

Australia – NSW, WA, Qld

KIMBERLEY METALS LIMITED

Gold, Silver, Base Metals

Current Price: A\$0.265

Imminent Production, Advanced Exploration

Kimberley Metals' dual track development in NSW of a high grade open cut gold resource and nearby copper/silver underground resource, to be treated in an existing mill, should see the company in production and generating cash flow in 2Q11. This will provide development capital for KBL's large-scale Sorby Hills lead-silver project in WA, which could see production in 2014. Our medium term price target is A\$0.52/share.

Exchange: ASX: KBL

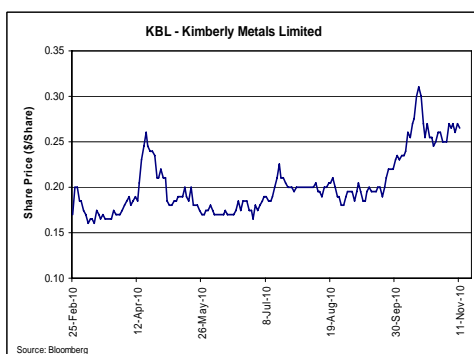
November 12 2010

Capital Profile

Share price (A\$)	0.265
52 week range (A\$/share)	0.16 to 0.315
Number of shares (m)	138.7
Options and performance rights (m)	5.8
Convertible notes (m)	0.0
Fully diluted (m)	144.4
Market capitalisation (undiluted) (A\$m)	36.7
Debt (A\$m) - Dec '10F	3.3
Enterprise value (A\$m)	40.0
Major shareholders: Yuguang (Aust) Pty Ltd (14.95%), Toho Zinc Company Ltd (9.55%), Jinji Resources Pty Ltd (6.70%).	
Avg monthly volume (m)	5.3
Cash (A\$m) - Dec '10F	9.7
Price/Cash (x)	3.8
Price/Book (x)	1.4
Listed company options:	No

INVESTMENT POINTS

- Our base case valuation is **A\$0.43/share** (fully diluted, US\$950/oz Au, US\$2.50/lb Cu) or **A\$0.60/share** using current spot metal prices.
- This gives a medium term price target is **A\$0.52/share**.
- Chinese lead giant Henan Yuguang's 15% investment at A\$0.25/share and 25% farm-in to KBL's Sorby Hills flagship lead-silver project is a major boost to KBL.
- KBL has a flexible, dual circuit copper/gold plant that can be brought rapidly into production by mid 2011.
- Dual track production plan – simultaneous development of gold/silver open cut and copper/silver underground.
- P/E ratio for FY12 is only 3.1, forecast A\$12.3m net profit.
- Gold/copper/silver production provides 'cashflow stepping stone' to flagship project - Sorby Hills (WA, 75% KBL): PFS completed. 16.9mt Pb/Ag mineral resource (A\$3.7bn gross value), potential 0.6 mtpa open cut mine in 2014.
- Market cap is only ~A\$35m. KBL's current in-ground resource value is A\$2.9bn, or 2.1moz Au equivalent.



Note: KBL was listed on February 25 2010

Directors

J Wall (Exec Chairman)
B Besley (Exec Dir)
R McDonald (Non Exec Dir)
J Richards (Non Exec Dir)

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FINANCIAL FORECASTS

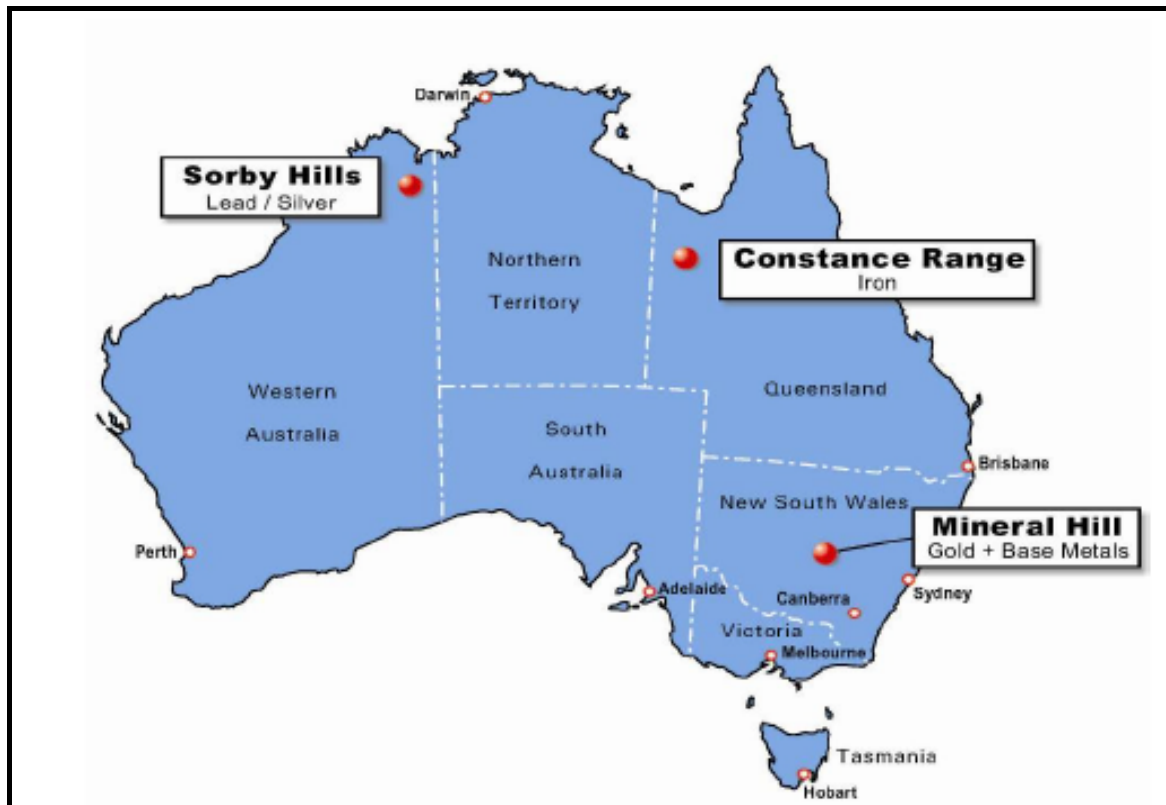
YEAR END: 30 June	2010a	2011F	2012F	2013F	2014F
Gold Price (US\$/oz)	1093.9	1301.7	1227.5	1109.7	999.9
Exchange Rate (A\$/US\$)	0.88	0.97	0.93	0.86	0.80
Ore Milled (kt)	0.0	15.0	215.0	200.0	195.0
Equity Production (koz Au)	0.0	0.2	20.8	18.1	6.1
Equity Production (kt Cu)	0.0	0.2	1.6	1.6	2.8
Total Revenue (A\$m)	0.2	2.6	38.8	40.8	31.7
EBIT (A\$m)	-2.1	-0.3	12.5	14.0	7.8
Net Profit (norm) (A\$m)	-2.3	-0.5	12.3	11.9	5.4
EPS (norm) (A¢/share)	-1.9	-0.3	8.5	8.3	3.8
CFPS (A¢/share)	-1.2	-0.1	11.5	13.0	7.3
Dividends (A¢/share)	0.0	0.0	0.0	0.0	0.0
PER (x)	na	na	3.1	3.2	7.1
P/CF (x)	na	na	2.3	2.0	3.6
Yield (%)	0	0	0	0	0
EV/EBITDA (x)	-19.7	-336.3	2.4	2.1	3.8
Shares on Issue (30 Jun) (m)	117.9	138.7	138.7	138.7	138.7

Note: Forecasts are based only on initial proposed dual track Mineral Hill gold/silver/copper operation

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Kimberley Metals Limited– Base Metals and Gold Projects



