in which they appear.

ASX:KRE

2011 IPO	Raised \$18.2m. ASX Listed 18 May 2011
SHARE CAPITAL	125.6 million shares. 6 million options
SHARE PRICE	A\$0.11
MARKET CAPITAL	A\$13.8m
CASH ON HAND	A\$16.1m



VALUATION

KRE EV/Resource Tonne
Currently Negative

Peer Comparison - 4 October



Ian Macpherson

Non-Executive Chairman

Ian is a chartered accountant with 30 years experience in corporate advisory, specialising in capital structuring, equity and debt raising, corporate affairs and Stock Exchange compliance procedures for public companies, both mining and industrials. Ian holds directorships of several Australian public companies.



Dr Allan Trench

Non-Executive Director

Allan is a geologist/geophysicist and business management consultant with over 20 years experience within the Australian resources sector across a number of commodity groups including gold, copper, nickel, oil and gas, and LNG. Allan holds directorships of several Australian public companies.



Peter Rowe

Non-Executive Director

Peter is a chemical engineer with recognised international experience gained over a 35 year career, based mainly in Australia and South Africa. He has managed complex large scale mining and metallurgical operations and projects. Peter holds directorships of several Australian public companies.



Gerry Kaczmarek

Non-Executive Director

Gerry is an accountant and economist with almost 30 years experience in the resources and minerals processing industry covering projects in Australia and overseas. Gerry is currently the Chief Financial Officer/Company Secretary of Navigator Resources.



Tim Dobson

Managing Director

Metallurgist with 23 years of continuous, broad-based experience in a range of ASX-listed and international mining companies including Placer Dome, Lihir Gold Limited, OM Group, and Norilsk Nickel. Technical and management roles in large, complex hydrometallurgical operations including gold pressure oxidation (Porgera and Lihir) and nickel-cobalt laterite (Cawse). Extensive feasibility study, project development and organisational development experience.



Geoff Collis

General Manager-Exploration

26 years continuous experience as an exploration geologist working throughout Africa and Australia for a number of highly successful companies, across a range of commodities and within a variety of different geological terrains. Involved in the discovery of numerous gold deposits, the discovery of the Youanmi vanadium deposit in Western Australia and the Hartley Platinum Project prefeasibility study. Corporate experience as Exploration Manager ranging from pre-IPO through to successful M&A.



Darren Crawte

Company Secretary

Over 14 years experience in corporate advisory as a qualified chartered accountant in both the UK and Australia. Currently a Director of Audit and Corporate services at MGI Perth, where he specialises in providing corporate advisory, financial accounting/audit management, transactional support, taxation and other back office services to junior listed companies. Darren has acted as Company Secretary to a number of companies in the junior resources sector having managed a number of these through an initial public offering.

KRE Strategic Aims

1. Advance the scale, geological and metallurgical understanding of the Cummins Range rare earths deposit.
2. Undertake metallurgical test work studies targeting the test-scale production of rare earth metal concentrates for the purpose of achieving near term commercial development.
3. Assess and, if warranted, acquire other rare earths projects that have potential to add value to the Company.

OUR OBJECTIVE

KRE will rapidly take its place amongst the front line of rare earth producers and will be recognised by all stakeholders as a high quality company that delivers

The Rare Earth Metals

'Light' REE

- Lanthanum
- Cerium
- Praseodymium
- Neodymium
- Promethium
- Samarium

21 Sc	39 Y	57 La	58 Ce
59 Pr	60 Nd	62 Sm	63 Eu
64 Gd	65 Tb	66 Dy	67 Ho
68 Er	69 Tm	70 Yb	71 Lu

The Periodic Table of the Elements

hydrogen 1 H 1.0079																	helium 2 He 4.0026
lithium 3 Li 6.941	beryllium 4 Be 9.0122											boron 5 B 10.811	carbon 6 C 12.011	nitrogen 7 N 14.007	oxygen 8 O 15.999	fluorine 9 F 18.998	neon 10 Ne 20.180
sodium 11 Na 22.990	magnesium 12 Mg 24.305											aluminum 13 Al 26.982	silicon 14 Si 28.086	phosphorus 15 P 30.974	sulfur 16 S 32.065	chlorine 17 Cl 35.453	argon 18 Ar 39.948
potassium 19 K 39.098	calcium 20 Ca 40.078	scandium 21 Sc 44.956	titanium 22 Ti 47.867	vanadium 23 V 50.942	chromium 24 Cr 51.996	manganese 25 Mn 54.938	iron 26 Fe 55.845	cobalt 27 Co 58.933	nickel 28 Ni 58.693	copper 29 Cu 63.546	zinc 30 Zn 65.39	gallium 31 Ga 69.723	germanium 32 Ge 72.61	arsenic 33 As 74.922	selenium 34 Se 78.96	bromine 35 Br 79.904	krypton 36 Kr 83.80
rubidium 37 Rb 85.468	strontium 38 Sr 87.62	yttrium 39 Y 88.906	zirconium 40 Zr 91.224	niobium 41 Nb 92.906	molybdenum 42 Mo 95.94	technetium 43 Tc [98]	ruthenium 44 Ru 101.07	rhodium 45 Rh 106.91	palladium 46 Pd 106.42	silver 47 Ag 107.87	cadmium 48 Cd 112.41	indium 49 In 114.82	tin 50 Sn 118.71	antimony 51 Sb 121.76	tellurium 52 Te 127.6	iodine 53 I 126.90	xenon 54 Xe 131.29
cesium 55 Cs 132.91	barium 56 Ba 137.33	* 57-70 lanthanide series lanthanum 57 Lu 138.91	hafnium 72 Hf 178.49	tantalum 73 Ta 180.95	tungsten 74 W 183.84	rhenium 75 Re 186.21	osmium 76 Os 190.23	iridium 77 Ir 192.22	platinum 78 Pt 195.08	gold 79 Au 196.97	mercury 80 Hg 200.59	thallium 81 Tl 204.38	lead 82 Pb 207.2	bismuth 83 Bi 208.98	polonium 84 Po [209]	astatine 85 At [210]	radon 86 Rn [222]
francium 87 Fr [223]	radium 88 Ra [226]	* ** 89-102 actinide series actinium 89 Ac [227]	rutherfordium 104 Rf [261]	bohrium 105 Bh [262]	seaborgium 106 Sg [266]	hassium 107 Hs [277]	meitnerium 108 Mt [276]	darmstadtium 109 Ds [281]	roentgenium 110 Rg [288]	copernicium 111 Cn [285]	nihonium 112 Nh [284]	flerovium 114 Fl [289]	tennessine 115 Ts [289]	oganesson 116 Og [294]			

