KIMBERLEY RARE EARTHS

ASX ANNOUNCEMENT

ASX:KRE

Kimberley Rare Earths Limited
ABN 20 147 678 779

Directors
Ian Macpherson – Chairman & NED
Tim Dobson – Managing Director
Allan Trench – NED
Gerry Kaczmarek – NED

Management
Tim Dobson – Managing Director
Geoff Collis – GM-Exploration
Darren Crawte – Company Secretary

Principal Place of Business
Suite 1, 83 Havelock St
West Perth WA 6005
Telephone: +61 8 9486 4326
Facsimile: +61 8 9486 4327

Registered Office
C/- MGI Perth
Level 7, The Quadrant
1 William St, Perth WA 6000
Telephone: +61 8 9463 2463
Facsimile: +61 8 9463 2499

Website
www.kimberleyrareearths.com.au

Capital Structure
125.6m shares
6.0m 25c, 2014 unlisted options
2.5m 30c, 2014 unlisted options

For further information, please contact:

TIM DOBSON
Managing Director

info@kimberleyrareearths.com.au
Tel: +61 8 9486 4326

LISTED ON ASX

6 December 2011

SUBSTANTIAL RARE EARTH DRILL INTERCEPTS ACHIEVED AT CUMMINS RANGE

KEY POINTS

- **Significant broad, high-grade rare earth intercepts have been returned from the infill and extensional RC drilling completed recently at Cummins Range.**
- **Best intercepts include:**

Intercept Length (m)	Grade (% TREO)	From (m)	Hole ID	Hole Type
41	3.85	11	KRC112	Infill
61	2.04	2	KRC114	Infill
30	2.93	37	KRC101	Extension
40	1.41	25	KRC111	Infill
13	3.45	51	KRC124	Infill
23	1.88	15	KRC121	Infill
8	4.71	1	KRC113	Infill
22	1.52	2	KRC110	Infill
24	1.34	48	KRC103	Extension

TABLE 1 – Selected TREO intercepts.

- **High grade mineralisation revealed at surface ideal for initial open pit exploitation.**
- **Segments of deposit observed as being preferentially enriched in heavy rare earth oxides (HREO)**
- **Early indications are that the deposit remains open along strike to both the NW and SE.**
- **Approximately 50% of all assays from the 2011 RC drilling program have been received with the remainder due within 10 days.**

CUMMINS RANGE RC DRILLING PROGRAM

The Company recently completed an RC drilling program at the Cummins Range rare earth project initially aimed at extending and upgrading the existing Inferred Resource. A total of 4,230 metres of drilling was completed in 77 holes resulting in 4,499 samples being submitted to Intertek/Genalysis in Perth for analysis. Each sample is being assayed for the full suite of rare earths plus uranium, thorium, phosphorus, scandium, niobium, tantalum and a range of gangue elements to assist metallurgical characterisation, utilising sodium peroxide fusion Ni crucible/ICP-MS techniques. Approximately 50% of the assays have been received to date with the remainder due by mid-December. All assay results received to date are presented in Appendix A.

Five high priority aeromagnetic target areas (nominated T1 to T5 in Figure 2 below) defined previously within the Cummins Range pipe were also tested by RC drilling. Drill sites were selected by combining the gravity and geochemical data to prioritise the more prospective zones within the five aeromagnetic targets.

Difficult drilling conditions including binding clays, voids and water flow in several holes curtailed a component of the planned drilling resulting in a reduced program over the central resource area. Such ground conditions are characteristic of the most strongly mineralized zones of the Cummins Range rare earth resource.