Company Valuation

KIMBERLEY METALS LIMITED VALUATION

	Equity	Equity	Equity	Implied	Implied	RCR F'cast ^	Spot *
	Gold Resource	Pb Resource	Cu Resource	Resource	Resource	Long Term	Metal
	(koz Au-equiv.)	(kt Pb-equiv.)	(kt Cu-equiv.)	Valuation	Valuation	Metal prices	Prices
	Equity			US\$/oz	US\$/t Pb/Cu-Eq.	A\$m^	A\$m*
Projects							
+ Mineral Hill Pearse Gold Project (NPV @ 5%DR) **	100%	74.0		254		18.8	27.0
+ Mineral Hill Parkers Hill Project	100%		64		250	16.0	22.4
+ Sorby Hills Lead-Silver Project ^	75%	916			27	25.0	35.0
+ Constance Range Iron Ore Project	30%					1.0	1.0
Sub Total						60.8	85.4
+ Cash (est Dec '10) **						9.7	9.7
+ Tax Losses						5.0	5.0
- Debt (est. Dec '10)						3.3	3.3
- Corporate						10.5	10.5
Sub Total						0.9	0.9
KBL NET ASSET VALUE (A\$m)						61.7	86.3
Capital Structure							
Shares (m)						138.7	138.7
Fully Diluted Shares (including 0.75m options and 5.0m performance rights) (m)						144.4	144.4
KBL NET ASSET VALUE PER SHARE	:A\$/share					0.45	0.62
KBL NET ASSET VALUE DILUTED	:A\$/share fully diluted					0.43	0.60
Summary of Metal Price and Exchange Rates Used in Valuations:							
^ RCR base case long term forecasts are: Au: US\$950/ounce, Cu: US\$2.50/lb, Ag: US\$15/oz, A\$/US\$ = 0.80							
RCR base case forecasts - assumed long term prices kick in at 1Q14 - linear change from current 4Q10 prices to 1Q14 is assumed.							
* Spot price valuation based on current spot: Au US\$1,400/oz, Ag US\$27.50/oz, Cu; US\$3.90/lb, A\$/US\$ = 1.00.							
Other Notes Relating to Valuation:							
^^ Sorby Hills is currently 100% owned. KBL equity 75% assumed - Henan Yuguang is earning 25% through A\$5m expenditure over next two years.							
** Cash of A\$8.7m forecast for 31 December 2010 - does not allow for additional cash to be raised in SPP.							
SPP issue @ 25c/share will have a minor diluting effect on the valuation. If A\$5m is raised, base case valuation reduces to A\$0.39/share f. dil.							

A Peer Comparison

KBL looks significantly under-valued in comparison to fellow NSW multi-metal developer YTC...

...with a similar EV/resource ratio (gold equivalent) of A\$84/ounce for Mineral Hill, but only A\$19/ounce if Sorby Hills is included...

...compared to A\$87.50/ounce Au-equiv. for YTC.

KBL has a lower risk, lower capex path to production, with a second major project at feasibility study stage.

Fellow NSW explorer and advanced multi metal project developer YTC Resources Limited (ASX:YTC) makes an interesting comparison to KBL:

Stock:	YTC	KBL
Price (A\$):	0.30	0.265
Enterprise Value (A\$m):	49	40
Key Projects:	Hera Project, NSW Au,Ag,Pb,Zn,Cu	Mineral Hill (NSW) Au,Ag,Cu,Pb,Zn.
	Nymagee JV (NSW). Cu exploration	Sorby Hills (WA) (75%) Pb, Ag (PFS)
Current Resource (Au-equiv. koz):	Hera: 560 Potential increase from Nymagee	M Hill: 475 Sorby Hills: 1,663 Total: 2,136
EV/Au-equiv. resource (A\$/oz Au-equiv.):	87.5	84 (M Hill only) 19 (total incl. Sorby H)
Existing Production Plant:	No	Yes
Likely Production Start:	4Q11?	2Q11
Est. Capex to Production:	~A\$60m	~A\$10m
Forecast Initial Production (kozpa Au-equiv.):	50	33

This comparison suggests that KBL is significantly under-valued, based on the rapid, low capex path to production for its gold/base metals operations. There also appears to be negligible value placed on the advanced flagship Sorby Hills asset.

KBL Valuation – RCR Assumptions

Mineral Hill gold/silver project valuation is based on NPV of projected operations.

Mineral Hill base metals resource valued using nominal resource multiples.

Sorby Hills Project valuation is based on a conservative resource valuation of US\$27/t Pb-equiv. (base case) and US\$38/t Pb-Equiv. for the high range valuation.

<p>Mineral Hill – Pearse Gold Project</p>	<p>We have modelled the proposed high grade gold operation and undertaken DCF analysis: Long term gold price: US\$950/oz. Long term A\$/US\$: 0.80 Production starts: 2Q11. Nominal treatment Rate: 200,000 tpa (softer ore). Total ore treated: 378kt (resource +80kt). Mine life (gold): 1.75 years Ave Grade: 6.5g/t Au, 80g/t Ag. Gold recovery – oxide CIL: 87%. Gold recovery – sulphide (CIL/flotation): 87% Capital Cost: A\$5.8m, plus A\$0.8mpa sustaining. LOM ave. operating cost: A\$86/t (US\$450/oz). After Tax NPV @ 5% nominal discount rate.</p>
<p>Mineral Hill – Parkers Hill Base Metals Project.</p>	<p>Total resource: Contains 64kt of Cu-equivalent. Resource Valuation: We have applied a valuation of US\$250/t to the Cu equivalent resource (2.9% of the current copper price). Typically advanced copper exploration companies are valued at >US\$500/t Cu-Equiv resource. However, Although Mineral Hill is considered an advanced stage brownfields project with an existing treatment plant and the opportunity to commence production, it is a relatively small scale, short minelife project. Therefore, we consider a resource multiple of US\$250/t Cu-Equiv. is justified.</p> <p>See operating and financial summary at end of this report for cash flow modelling assumptions.</p>
<p>Sorby Hills Project Lead-Silver.</p>	<p>We have applied a base case project valuation (75% KBL equity) of A\$25m. KBL's resource equity is 916kt Pb-Equiv. This implies a resource valuation of US\$27/tonne Pb-Equiv.: Given that the operation is likely to be open cut, simple metallurgy, and is a reasonably advanced (PFS stage) development, this valuation (1.0% of the current lead price per tonne) is arguably conservative, and a value of US\$40-US\$50/t could be applied. Our upper level (spot prices) valuation of A\$35m equates to a resource valuation of US\$38/t Pb-Equiv.</p>
<p>Constance Range Iron Ore Project.</p>	<p>Currently KBL holds 30% of this project (option for 50%). Nominal strategic value of A\$1m has been assumed. Project value is currently limited due to modest grades and location of higher grade zone in national park buffer zone.</p>

KBL – a Gold or Base Metals Company?

KBL offers the market an interesting hybrid of near term, predominantly gold/silver and copper/silver production, and longer-term lead/silver potential production. This commodity mix is arguably a positive one, but it begs the question: How will the company be characterised – as a precious metals company or a base metals company?

In the short term small scale gold/silver production will generate most cash and may get the headlines.

Because of the likely near term high margin gold production, about 32% of our current valuation is derived from the gold project...