* Lanthanide series

lanthanum 57 La	cerium 58 Ce	praseodymium 59 Pr	neodymium 60 Nd	promethium 61 Pm	samarium 62 Sm	europium 63 Eu	gadolinium 64 Gd	terbium 65 Tb	dysprosium 66 Dy	holmium 67 Ho	erbium 68 Er	thulium 69 Tm	ytterbium 70 Yb
actinium 89 Ac	thorium 90 Th	protactinium 91 Pa	uranium 92 U	neptunium 93 Np	plutonium 94 Pu	americium 95 Am	curium 96 Cm	berkelium 97 Bk	californium 98 Cf	einsteinium 99 Es	fermium 100 Fm	mendelevium 101 Md	nobelium 102 No

** Actinide series

'Heavy' REE

- Europium
- Gadolinium
- Terbium
- Dysprosium
- Holmium
- Erbium
- Thulium
- Ytterbium
- Lutetium

Other REE

- Scandium
- Yttrium

Critical For Green Technologies



Hybrid cars

(neodymium & dysprosium)

- Rare earth magnets used in batteries and other components requiring small, lightweight motors.



Wind turbines

(neodymium & dysprosium)

- Rare earth magnets used in motor, where lightweight is important due to the position of the motor on top of a tall, thin support, subject to high winds

Fluorescent lights

(terbium, europium, gadolinium & yttrium)

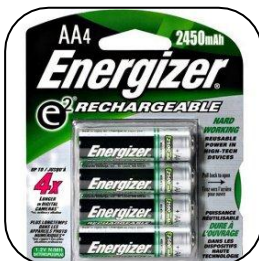
- Combination of red, blue & green phosphors to make white light that is more efficient than incandescent bulbs



Rechargeable batteries

(lanthanum)

- Non-toxic replacements to nickel and cadmium batteries



Non-toxic pigments

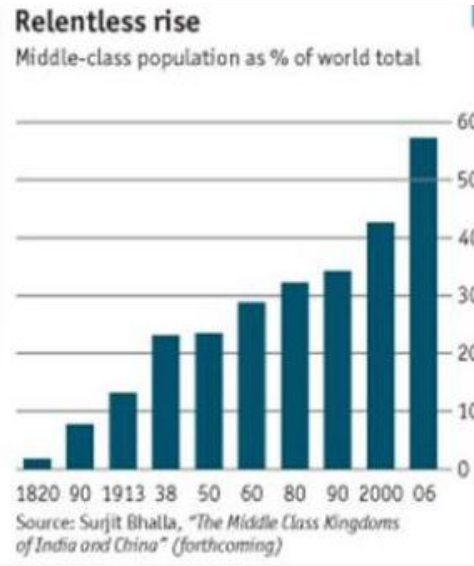
(lanthanum & cerium)

- Non-toxic replacements to cadmium and other heavy metals in red-orange pigments.