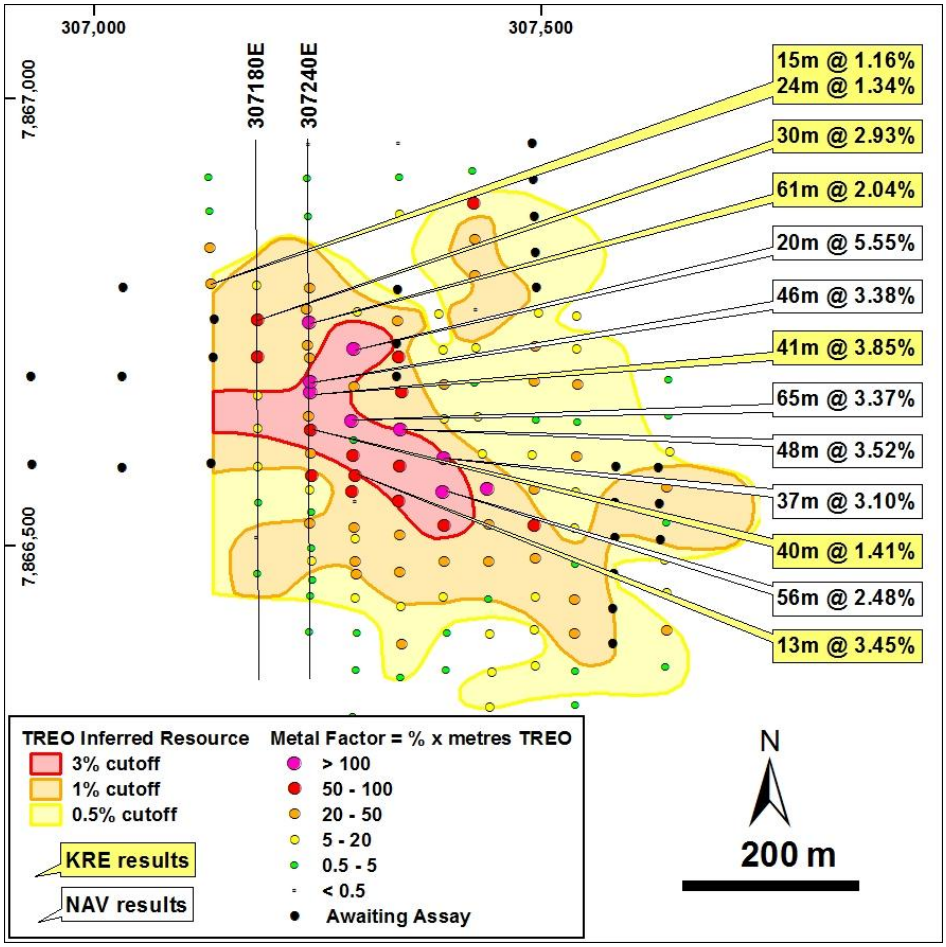

FIGURE 1 – *Resource Drilling completed at Cummins Range.*

Figure 1 above depicts the drilling completed in and around the existing Inferred Resource. Both the historic drilling used for the initial resource estimation and the recent KRE drilling are shown. All holes are colour

and size coded based on a "metal factor" calculated as the sum of all TREO values down hole over a cutoff of 0.5%. This is effectively a TREO% x metres plot and serves to illustrate the distribution of metal within the deposit. It is clearly evident that the deposit has a strong NW-SE trend which is parallel to the regional structural fabric evident within the country rock surrounding the Cummins Range pipe. It is therefore apparent that the deposit is structurally controlled with a central shear zone creating the focal point for both carbonatite intrusion and a deeper weathering profile. Both phenomena have combined to create a significant near surface rare earth resource.