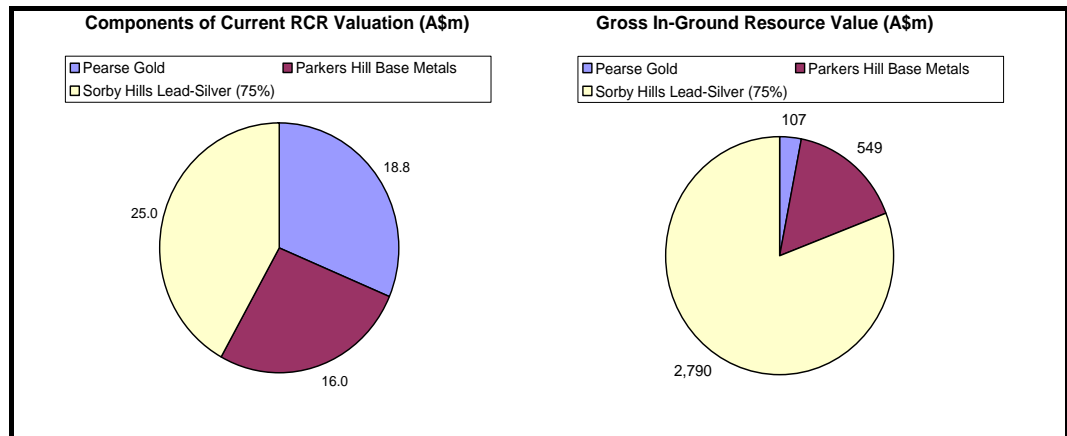
...but the gold resource is miniscule compared with the base metal resources.

Initially gold revenues will predominate, but after ~2 years, base metals projects will dominate revenues – copper/silver at Parkers Hill, then lead/silver at Sorby Hills.

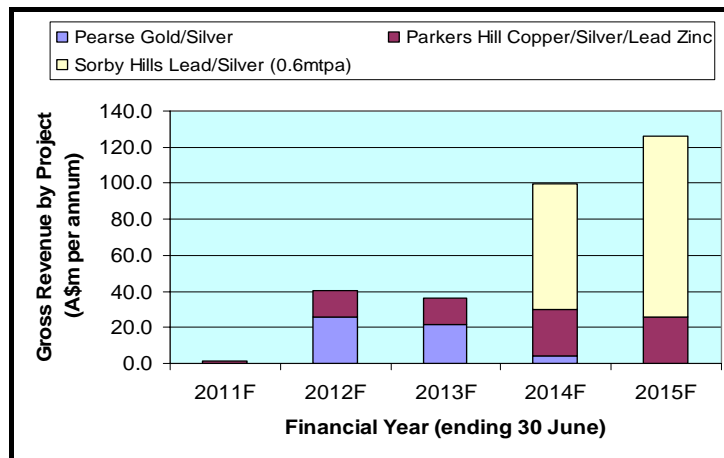
Which means that KBL is really a base metals and silver producer, with excellent short term cash flow opportunity from a small gold project.

The near term production profile for KBL comes from a low capex fast track underground copper/silver mine (Pearse) to be operated in conjunction with an open cut gold operation (Parkers Hill) at the NSW Mineral Hill Project. The high grade open cut gold operations will generate strong margins (forecast opex <US\$500/ounce) and will be the 'headline act' for a short while. However, the gold resource base at Pearse suggests a short 1.5-2.0 year mine life gold operation, and after that timeframe base metals production will continue from the Parkers Hill underground mine and subsequently the company's major project (if it is developed) – lead-silver production from the much larger scale Sorby Hills project in WA.

Components of current RCR valuation and in-ground resource value – by project (A\$m)



Likely revenue contributions – assuming Sorby Hills starts up at 0.6mtpa in 2014



Clearly, the answer is that KBL is predominantly a base metals company, with small-scale near-term gold production which should generate cashflow to underpin future base metals project development.

Capital Funding

Capital Expenditure

The key components of capital expenditure (including working capital) required to resume production at Mineral Hill in 2Q11 are estimated to be (RCR estimates as at 30 September 2010):

Estimated capex to production in 2Q11 is only ~A\$9.5m plus ~A\$4.5m working capital and contingency.

	A\$m
Mineral Hill plant refurbishment:	7.6
Parkers Hill underground mine – pre start capex:	1.5
Additional flotation cells	0.5
Working Capital:	3.0
Contingency:	<u>1.5</u>
TOTAL:	14.1

The estimated A\$5.6m required for pre-strip of Pearse open cut has not been included as it is intended to fund this from cashflow derived from the Parkers Hill underground operation to commence in May 2011.

Cash at September 2010 was A\$11.6m.

As at 30 September KBL's cash position was A\$11.6m. The company has anticipated an additional equity funding requirement to enable Parkers Hill to be brought into production without raising debt financing.

Share Purchase Plan (SPP)

SPP underway gives opportunity to purchase stock at A\$0.24 – this could be a significant equity raising for KBL.

The SPP, currently underway, allows existing shareholders to purchase up to A\$10,000 of new shares at a discounted issue price of A\$0.24/share. It is also intended to allow holders of unmarketable parcels (a significant percentage of KBL's current shareholders) to 'top up their holdings to above the marketable parcel threshold.

Subject to funds raised in the SPP, KBL intends to instigate a share buy-back of all unmarketable parcels that remain after the conclusion of the SPP.

The SPP closes at 5.00pm on 15 November 2010. We would anticipate, in the current market, that the SPP will achieve a significant capital raising for KBL. If so, it should ensure that sufficient equity funding is available to achieve positive cashflow from the initial Parkers Hill ore treatment.

In our cash flow forecasts we have not inputted a capital raising from the SPP, and will not do so until the amount raised is confirmed.

Directors and Senior Management

KBL's executive team is experienced in base metals operations and project development.

KBL has assembled a strong team with an emphasis on project development. Base metals mining and treatment is a specialised area where prior experience is important.

Jim Wall – Executive Chairman: Over 30 years' senior executive management experience. Was Managing Director of Savage Resources during that company's transformation from a junior into a mid-cap producer. Jim has extensive experience in previous base metals operations (Aztec Mining and Nicron Resources). More recently, Jim was Executive Chairman of CBH Resources during the period it acquired and operated the Endeavour base metals mine in NSW, prior to taking on the role with its spin-off, KBL.

Bob Besley – Executive Director: Formerly Managing Director of KBL's 'parent' CBH Resources. Over 40 years' minerals industry experience including period as General Manager of Australmin Holdings during the period of development of a mineral sands and gold project.

Robert MacDonald – Non executive Director: Head of Minera Group – specialist mining advisory services group. Extensive experience in investment banking.

John Richards – Non Executive Director: 25 years' experience in the international minerals industry in executive and investment banking roles.

Stuart Mathews – Chief Operating Officer: Stuart was recruited recently to bolster the company's operational management as it progresses towards production at Mineral Hill. He has extensive previous project management experience, particularly in bringing projects into production. Most recently he was responsible for bringing Couer d'Alene's Palmerejo gold/silver mine in Mexico into production (forecast 2010 production is 7.9moz Ag and 109,000oz Au). He also played a key role in developing Barrick Australia's Lake Cowal Mine in NSW.

Of particular significance is the recent appointment of COO Stuart Mathews, very experienced in bringing major projects into production.

The Henan Yuguang Strategic Cooperation Agreement

It was announced on 19 April 2010 that Kimberley Metals is intending to enter into Strategic Cooperation Agreement (“SCA”) with a Chinese company Henan Yuguang Lead & Gold Co. Ltd (“Henan Yuguang”).

Henan Yuguang – a true big brother to KBL

Henan Yuguang is a major lead and silver company of global significance. It operates smelters and refineries in China, and is the largest producer of refined lead and silver metal in China – its output in 2009 was 305,000t lead, 79,000 oz gold and 19moz of silver. It is listed on the Shanghai Stock Exchange, and according to a recent KBL release, it generated revenues of ~A\$1,000m in 2009 and is currently capitalised at around A\$700m.

In that regard, Henan Yuguang appears to be a strong and very significant development partner to KBL.

Details of the SCA

Henan Yuguang has injected A\$5.2m cash into KBL by taking a share placement of ~20.8m shares at an issue price of A\$0.25/share (a premium of 25% to the February 2010 IPO price). The placement has resulted in Henan Yuguang holding a 15% stake in KBL.