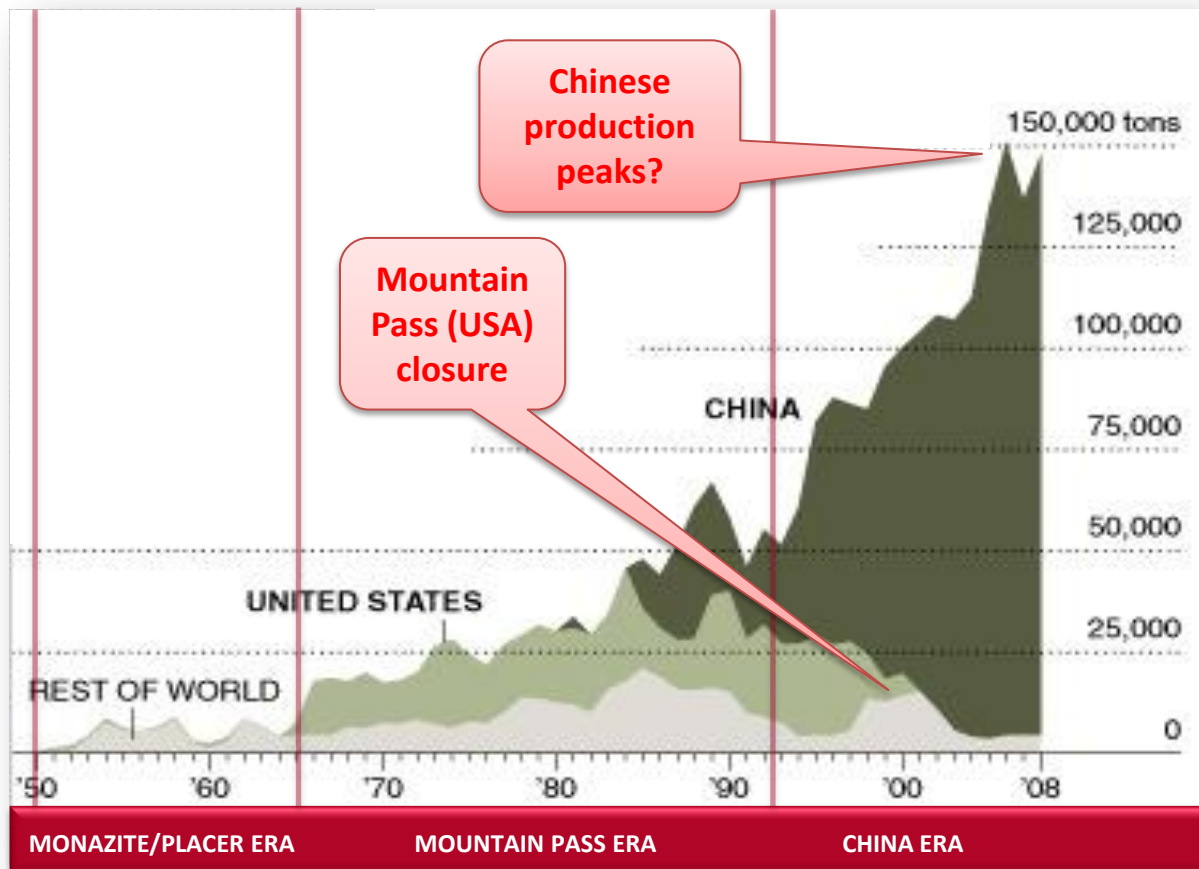


“By 2030, developing countries will be home to 93% of the world’s middle class”

The World Bank (2011)



A New Industry with a 3-Phase History



THE LAST 10 YEARS

- **2002**
Mountain Pass, USA, stopped mining
- **2002 - 2007**
China supplied over 95% of global rare earth oxides
- **2007**
China commenced reducing export quotas

WHY?

1. Developed in-house downstream capacity
2. Soaring domestic demand
3. Environmental issues and illegal operations

Chinese Export Restrictions In Progress

“China cuts 2011 rare earths export quotas”

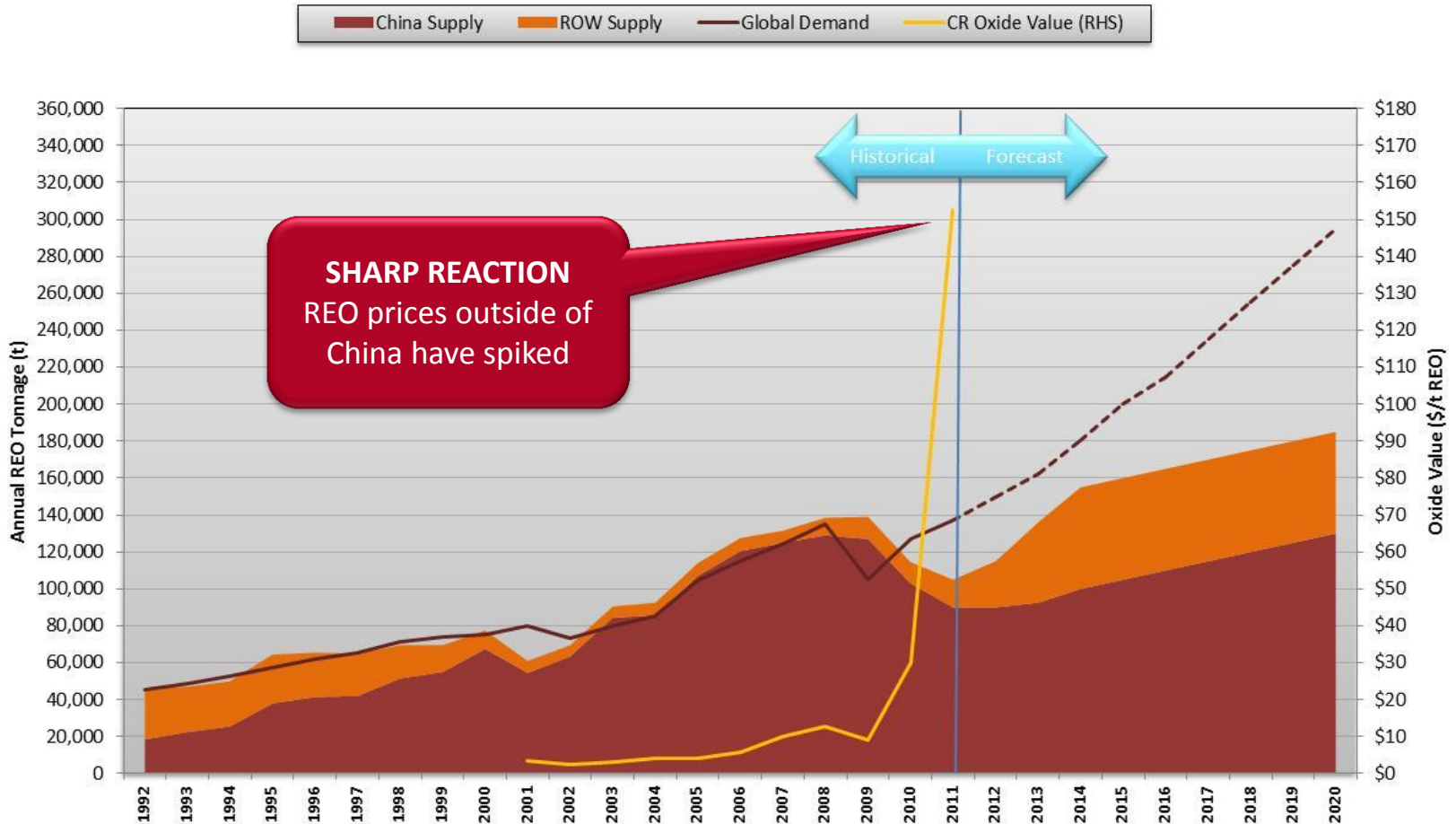
MarketWatch, 19th Oct 2010

Year	REO Export Quota	% Change	Demand Outside China	Surplus (Shortfall)
2005	65,609 t	0%	48,000 t	17,609 t
2006	61,821 t	-6%	53,000 t	8,821 t
2007	59,643 t	-4%	55,000 t	4,643 t
2008	56,939 t	-4.5%	54,000 t	2,939 t
2009	50,145 t	-12%	25,000 t	25,145 t
2010	30,258 t	-40%	62,000 t	(31,742) t

“China plans to fix rare earth prices”