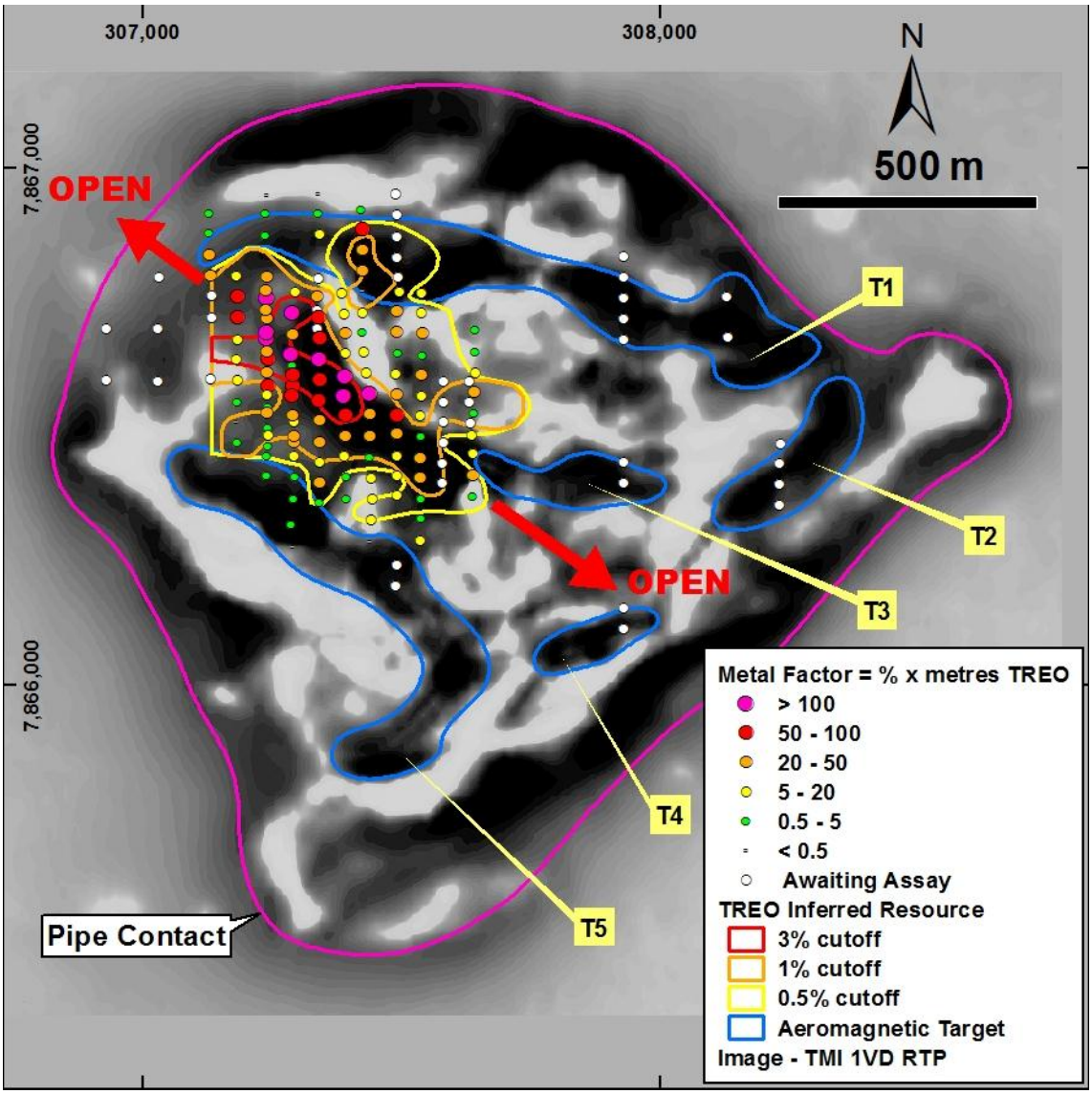

***FIGURE 2** – Total RC Drilling completed at Cummins Range.*

Figure 2 above illustrates the potential to expand the resource along this structure both to the NW and to the SE.

Areas of high grade TREO mineralisation observed

A welcome aspect of the results received to date is the number of holes reporting high grade rare earth mineralisation as summarized below in Table 2.

Intercept Length (m)	Grade (% TREO)	From (m)	Hole ID
29	4.99	11	KRC112
18	3.94	38	KRC101
11	4.06	5	KRC114
7	4.90	30	KRC121
6	6.09	1	KRC113
3	11.14	51	KRC124
6	3.11	46	KRC114
4	4.11	24	KRC100
5	3.37	15	KRC115

TABLE 2 – *Selected High grade TREO intercepts.*

No pre-strip required for potential starter pit

Other significant aspects to note from both the KRE and historic drilling is that much of the deposit outcrops or occurs within the first 50m of surface and hence is amenable to exploitation by open pit methods. This is demonstrated in the cross section shown below as Figure 3.