Sorby Hills JV: The second component of the SCA is the formation of a joint venture for the Sorby Hills project (currently 100% KBL) whereby Henan Yuguang is earning 25% of the project by contributing A\$5m project funding which is expected to fund the planned BFS for the project over the next two years.

Henan Yuguang will subsequently have the right to increase its Sorby Hills project interest beyond 25% if it assists KBL in securing project financing for the Sorby Hills project. The precise detail as to the mechanism for this has not yet been defined, but it will presumably be subject to KBL shareholder approval

The above transactions have been consummated, with A\$10.2m cash provided by Henan Yuguang, taking up its 15% equity stake in September 2010, and forming the Sorby Hills JV in 2Q10.

RCR Comment

This is a sensible deal for KBL and its shareholders – giving it development capital to ensure Mineral Hill can be fast-tracked, and providing its somewhat overlooked flagship Sorby Hills base metals project a big boost in credibility and perceived viability, increased market visibility and reduced project development risk. Henan Yuguang has provided development capital and potential future project funding support for Sorby Hills, while ensuring KBL maintains control over its key project and its own destiny. Henan Yuguang has not taken up a seat on the KBL board.

Henan Yuguang is a major Chinese lead/silver production company that sees value in investing in KBL at A\$0.25/share, and directly in the Sorby Hills project.

Henan Yuguang has invested A\$5.2m for a 15% stake in KBL at A\$0.25/share...

...and is farming-in to the Sorby Hills Project by spending A\$5m to earn 25%.

Henan Yuguang may use its financial strength to play a role in project financing Sorby Hills.

This deal de-risks KBL and highlights the value of Sorby Hills, which has been somewhat overlooked to date.

Company History

CBH formed KBL as a vehicle for its less advanced base metals projects, as CBH focused on its production and near-production base metals assets.

KBL was established when its former parent (CBH Resources Limited – ASX:CBH) implemented a strategy in 2008 to focus on its three major operating and development assets – the operating Endeavour zinc/lead/silver mine near Cobar in NSW, redevelopment of the proposed Rasp zinc/lead/silver mine at Broken Hill, and the advanced Panorama copper/zinc project in the Pilbara (WA).

The KBL assets were valued at A\$23.9m (A\$0.20/ KBL share)

After the takeover of Triako Resources Limited in 2006, CBH found itself with an extensive project portfolio that required rationalisation and narrowing of focus towards the three core assets.

The new KBL shares were distributed to CBH shareholders in 2008

In May 2008, CBH's transferred its interests in three pre-development assets, Mineral Hill, Sorby Hills and Constance Range, as well as A\$1m in cash, into the unlisted 'spin off' vehicle Kimberley Metals Limited. The market value of these assets was assessed at A\$23.88m.

Jim Wall and Bob Besley left CBH to focus on KBL.

The consideration for the CBH assets provided by KBL to CBH was mainly satisfied by an issue of new shares in KBL to CBH, with a total value of A\$18.5m. The balance of A\$5.4m was a debt payable by KBL to CBH, tied to any future decision to mine the Mineral Hill deposit and subsequent payment of royalties to CBH from Mineral Hill revenues.

In 2008 and 2009 KBL focused on exploration of its Mineral Hill project...

The new shares in KBL issued to CBH were distributed to CBH's shareholders, which resulted in CBH acquiring a pre-listing shareholder base in excess of 13,000 shareholders. KBL's new Board was led by Executive Chairman, Jim Wall and Executive Director, Bob Besley, who were previously joint CEO's of CBH.

...and through an IPO at A\$0.20/share raised A\$11.3m and was listed on the ASX in February 2010.

During the balance of 2008 and during 2009 KBL undertook further drilling on the Mineral Hill Project. This was partly funded through a total A\$1m investment in KBL by a private Japanese investment group, Jinji Australia Pty Ltd.

The Henan Yuguang proposal was finalised in September 2010.

In November 2009 KBL issued a Prospectus (and a second Replacement Prospectus) for a combined rights issue to existing shareholders and a public share offer to raise up to A\$15m, through the issue of up to 75 million new shares at an issue price of A\$0.20 per share.

Focus is now on resuming production at Mineral Hill by 2Q11...

The share offer raised A\$11.3m (net A\$10.4m after issue costs), and KBL was duly listed on the ASX on 25 February 2010. Since listing KBL's focus has been on continued resource drilling at the Mineral Hill project.

...and on progressing the Sorby Hills feasibility study.

In April 2010 KBL announced a proposed Strategic Cooperation Agreement with China's largest lead producer, which is detailed elsewhere in this Report. The Agreement was finalised in September 2010.

During 2010 KBL has rapidly progressed assessment work on the Mineral Hill Project, with further resource drilling and assessment of operating strategies. This has led to a recent decision to fast track a start up of the existing Mineral Hill plant for gold-silver and base metals production. Production should commence by May-June 2011.

Meanwhile, KBL is progressing the Sorby Hills feasibility study, funded by Henan Yuguang farm-in expenditure.

Mineral Hill Mine (NSW) (100%)

The Mineral Hill mine is located in the northern part of the Lachlan Fold Belt in central-western New South Wales, approximately 60km from the town of Condobolin. KBL's tenement holdings in this area total 49 km² – 17 granted mining leases and one exploration licence.

Triako was operating Mineral Hill from 1989 to 2005 as a base metals mining and processing operation.

The Mineral Hill mine and tenements were acquired by CBH Resources Limited in its takeover of Triako Resources Limited ("Triako") in 2006. Triako built the existing 200ktpa concentrator in 1989 and operated the mine as a copper/gold operation (producing copper concentrates containing gold and also gold bullion) from 1989 to 2005, when Triako ceased operations due to low metal prices at the time and a lack of high grade underground reserves. The plant has been on care and maintenance since 2005.

Existing 200ktpa plant has dual circuits to treat both gold and base metals ore bodies.

The Mineral Hill processing plant has dual circuits - a flotation circuit and a carbon-in-leach ("CIL") circuit, which enabled Triako to produce separate copper/gold concentrates (flotation circuit) and gold bullion (CIL circuit). The processing plant provides a quick route to simultaneous production of gold/silver bullion and base metals concentrates.

The Mineral Hill 200ktpa dual circuit processing plant

The plant can be readily re-commissioned for gold and silver production.

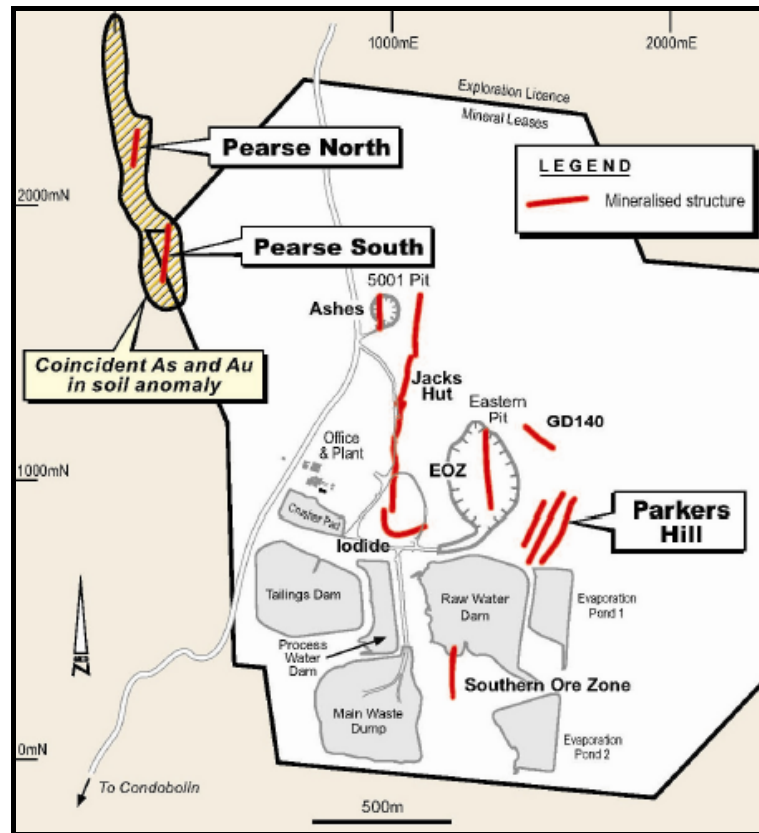


Source: Kimberley Metals Ltd

Two ore bodies being targeted for commercial development – Pearse (gold/silver) and Parkers Hill (copper/silver/lead/zinc).