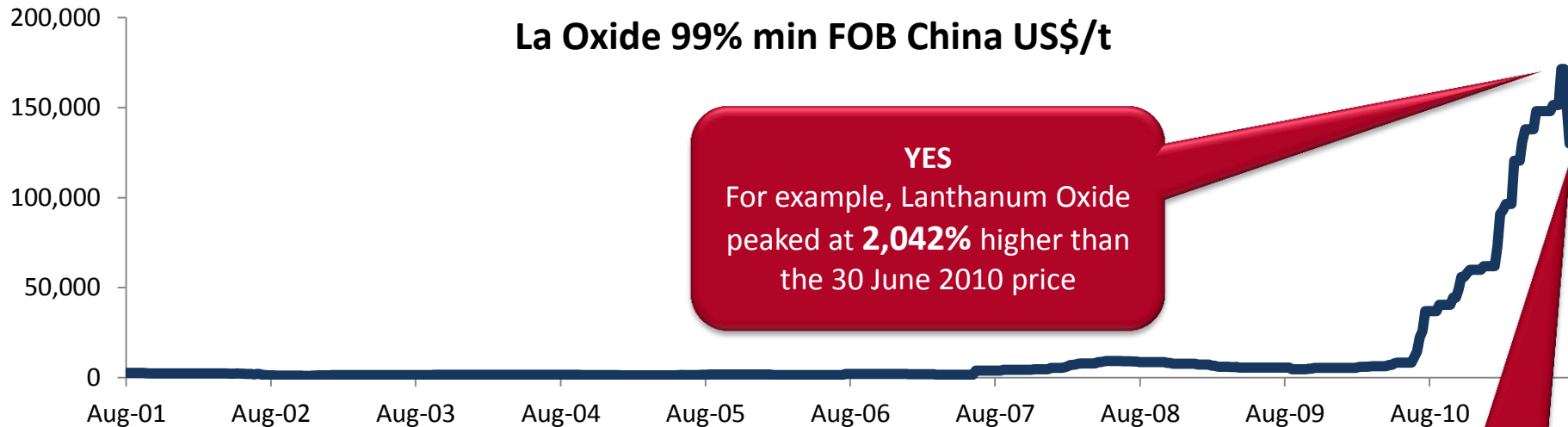
Reuters, 8th July 2010

Rare Earths Supply and Demand



Have RE Prices Retreated Recently?

La Oxide 99% min FOB China US\$/t



YES
For example, Lanthanum Oxide peaked at **2,042%** higher than the 30 June 2010 price

It is now only **1,548%** higher than the 30 June 2010 Price

- There is a medium to long term RE supply bottleneck
 - SUPPLY DOWN - China is methodically restricting exports
 - DEMAND UP - Demand is increasing through consumer growth and green technologies
- Substitution options either not possible, novel (years off) or more expensive
- **It is now critical that RE mines are developed outside China to maintain supply**

***KRE's Cummins Range is one of only 5 JORC defined
RE Resources in Australia ****



Cummins Range Inferred Resource – September 2009

Cut-off grade	Tonnage (Mt)	REO (%)	P ₂ O ₅ (%)	U ₃ O ₈ (ppm)	Th (ppm)	Total REO (kt)
1.0 %	4.17	1.72	11.0	187	41	72
0.5%	11.15	1.08	9.0	116	41	120

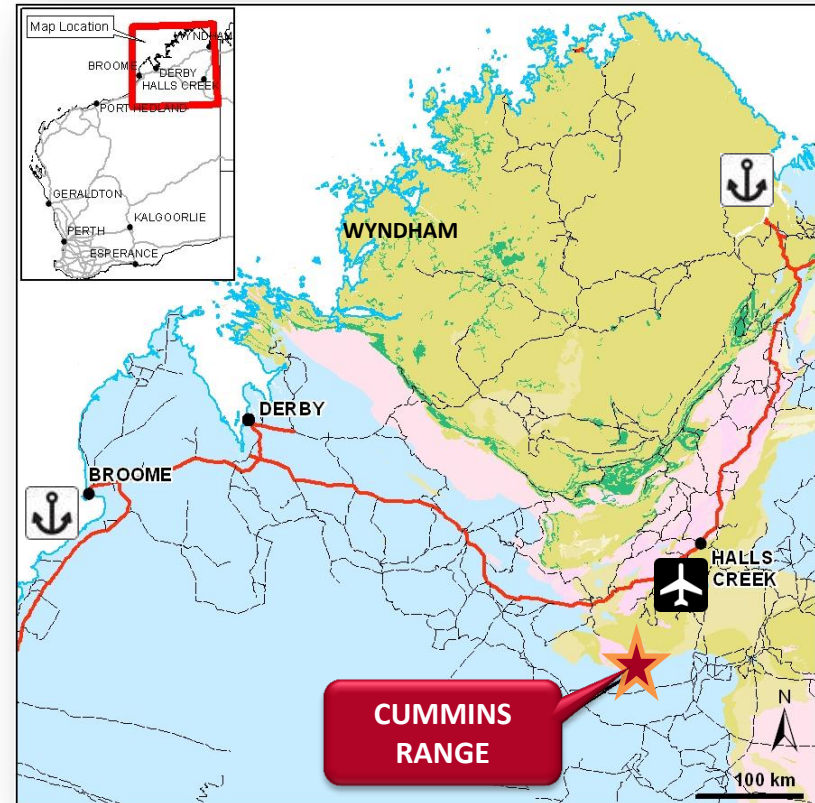
- JORC compliant Inferred Resource containing 120,000 tonnes of REO (equivalent to global 2010 consumption)
- One of only 22 formally defined rare earth deposits in the world*
- Rare earth oxide blend similar to Mt Weld
- Low thorium levels



Favourable Terrain at the Cummins Range Prospect

CUMMINS RANGE In a Favourable Location

- **130 km to Halls Creek**
Town and airstrip
- **500 km to Wyndham**
Town and seaport
- **700 km to Broome**
Major town, seaport and airport
- **No tourism or community overlaps**
- **Several operating mines in the area**



Northern Australia is the nearest future REO region to Japan (5,500km) and China (4,500km)

THREE STAGES

1. COMPLETED

Upon listing, KRE acquired 25% ownership of Cummins Range.