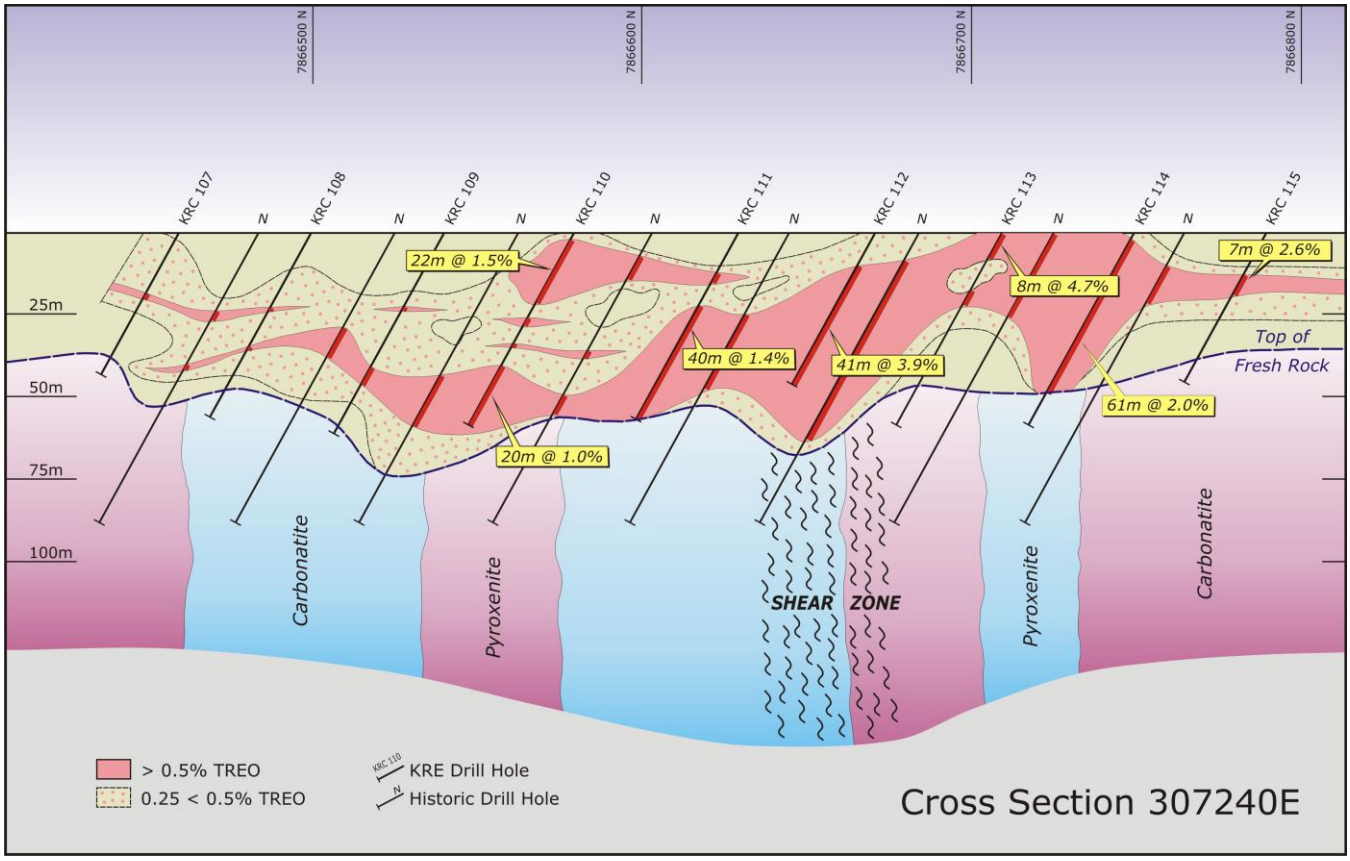

FIGURE 3 – *Cummins Range resource cross section at 307240E*

Heavy rare earth oxide (HREO[1]) occurrence

It is also observed that segments of the deposit are preferentially enriched in the heavy rare earth oxides and studies are being undertaken to determine if these can be taken advantage of during the early stages of mining. Some of the HREO intercepts are quoted below in Table 3.