Map showing Pearse South gold resource and Parkers Hill base metals resource, within vicinity of existing Mineral Hill 200ktpa concentrator

The newly discovered Pearse South and Pearse North gold/silver ore bodies are in close proximity to the Mineral Hill treatment plant.



Source: Kimberley Metals Ltd

The recently discovered Pearse South Gold Resource (6.5g/t Au) is very high grade for a shallow open pitable gold resource.

Pearse South Gold Resource

The recently discovered Pearse South gold/silver resource is located only 1km north of existing Mineral Hill plant. Triako had previously only conducted limited exploration in this area. In 2009 KBL conducted pre IPO drilling (1,600m RC program on 25m centres) which resulted in the discovery of the Pearse South gold/silver lode structure within an 800m north-south trending gold and arsenic soil anomaly. At that stage KBL confirmed an inferred resource of 281kt grading 7.3g/t Au and 83g/t Ag containing 66koz Au and 750koz Ag.

The relatively high grade gold/silver mineralisation is within 100m of the surface (the bulk of it is no deeper than 70m) and is readily mineable by open cut methods. The mineralisation is open down dip and down plunge – which suggests that there is likely to be further gold mineralisation in this structure.

Since listing in February KBL has conducted an infill an initial step-out drilling campaign (4,000m RC, 2,100m DDH) to upgrade the resource (drilling on 12.5m centres) and to provide core samples for further metallurgical testing. The infill drilling intercepted further high grade gold and silver mineralisation including a ‘headline’ intercept of 23.0m @ 21.1g/t Au and 80.0g/t Ag.

During 3Q10, a further 11 holes (9 RC, 2 DDH) were drilled, indicating potential additional shallow oxide extensions, and providing geotechnical data for an open pit design,

Pearse South upgraded gold/silver resource

Total Measured and Indicated resource contains 62koz Au.

A reserve containing 52koz Au (6.9g/t Au grade plus 71.7g/t Ag) has recently been confirmed.

The reserve is based on a pit design to 70m depth.

The Pearse gold ore body is discrete and well defined – grade control in open cut mining should not be challenging.

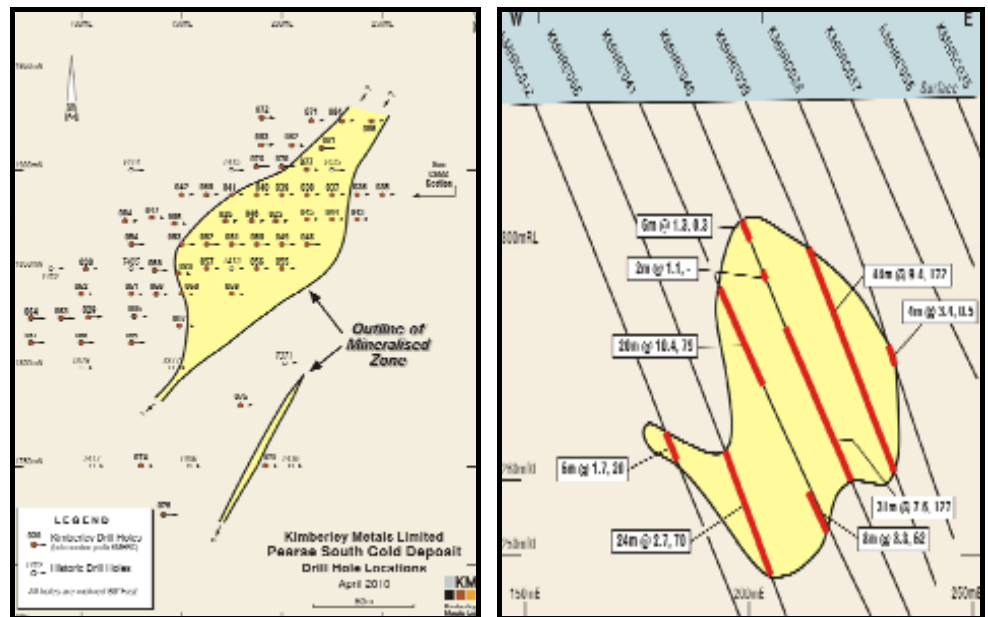
Code for reporting mineral resources - Australian: JORC									
Gold & Silver	Classification	Project Equity	Ore kt	Au g/t	Ag g/t	c/off Au g/t	Au koz	Ag koz	Au Eqty koz
Reserves									
Total	Proven + Probable	100%	235.2	6.9	71.7	2.0	52	542	52.3
Resources									
Pearse South - Oxide	Meas. + Indicated	100%	54.0	5.8	16.0	1.0	10	28	10
Pearse South - Sulphide	Meas. + Indicated	100%	243.0	6.6	94.0	2.0	52	734	52
Total Resources			298.0	6.5	80.0	0.3	62	762	62

Source: Kimberley Metals Ltd – September 2010 Quarterly Activities Report

A pit design has now been finalised (to ~70m depth) and the first Proven and Probable Reserve (see table above) containing 52koz Au and 542koz Ag has been announced.

The graphics below show a plan of the Pearse South resource (with drill hole location) after the 2Q10 resource drilling undertaken, and an East-West cross section through the central section of the deposit.

Pearse South resource drilling



Source: Kimberley Metals Ltd

The Pearse South high grade gold mineralisation has now been earmarked for early open cut production, simultaneously with the early stage development of the Parkers Hill underground copper/silver resource, as is detailed later in this Report.

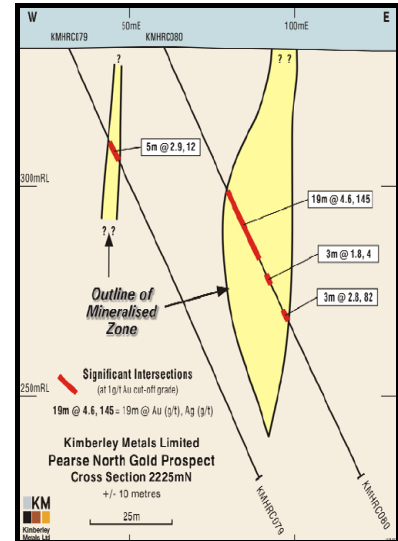
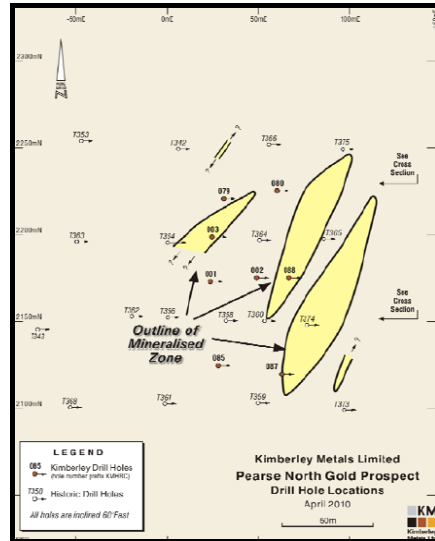
Pearse North Target

Further mineralised zones have been identified nearby at Pearse North.

The limited RC drilling to date at the Pearse North target has identified further gold/silver mineralisation in the form of a series of steeply dipping lenses. The mineralised zones are not deep – most significant intercepts have been above 70m vertical depth. An intercept of 19m @ 4.6 g/t Au and 145 g/t Ag from 39m has been reported.