2. IN PROGRESS

Additional 30% interest earned with expenditure of A\$10 million in exploration within 4 years.

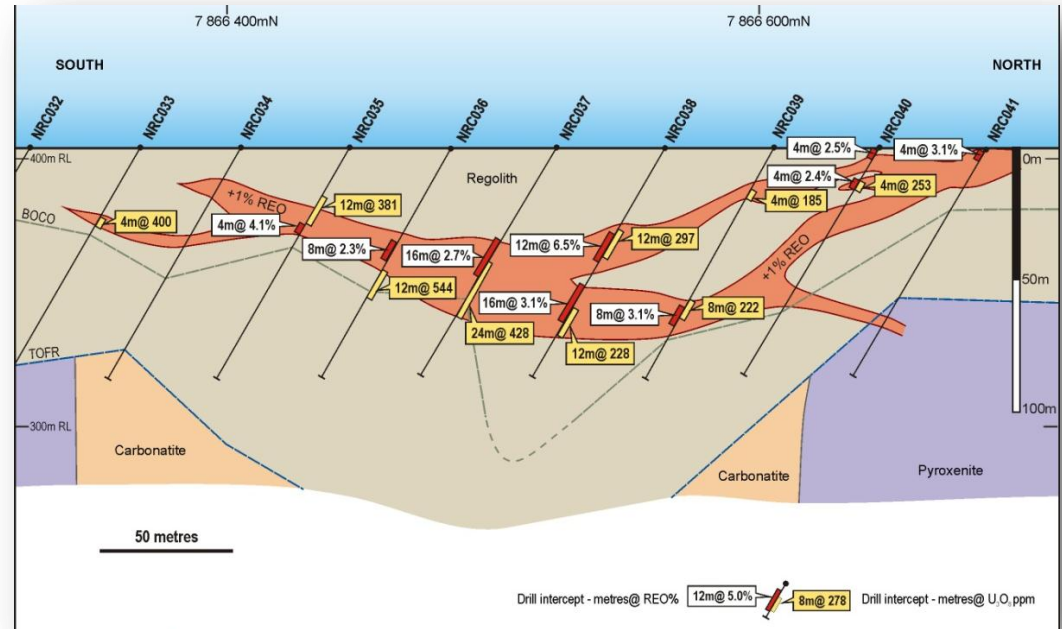
3. THEN

Additional 25% interest earned through completion of a Bankable Feasibility Study (*BFS).



CUMMINS RANGE High REO Grades Near Surface

- **Carbonatite Hosted**
Similar to Mt Weld geology
- **Historically Processed Minerals**
Predominantly monazite and minor apatite mineralogy
- **Near Surface**
Rare earths concentrated in weathered zone of earths crust



Cross section of Cummins Range deposit showing horizontal mineralisation within the weathered layer overlying an intrusive carbonatite pipe

Best 2007 NAV drill intersections

Drill hole	Width	Grade	Depth
NRC038	17m	5.27% REO	42m
NRC058	29m	4.57% REO	27m
NRC038	20m	5.55% REO	2m
NRC059	33m	382ppm U ₃ O ₈	24m
NRC066	20m	919ppm U ₃ O ₈	73m
NRC058	35m	962ppm U ₃ O ₈	27m

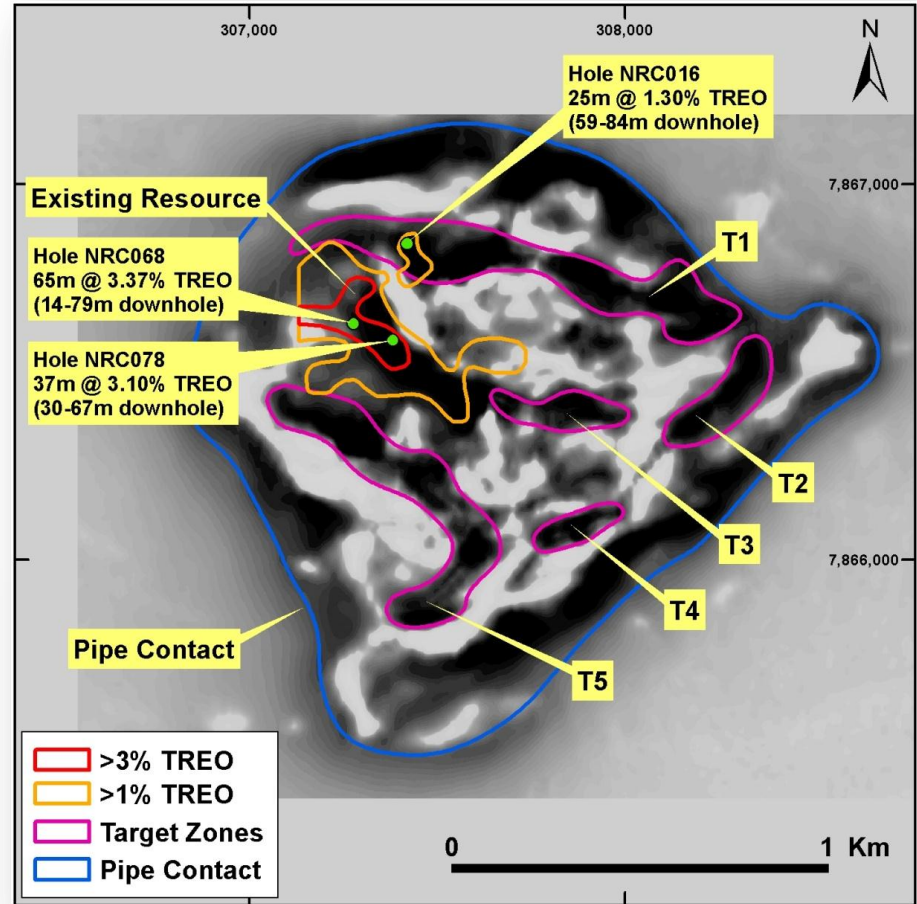
CUMMINS RANGE

Potential for Resource Expansion

- Current Inferred Resource open to north and west
- New geophysics has revealed multiple new targets
- RC Drilling commenced 9th September