Intercept Length (m)	Grade (ppm HREO)	From (m)	Hole ID
22	2397	21	KRC112
27	1086	38	KRC101
18	1157	26	KRC111
12	1689	5	KRC114
12	1529	66	KRC100
5	2408	1	KRC113
6	1152	23	KRC102

TABLE 3 – *Selected heavy rare earth oxide (HREO) intercepts.*

Exceptionally low levels of thorium

The low levels of both uranium and thorium reported within the KRE sample results are also of note and will potentially reduce the radiation management criteria.

About Kimberley Rare Earths

Kimberley Rare Earths Limited listed on the Australian Securities Exchange (ASX:KRE) on 18 May 2011, having raised $18.2m under an oversubscribed Initial Public Offering.

KRE is a specialist rare earths company and holds a 25% interest in the Cummins Range Project in Western Australia. KRE has the right to earn up to 80% of the project by funding exploration and development through to delivery of a bankable feasibility study. KRE's first target is to spend $10m within four years to increase its interest to 55%. The Cummins Range project comprises 1 granted exploration license (80/2232) in the East Kimberley within which is contained a JORC compliant Inferred Resource of 4.17 Mt at 1.72% TREO (total rare earth oxide), 11.0% P2O5 and 187 ppm U3O8 (using a 1% TREO cut off). The Cummins Range project is one of only a few Australian rare earths projects with a Resource reported under the JORC Code.

KRE has also signed a Heads of Agreement to earn up to a 90% interest in a pegmatite-hosted rare earth project in Mozambique with significant exploration potential, including for xenotime-hosted yttrium, dysprosium and erbium.

Competent Person Statement

Information in this ASX release 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 ASX release 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.

[1] HREO defined as the sum of the oxides of the 9 heavy rare earth elements: Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) plus Yttrium (Y).