Pearse North targets

There is demonstrated potential to define additional shallow open pittable gold/silver resources at Pearse North.



Source: Kimberley Metals Ltd

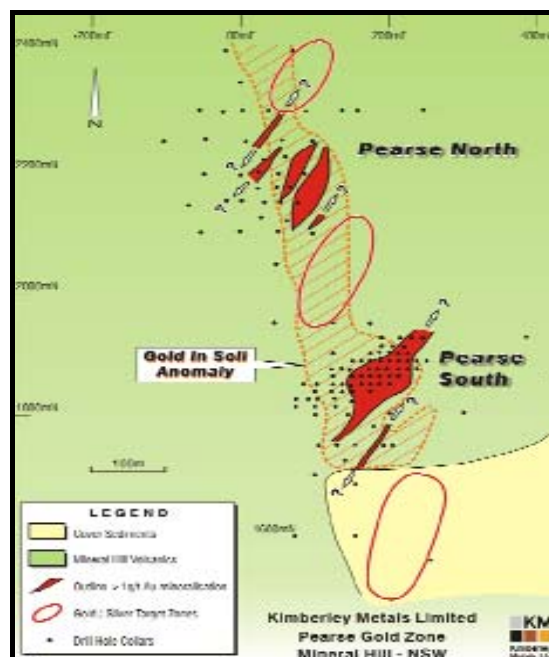
This drilling indicates that there is potential to define additional relatively shallow gold/silver resources at Pearse North, amenable to open cut mining. KBL is following up on this potential with further resource definition drilling being undertaken at Pearse North in the current (June 2010) quarter. We would anticipate an initial JORC resource statement for Pearse North in the September 2010 quarter.

Additional Pearse Gold/Silver Target Zones

The Pearse South and Pearse North mineralised zones are located on an 800m long gold in soil anomaly that has not yet been fully tested. As shown on the map below, three other undrilled target zones have been identified by KBL for further drilling. We anticipate that KBL will undertake initial drilling programs on these further targets in the next 12 months with a view to extending the high grade mineralisation in the Pearse structure

Pearse gold in soil anomaly showing three further undrilled target zones

We expect that KBL will undertake drilling in the next 12 months on three additional gold/silver targets on the Pearse trend, adjacent to Pearse North and Pearse South.



Parkers Hill Polymetallic Deposit

Extensive previous drilling by Triako has defined a significant base metals/silver ore body to approximately 130m depth. This resource is east of the previously mined Eastern Ore Zone (see map page 11).

Well defined Parkers Hill Polymetallic resource, low capital to develop ...

5.2mt resource averaging 0.9% Cu, 49.7g/t Ag was announced in 1Q10.

The high grade component is 710kt.

Parkers Hill Polymetallic resource – including the 0.7mt high grade zones

Code for reporting mineral resources - Australian: JORC

Ore Type	Classification	Project Equity	Ore Mt	Cu %	Pb %	Zn %	Ag g/t
Parkers Hill Global Resource							
Sulphide	Measured + Indicated	100%	1.90	1.3	1.2	1.4	30
Oxide	Measured + Indicated	100%	3.30	0.6	0.2		61
Total Global			5.20	0.9	0.6	0.5	49.7
Parkers Hill High Grade Resource *							
Sulphide	Measured + Indicated	100%	0.55	2.9	1.7	1.7	61
Oxide	Measured + Indicated	100%	0.16	1.2	4.7		208
Total High Grade			0.71	2.5	2.4	1.3	94.1

Note: More than 90% of quoted resources are in the Indicated category

Cut-off grades are based on >2% combined base metals and/or >100g/t silver

* High grade resources are a component of global resources

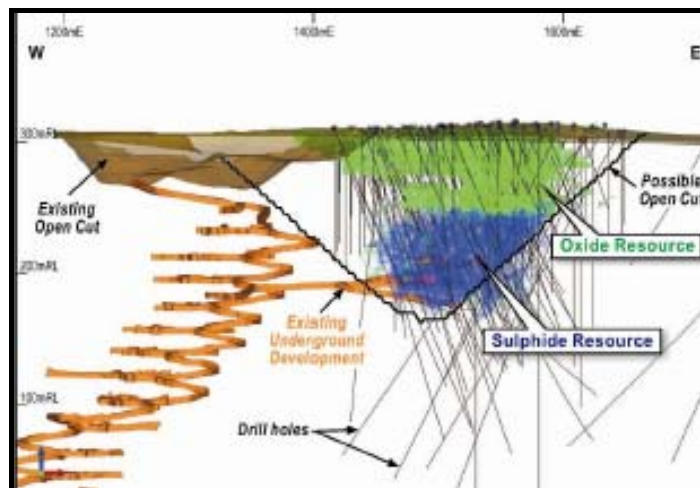
Source: Kimberley Metals Ltd – March 2010 Quarterly Activities Report

The shallower oxide component of the resource is lead/silver dominant, while the deeper primary ore (sulphide) is copper/zinc dominant in terms of contained metal value.

Parkers Hill cross-section - proposed underground mining will target the sulphide zone via existing decline.

Parkers Hill is envisaged as a low capex. underground operation – extensive mine development has already been undertaken from an existing decline.

A revised Indicated Resource of 1.089mt grading 1.8% Cu, 30g/t AG will form the basis of underground mining operations – giving an approximate 5-6 year mine life.



Source: Kimberley Metals Ltd

During 3Q10 KBL re-estimated the high grade sulphide zone targeting copper at a lower cut-off grade of 0.6%. This gave the following Indicated Resource inventory:

1.089mt @ 1.8% Cu, 1.0% Zn, 1.0% Pb, 30g/t Ag

Mine development has already been established via the decline, accessing the ore body on three levels at around 150m depth.

Capex <A\$1.5m to recommence underground mining.

Dual track strategy involves simultaneous (not sequential) development of the underground copper/silver ore body and the Pearse open cut gold/silver ore body.

Underground mining and ore treatment will commence first (around May 2011) with cash flow funding the Pearse open cut pre-strip.

The flexible Mineral Hill processing plant with dual CIL and flotation circuits allows the dual track approach to be applied.

This resource can be readily accessed through the existing decline at the base of the existing open cut. Extensive existing underground development in the previously mined Eastern Ore Zone on three levels (150m depth) means that there is minimal additional development required – the previous mine development is already into this ore zone. The decline can be readily re-activated, and water ingress is not an issue at this level of the previous workings. The main requirement to commence production in this ore zone will be to establish a ventilation shaft (raise bore) to service this zone and provide an additional escape route. Bulk mining methods could be applied to this ore body, based on 15m width, 30m deep, 20m height mined blocks, using cemented fill.

KBL has already undertaken scoping studies on a re-start of this operation. The metallurgy is well known from previous operations. This provides KBL with a low capital cost (est. <A\$1.5m) path to a rapid resumption of mine production.

As a result, KBL has decided to commence with a dual track underground and open cut production strategy, as described in the next section.

Dual Track Development Proposed for Mineral Hill.

KBL's initial plans were to sequentially develop first the open cut Pearse gold/silver operations, with treatment through the 200ktpa Mineral Hill plant, then the Parkers Hill underground mine targeting copper/silver ore.

Recently, however, KBL has revised its strategy and decided to pursue a dual track development of both mines simultaneously. Why? Because there is much less work (and capital expenditure) involved to re-open the Parkers Hill underground mine (via the existing decline) relative to the significant pre-strip that is required for the Pearse open pit. In addition, the timetable for underground mining is faster – not only is there no pre-strip required, but the operation is fully permitted and can be re-started in a short time-frame. Whereas the proposed Pearse open cut is still in a process of environmental approvals and on a longer timeline.