RC Drilling at Cummins Range – September 2011



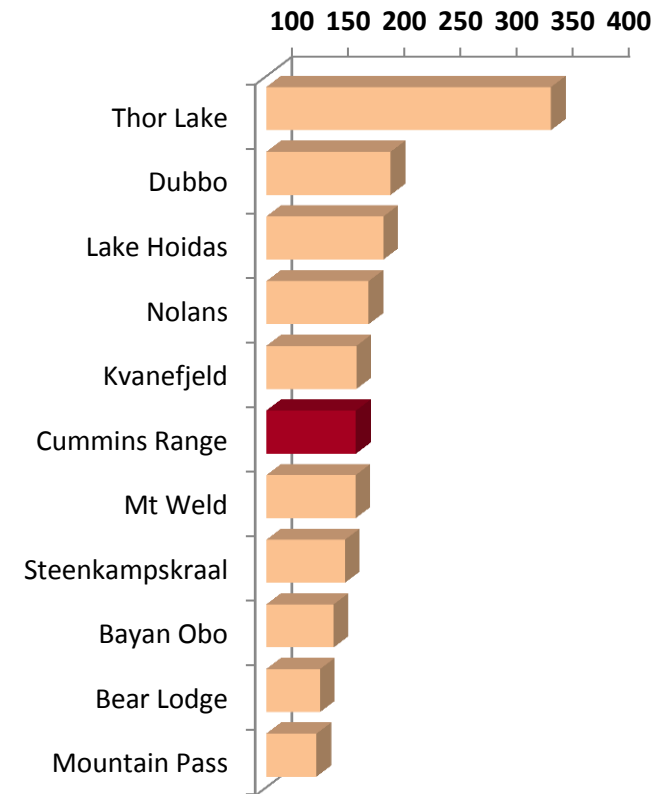
New aeromagnetic image of Cummins Range showing resource location and opportunities for further exploration

CUMMINS RANGE A Competitive RE Blend

Cummins Range Resource Composition

Metal	1 st -13 th Sep 2011 oxide price (US\$/kg)	Proportion in resource (%)	Value of resource oxide blend (US\$/kg)
Lanthanum	110	27.3%	30.03
Cerium	110	47.7%	52.47
Praseodymium	248	4.8%	11.93
Neodymium	309	15.2%	46.99
Samarium	128	1.6%	2.06
Europium	4,810	0.4%	19.24
Gadolinium	192	1.0%	1.93
Terbium	3,710	0.1%	3.71
Dysprosium	2,290	0.5%	11.45
Others	-	1.4%	-
Total		100.0	US\$179.80/kg

Resource oxide blend (US\$/kg)



POSSIBLE OPERATIONAL PARAMETERS

- Production Rate**

Deposits of similar size and grade indicate 2,000-4,000 tpa REO may be possible

- Mine Life**

Assuming 60% recovery* indicates a possible mine life of +10 years

- Likely Operating Scenario**

FIFO Operation

Open Pit Mine

On-site Process Plant to produce REO intermediate product

Off-site downstream processing to produce marketable products

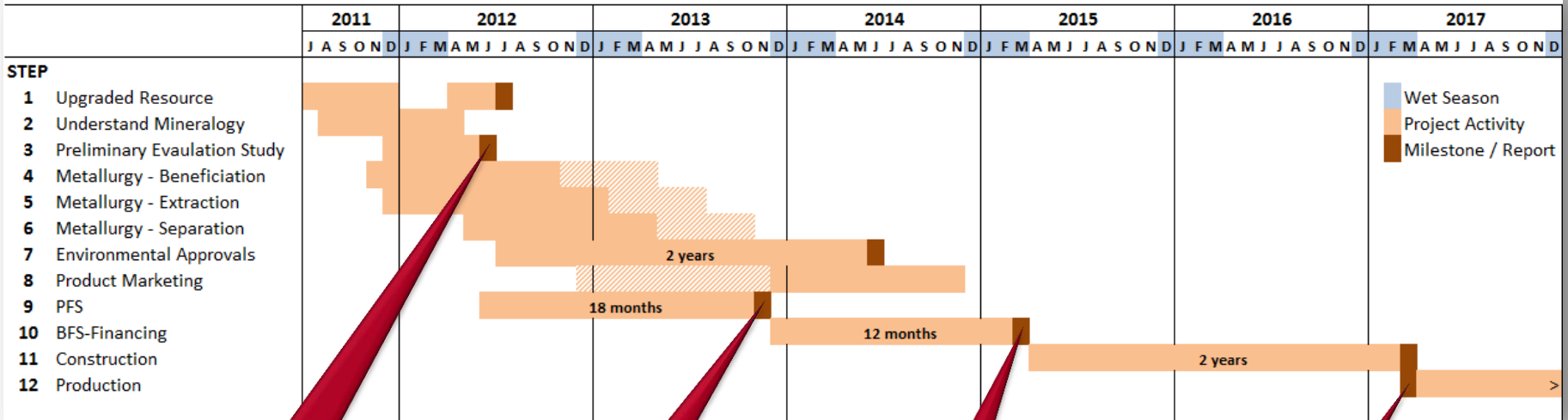
Production Potential of Advanced REE Projects

Project	Resource	Status	Production target (REO tpa)
Mountain Pass	39.9Mt @ 9.4% REO	Operating & expanding	Currently 3,000t expanding to 19,000t then 40,000t
Mt Weld	17.5Mt @ 8.1% REO	Commissioning	11,000t ramping up to 22,000t
Steenkampskraal	0.25Mt @ 11.8% REO	Construction	5,000t
Nolan's Bore	30.3Mt @ 2.8% REO	Feasibility	20,000t
Thor Lake	175.9Mt @ 1.4% REO	Feasibility	10,000t
Bear Lodge	17.5Mt @ 3.5% REO	Pre-Feasibility	~10,500t
Kangankunde	0.11Mt @ 4.2% REO	Advanced exploration	5,000t
Cummins Range	4.2Mt @ 1.7% REO	Advanced exploration	2,000-4,000t ?