APPENDIX A - RC Drill Results KRC094 to KRC128

HOLE ID	COORDINATES			INTERCEPTS									COMMENTS
	Easting	Northing	Depth	From	To	Interval	TREO	LREO	HREO	U	Th	P_2O_5	
	m	m	m	m	m	m	%	%	%	ppm	ppm	%	
KRC094	307183	7866470	46	31	32	1	0.58	0.52	0.06	48	23	14.71	NW. Extension
				38	40	2	0.80	0.78	0.02	16	17	5.20	
KRC095	307181	7866510	46	No significant result									NW. Extension
KRC096	307183	7866549	56	43	47	4	0.63	0.62	0.01	17	6	3.37	NW. Extension
KRC097	307182	7866590	67	9	11	2	1.62	1.6	0.02	5	20	5.43	NW. Extension
				20	21	1	1.09	1.06	0.03	6	25	4.93	
				37	45	8	0.84	0.82	0.02	29	17	4.08	
KRC098	307182	7866632	53	8	17	9	1.20	1.18	0.02	9	12	3.48	NW. Extension
KRC099	307182	7866669	60	1	4	3	1.22	1.19	0.03	27	21	2.15	NW. Extension
				28	31	2	5.17	5.13	0.04	49	69	3.99	
				34	35	1	1.51	1.48	0.03	23	18	5.59	
				39	40	1	1.00	0.99	0.01	11	10	0.96	
KRC100	307182	7866711	78	3	19	16	1.12	1.07	0.05	99	30	3.96	NW. Extension
				24	30	6	2.95	2.9	0.05	18	33	10.93	
				39	44	5	0.72	0.68	0.04	26	11	9.14	
				52	63	11	1.68	1.64	0.04	88	26	16.45	
				71	78	7	2.48	2.29	0.19	472	34	12.10	
KRC101	307182	7866752	67	37	67	30	2.93	2.83	0.10	116	52	7.97	NW. Extension
KRC102	307181	7866791	43	5	7	2	1.04	1.00	0.04	84	32	5.06	NW. Extension
				26	35	9	0.86	0.77	0.09	71	36	4.01	
KRC103	307130	7866793	73	4	5	1	1.21	1.19	0.02	17	22	0.87	NW. Extension
				23	38	15	1.16	1.12	0.04	17	22	3.21	
				48	72	24	1.34	1.29	0.05	17	23	4.61	
KRC104	307129	7866833	85	48	49	1	1.37	1.29	0.08	29	18	20.92	NW. Extension
				81	83	2	7.30	7.26	0.04	43	189	3.05	
KRC105	307129	7866875	52	10	11	1	1.25	1.2	0.05	89	28	2.86	NW. Extension
KRC106	307128	7866913	46	11	12	1	0.60	0.57	0.03	52	23	2.11	NW. Extension
KRC107	307243	7866462	49	2	3	1	0.68	0.65	0.03	38	34	7.42	Infill
				10	11	1	0.67	0.66	0.01	6	17	3.07	
				21	23	2	1.46	1.44	0.02	11	19	6.07	
KRC108	307243	7866498	63	27	28	1	0.71	0.66	0.05	24	20	15.08	Infill
				40	41	1	0.51	0.47	0.04	44	46	11.50	
KRC109	307243	7866539	69	26	27	1	0.72	0.70	0.02	15	19	8.11	Infill
				47	48	1	0.57	0.54	0.03	31	31	6.60	
				51	52	1	1.66	1.63	0.03	16	42	10.33	
KRC110	307242	7866579	66	2	24	22	1.52	1.49	0.03	21	20	8.39	Infill
				30	33	3	0.84	0.81	0.03	49	24	13.75	
				39	40	1	2.67	2.64	0.03	50	25	6.14	
				46	66	20	1.04	0.98	0.06	213	26	15.37	

APPENDIX A (Continued)…

HOLE ID	COORDINATES			INTERCEPTS									COMMENTS
	Easting	Northing	Depth	From	To	Interval	TREO	LREO	HREO	U	Th	P_2O_5	
	m	m	m	m	m	m	%	%	%	ppm	ppm	%	
KRC111	307241	7866630	65	14	18	4	0.89	0.86	0.03	18	13	5.50	Infill
				25	65	**40**	**1.41**	1.33	0.08	321	24	15.42	
KRC112	307241	7866672	52	2	4	2	1.27	1.23	0.04	55	25	2.57	Infill
				11	52	**41**	**3.85**	3.69	0.16	335	58	15.03	
KRC113	307241	7866710	64	1	9	**8**	**4.71**	4.53	0.18	382	86	8.96	Infill
				20	23	3	0.74	0.70	0.04	71	25	16.02	
KRC114	307240	7866750	67	2	63	**61**	**2.04**	1.98	0.06	109	46	6.90	Infill
KRC115	307240	7866789	52	15	22	**7**	**2.60**	2.57	0.03	60	32	5.66	Infill
				40	42	2	0.81	0.79	0.02	8	15	3.30	
KRC116	307239	7866869	58	7	10	3	0.80	0.75	0.05	36	29	15.19	N. Extension
				31	32	1	0.68	0.66	0.02	13	33	4.06	
				47	49	2	0.68	0.65	0.03	9	17	3.25	
KRC117	307238	7866912	72	50	52	2	2.03	2.01	0.02	29	20	2.70	N. Extension
KRC118	307239	7866949	28	No significant result									N. Extension
KRC119	307290	7866269	34	No significant result									Target T5
KRC120	307288	7866310	35	21	22	1	0.60	0.59	0.01	2	13	3.07	Target T5
				33	34	1	0.53	0.52	0.01	1	10	2.73	
KRC121	307292	7866469	58	15	38	**23**	**1.88**	1.85	0.03	40	26	11.55	Infill
				54	58	4	1.20	1.19	0.01	1	8	3.92	
KRC122	307292	7866509	61	16	17	1	0.52	0.49	0.03	17	46	6.46	Infill
				42	43	1	0.53	0.50	0.03	44	30	19.29	
				52	61	9	0.77	0.72	0.05	107	28	13.95	
KRC123	307291	7866550	34	No significant result									Infill - Ineffective
KRC124	307291	7866579	84	33	43	**10**	**1.52**	1.47	0.05	59	32	3.14	Infill
				51	64	**13**	**3.45**	3.41	0.04	42	61	10.59	
				70	84	**14**	**1.40**	1.34	0.06	239	31	11.62	
KRC125	307291	7866619	61	58	61	3	1.01	0.95	0.06	98	37	12.81	Infill
KRC126	307341	7866872	60	6	7	1	0.83	0.81	0.02	18	25	6.28	N. Extension
				10	13	3	1.66	1.64	0.02	13	23	6.92	
				21	24	3	0.81	0.78	0.03	8	15	9.42	
				27	28	1	0.92	0.9	0.02	3	32	4.15	
				45	47	2	0.71	0.69	0.02	10	19	4.03	
KRC127	307341	7866912	46	26	27	1	0.51	0.49	0.02	45	27	5.02	N. Extension
KRC128	307340	7866951	46	No significant result									N. Extension