The capital expenditure to re-start mining at Parkers Hill underground is probably no greater than ~A\$1.5m, whereas the estimated capital expenditure for the Pearse pre-strip is A\$5.8m – so why not pay for the Pearse pre-strip out of cashflow from the Parkers Hill underground operation. That is the concept being applied in commencing underground at Parkers Hill first.

The dual track approach can be applied because of the dual circuits (CIL and flotation) in the Mineral Hill processing plants, which gives the flexibility to treat either sulphide copper ore from underground (flotation), initial oxide open cut gold ore from Pearse (CIL) and subsequently deeper primary open cut gold ore from Pearse (CIL/flotation).

The refurbishment of the mill is now underway, and should be completed (at least to allow flotation treatment of Parkers Hill sulphide ore to commence) in May 2011. The pre-strip at Pearse will start at about this time, and will be complete around August-September 2011,

at which time Pearse gold ore feed to the mill can start. The completion of the gold room (for Pearse ore treatment) should be completed at this stage. Additional flotation cells will be installed to cater for the slower flotation rates achievable with the Pearse primary ore.

The capital expenditure for the mill refurbishment is estimated to be A\$7.6m. Because the Parkers Hill operation will be the initial operation, and will extend for a significantly longer mine life than the Pearse ore body (~5 years versus ~1.5 years for Pearse – based on current resources), in our cash flow modelling we have allocated 100% of the plant refurbishment capital to the Parkers Hill operation.

When Pearse ore treatment commences, we have assumed that campaign treatment (alternating) of Pearse and Parkers Hill ore takes place, maintaining an approximate annualised throughput of 100ktpa for parkers Hill ore, and 100ktpa of Pearse ore – perhaps up to ~160ktpa in the first few months when the soft easily-milled oxide open pit ore is treated. Once the Pearse pit is completed, we have assumed Parkers Hill mining and treatment rates increase to around 200ktpa.

Further details of our modelling assumptions can be seen in the Project Summary pages.

The mill refurbishment is expected to cost A\$7.6m and be sufficiently complete to allow flotation treatment in May 2011.

When the Pearse open pit comes on line, campaign treatment of open pit and underground ore will be instigated.

Sorby Hills Lead-Silver-Zinc Project (WA) (75%)

The Sorby Hills Project is located in the northeast Kimberley region of Western Australia, approximately 50km by road from the regional centre of Kununurra, and 170km from the export port of Wyndham.

Sorby Hills tenements location map



Source: Kimberley Metals Ltd

Sorby Hills, in the Kimberley region of Western Australia, gave the company its name.

Sorby Hills is a large scale project and the real potential 'company maker' for KBL.

This is the project with the greatest potential and the likely longer term "company-maker". The scale of this project (1.23mt Pb-Equiv. or 2.2moz Au-Equiv., with an in-ground value of A\$3.7 billion based on resources outlined to date and current metal prices), and the relatively high lead and silver grades, are what has attracted Henan Yuguang, China's biggest refined lead producer, to farm-in for 25% a joint venture interest in this project. The project is now operated as the Sorby Hills Joint Venture ("SHJV").

Sorby Hills is predominantly a lead resource with silver and zinc by product credits. It is a classic Mississippi Valley Type near-surface carbonate-hosted lead resource.

Sorby Hills was discovered nearly 40 years ago.

The Sorby Hills deposit has been known about for nearly 40 years. It was discovered in 1971 by Aquitaine Australia Minerals Limited ("Aquitaine"). It was extensively drilled by the previous operators in the 1970's - over 800 holes were drilled, typically over 50m spacings. The resource risk is considered low due to the extensive past drilling.

Extensively drilled and metallurgy proven through previous PFS work in the 1970's and 80's.

Aquitaine and its then joint venture partner, MIM (now Xstrata), undertook extensive project evaluations and metallurgical testwork leading to a pre feasibility study ("PFS") being completed in 1980. The project was subsequently dropped by MIM after metal prices plunged in the late 1980's.

The metallurgy was been extensively tested in PFS. This confirmed that the metallurgy is simple and high recoveries can be achieved with conventional sulphide flotation processing. The PFS work concluded that a 65% lead concentrate with metallurgical recoveries of 90% for lead and 87% for silver could be produced with a fairly coarse grind of 80% passing 75 microns. The work index was reportedly quite low at 7.5. Therefore, overall, it appears that the metallurgy presents little challenge to KBL.

16.9mt Inferred resource at 4.6% Pb and 56g/t Ag.

Sorby Hills lead-silver Inferred Resource

Code for reporting mineral resources - Australian: JORC

Ore Type	Classification	Project Equity	Ore Mt	Pb %	Zn %	Ag g/t
Sorby Hills						
Sulphide	Inferred	100%	16.90	4.6	0.7	56

Cut-off grade is 2.5% Zn

Source: Kimberley Metals Ltd

Amenable to low cost, shallow open pit mining.

The resource is amenable to open pit mining (unlike most current proposed lead/zinc/silver development projects in Australia, which will require underground mining). The resource is contained in six separate mineralised pods that would be mined sequentially in six discrete relatively shallow (maximum depth ~100m) open pits. LOM strip ratio is ~6:1. The approximately 30m of overburden is free digging.

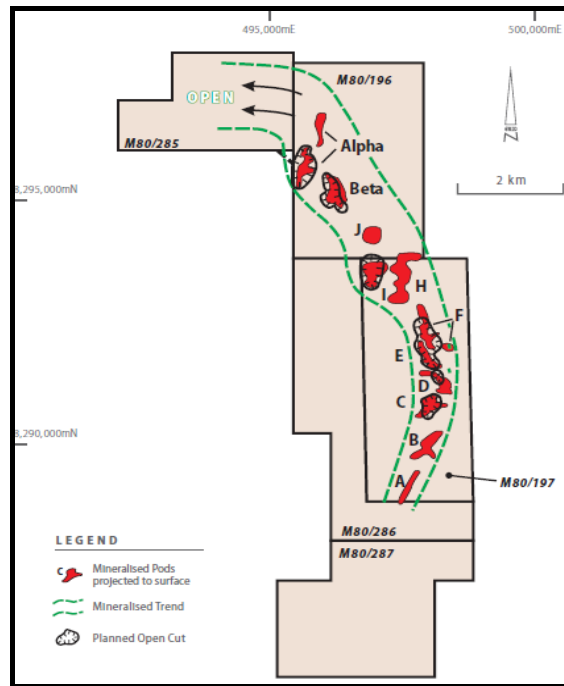
Mining leases are granted.

Also of significance is the fact that the resource is contained in granted mining leases ("ML's"). The ML's were recently renewed by the West Australian Government.

Initial mine production is likely to focus on higher grade 'I' pod, with an Inferred Resource 2.7mt @ 5.3%Pb, 95g/t Ag. The diagram below indicates the depth and typical width of this mineralisation.

Six shallow open pits are proposed for Sorby Hills over a ~5km strike length

The mine plan is for six shallow pits, with initial focus on the shallower I, C and D pods.



Source: Kimberley Metals Ltd

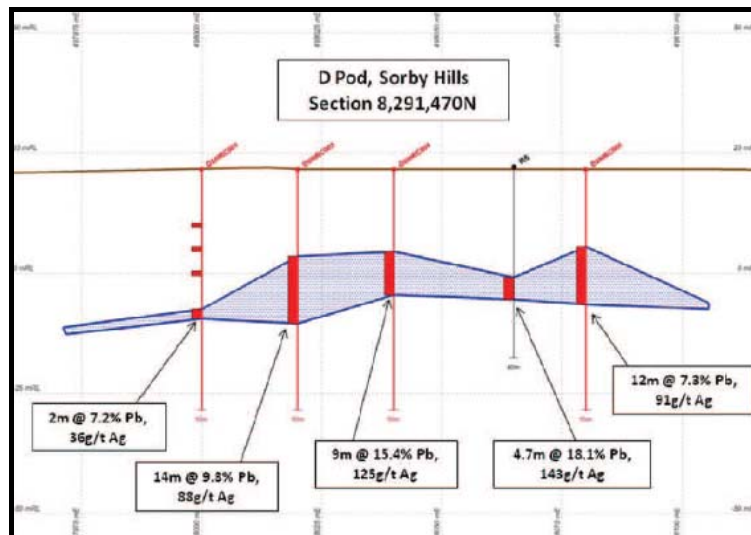
Recently infill resource drilling (96 holes for 8,650m) was undertaken by the SHJV in 3Q10, aiming to extend existing resources, and to convert Inferred Resources to Indicated.