* Based on indicative comparable recoveries to Mt Weld Project

A Realistic Development Timeframe

CUMMINS RANGE - Path to Production



SCOPING
Preliminary Evaluation Study by Q3 2012

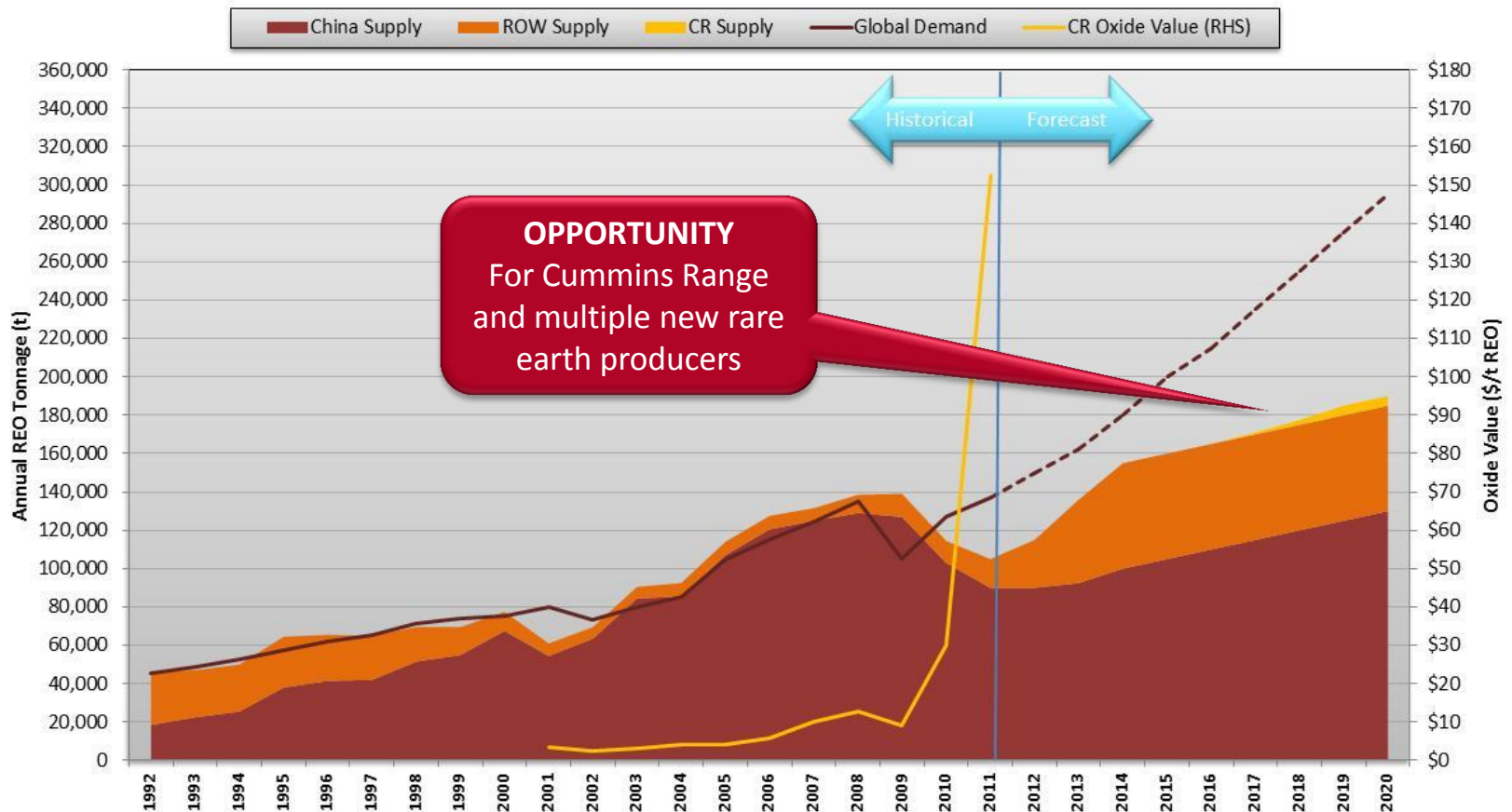
PFS
Pre-Feasibility Study by Q4 2013

BFS
Bankable Feasibility Study by Q2 2015

PRODUCTION
Production in 2017

Rare Earths Supply and Demand

Where does Cummins Range fit in?



OPPORTUNITY
For Cummins Range
and multiple new rare
earth producers

Historical Forecast

MALILONGUE

A New RE Project in Mozambique



- **Heads of Agreement Signed** with GWM (Great Western Mining Lda - a gemstone mining company)
- **\$300,000 for initial 40% interest*** in non-gemstone rights
- **Farm-in rights to earn up to 90%** by sole funding to production