Table Notes:

- All holes angled at 60 degrees towards due south.
- Coordinate system is MGA94 Zone 52
- Holes surveyed using DGPS methods, elevation essentially flat.
- Samples are 1 metre splits from RC drilling.
- Samples analysed at Intertek/Genalysis-Perth via *"sodium peroxide fusion Ni crucible/ICP-MS"* methods.
- TREO, LREO and HREO as defined in Appendix B – Glossary.
- U and Th are elemental assays only, not oxides.
- QAQC completed using standards and blanks supplied by Geostats Pty Ltd.
- Intersections calculated using a 0.5% cutoff with a maximum of 2m internal dilution.

APPENDIX B – Glossary

Aeromagnetic	Airborne geophysical technique where the intensity of the earth's magnetic field is measured in a systematic way.
Alluvium	Loose unconsolidated soil or sediment eroded and deposited by water.
Carbonatites	Intrusive igneous rocks with a composition of greater than 50% carbonate minerals.
Diamond Drilling	(or **Core Drilling**) A drilling technique which uses a diamond-set drill bit to produce a cylindrical core of rock.
Eluvium	Loose unconsolidated soil or sediment deposited under gravitational weathering and accumulation processes.
Gravity Survey	A survey in which variations in the strength of the earth's gravity field are measured.
HREO	Heavy rare earth oxides. The oxides of the 9 heavy rare earth elements; Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) plus Yttrium (Y).
LREO	Light rare earth oxides. The oxides of the 5 light rare earth elements; Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm). Note, excludes Promethium (Pm) due to its transient (radioactive) nature.
Pegmatite	A very course grained igneous intrusive rock composed predominantly of quartz, feldspar and mica.
Pipe	Cylindrical intrusion of younger igneous rocks into an older geological terrain.
ppm	Parts per million by weight (10,000ppm equals 1.00%).
Pyroxenite	Ultramafic igneous rock comprising predominantly minerals of the pyroxene group.
RAB	Rotary air blast, a cost-effective drilling technique used to sample weathered rock.
RC	Reverse circulation, a drilling technique that is used to return uncontaminated pulverised rock samples through a central annulus inside the drill pipes. RC samples can be used in industry-standard Mineral Resource statements.
REO	The oxides of the 14 rare earth elements; Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm), Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) plus Yttrium (Y) but excluding Promethium (Pm).
TREO	The sum total of the 14 rare earth oxides, Lanthanum to Lutetium plus Yttrium as defined above under **REO**.
Xenotime	A rare earth phosphate mineral comprising predominantly yttrium phosphate (YPO_4). Dysprosium, erbium and terbium can substitute for yttrium.