Established transport road to the Malilongue site



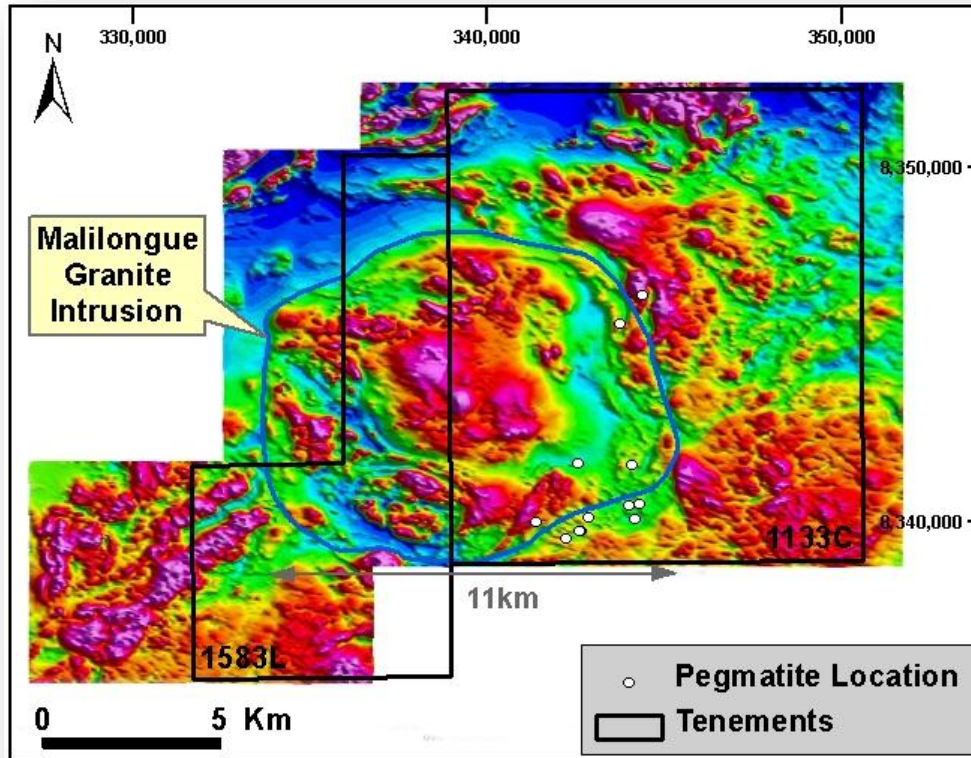
TETE - Heavy mining equipment in Tete, Mozambique

- **300 km from Tete**
 - Rapidly becoming a local mining hub
 - Including 3 Australian drilling companies
- **Established road and operations at the site**
- **Other Infrastructure**
 - Hydroelectric power grid and mobile phone network 60 km from site



SITE – Current owner has an established gemstone mining operation at the site



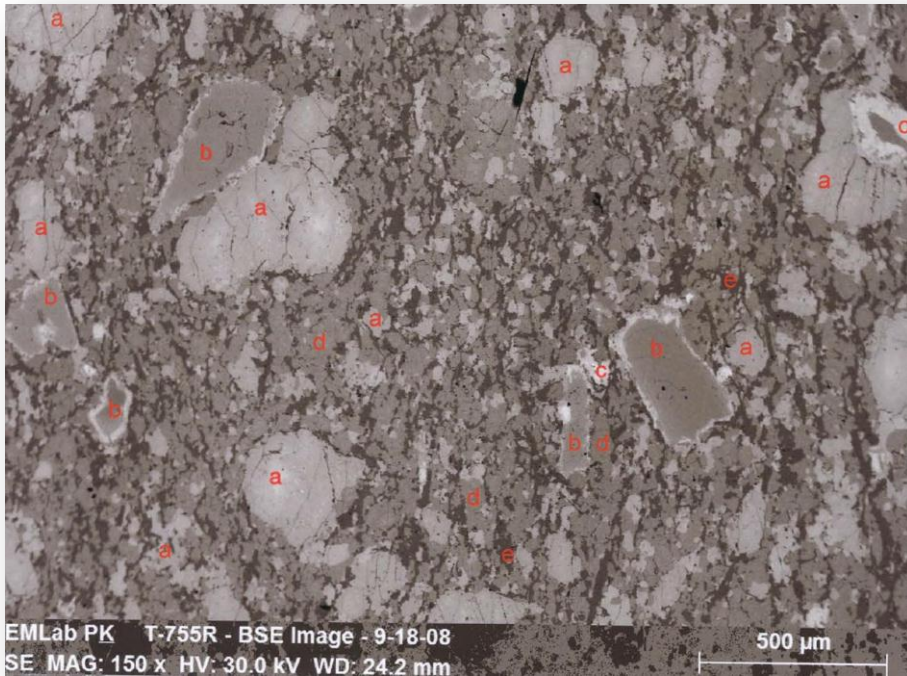


- **Two exploration licences**
 - Contain over 40 pegmatite dykes worked by artisanal miners for gemstones
- **9km wide circular granite intrusive**



No systematic exploration for REO mineralisation

A large topaz crystal from artisanal workings in pegmatite at Malilongue



SEM Image of a Malilongue pegmatite sample

*Minerals: (a) monazite, (b) ferrocolumbite, (c) microlite,
(d) xenotime, (e) zircon*

- **Good Aeromagnetic Data Set**
- **15 Rock Chip Samples**
 - 3 logged as pegmatite with 20% TREO assays
- **38 Alluvial Pit Samples (Jig Concentrate)**
 - average assays = 26% HREE, 20% LREE
- **Mineralogy Report (Single Sample)**
 - Contains major xenotime
 - Xenotime shows yttrium along with appreciable dysprosium and erbium

KIMBERLEY RARE EARTHS LTD

New ASX company, cashed up, experienced team, strategy in action

RARE EARTH MARKET

SUPPLY – Rapidly being restricted by Chinese export policy

DEMAND - Growing relentlessly through consumer and green technologies

NET RESULT - Critical need on non-Chinese rare earth supply

KRE ASSETS

CUMMINS RANGE – An advanced Australian RE Resource, one of few outside China

MALILONGUE – Exciting heavy rare earths exploration project in Mozambique

KRE FOCUS

Rapidly advancing rare earth projects through exploration and development into production

Focused On Rare Earths

Principal Place of Business


Suite 1, 83 Havelock Street
WEST PERTH 6005
Western Australia

Registered Office

Level 7, The Quadrant, 1 William Street
PERTH 6000
Western Australia

Contact Details

Telephone: +61 (8) 9486 4326
Facsimile: +61 (8) 9486 4327



lanthanum 57 La 138.91	cerium 58 Ce 140.12	praseodymium 59 Pr 140.91	neodymium 60 Nd 144.24	promethium 61 Pm [145]	samarium 62 Sm 150.36	europium 63 Eu 151.96	gadolinium 64 Gd 157.25	terbium 65 Tb 158.93	dysprosium 66 Dy 162.50	holmium 67 Ho 164.93	erbium 68 Er 167.26	thulium 69 Tm 168.93	ytterbium 70 Yb 173.04
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