Recent drilling (3Q10) has identified an extended mineralised zone in D Pod...

Although assay results for only 13 holes drilled into and adjacent to "D Pod" have been reported to date, the results were very promising. KBL reported that the drilling has extended the known mineralisation at D pod by 25m to the north over a 100m width. What is particularly promising are the high grade lead/silver intercepts reported in this relatively shallow (<30m from surface) new zone – including 14m @ 9.8% Pb, 88g/t Ag; and 9m @ 15.4% Pb, 15.4g/t Ag. The intercepts reported

Cross section of shallow "D" Pod mineralisation showing recent high grade drilling intercepts in a new zone.

...and produced some very high grade intercepts within 30m of surface.



Source: Kimberley Metals Ltd

Two Key Issues for Sorby Hills

High groundwater ingress rates challenged previous operators.

Groundwater pumping could add up to A\$10/t to costs?

Environmental issues will need to be managed.

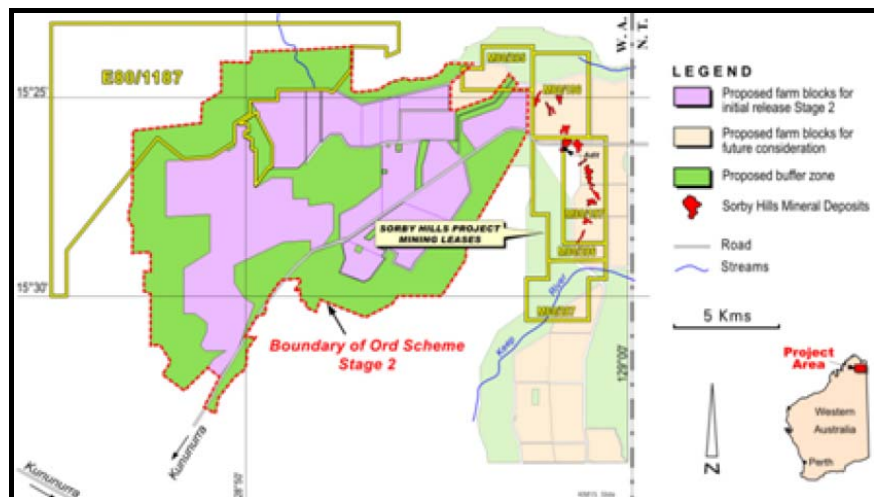
High water table ingress rates were encountered in previous exploration work. Significant groundwater inflows effectively frustrated a previous attempt by Aquitaine and MIM to develop a decline into the area of the I pod. This is an additional technical and operating cost/capital cost challenge for the Sorby Hills project, however, KBL management has expressed confidence that this issue can be overcome – it is a pumping capacity issue, which is likely to decrease over time as water ingress rates decrease. Initial required water pumping rates could be up to 50,000m³/day, so an effective dewatering system will have an impact on the overall capital and operating costs of developing a mine at Sorby Hills. A ballpark indication is that dewatering to that level could increase operating costs by up to ~A\$10/tonne of ore, which would be a significant cost demand. However, this would be countered by the Sorby Hills project attributes of relatively shallow open pittable resource, free digging overburden, good grades and simple metallurgy.

The second 'unique' challenge for Sorby Hills is environmental. Lead mineral production has been controversial in WA since the Magellan Metals lead pollution incident at the Esperance export port. However, lead concentrate transport from Magellan's mine has now been resolved with improved procedures with export through Fremantle port, and production has been resumed.

KBL will need to manage environmental issues carefully due to the proximity of the project to the proposed Ord River Irrigation Scheme expansion, which is a major irrigation project designed to open up new areas of black soil commercial agricultural land in the Kimberleys. As shown on the map below, the boundary of the Ord River Scheme Stage 2 (now being implemented) abuts the KBL Sorby Hills tenement boundaries.

Location of Sorby Hills tenements relative to Ord River Expansion Scheme Stage 2

The Sorby Hills tenements are adjacent to the proposed Ord River Irrigation Scheme Stage 2 expansion.



Source: Kimberley Metals Ltd

The State Government has nevertheless expressed support for the project.

However, it is very important to recognise that the WA Government has expressed support for the Sorby Hills project, and has demonstrated that support recently through the approval of the mining leases renewals. It is likely that the Government's interest in having this project proceed is linked to regional employment outcomes. The WA Government has committed ~A\$400m to the Ord Stage 2 development,

Sorby Hills ore is mostly low solubility galena.

KBL's immediate focus is resource upgrade drilling and groundwater studies.

With Henan Yuguang's A\$5m JV injection, a DFS (based on an initial 0.6mtpa processing plant) could be completed by mid 2012...

...with potential production by 1H14.

Little value is placed on the Constance Range iron ore resource, due to its situation relative to a national park, and modest grades.

with a key outcome being an increase in employment opportunities for the local indigenous communities. A future Sorby Hills operation would play a lead role in developing employment opportunities.

We consider that the environmental issues are not necessarily 'blocking' issues with appropriate operational management procedures, particularly dust control and groundwater containment, which would be a requirement with any lead mining operation. Stockpiling of black soil overburden and rehabilitation of the mined areas to agricultural land will be required.

Environmental issues are ameliorated by the fact that the majority of the resource (~95%) is sulphide mineralisation (predominantly galena) which exhibits very low solubility. However, a small percentage is oxidised (cerrusite) which is a soluble lead mineral.

Sorby Hills Development Strategy

In the next twelve months the SHJV will be focusing on completing the project Feasibility study. An initial mining scoping study based on an updated resource model (based on the 3Q10 drilling program completed) should be completed in the current (December 2010) quarter. The SHJV is planning to undertake further groundwater drilling, testing and modelling in 2011, to address the key issue of groundwater management. The groundwater studies will provide further data on groundwater ingress flow rates. Further infill drilling aimed at upgrading the resource status will be aimed at E and F pods. Resource drilling of the shallow pods (I,C,D) amenable to open cut mining will be undertaken on ~12.5m spacing, to upgrade the resource to Measured and Indicated and ultimately a mineable reserve.

KBL is planning to then complete a definitive feasibility study ("DFS") on an initial ~600ktpa operation, ramping to 1-1.2mtpa after 2-3 years.

The entry of Henan Yuguang into this project through the 25% farm-in has provided A\$5m of direct project funding which is expected to fully fund the Feasibility Study work through to the end of 2011. We anticipate that the DFS could be completed in mid 2012. On that basis, and assuming environmental approvals are forthcoming, it is possible that the Sorby Hills Project could be in production in the first half of calendar 2014. Henan Yuguang is likely to play a significant role in facilitating project financing.

Constance Range Iron Ore Project (QLD) (30%, option to 50%)

This project (200km from Burketown on the Gulf of Carpentaria) encompasses iron ore resources that were discovered by BHP in the late 1950's and early 1960's. BHP subsequently shifted its focus to the Pilbara (WA) where higher grade direct shipping ore deposits were developed.

At present KBL's iron ore assets are considered to be marginal assets. Although a substantial Inferred Resource has been established (~236mt at grades of around 53% Fe), this resource would require upgrading to ~60% Fe for commercial viability. BHP undertook testwork on roasting

and wet magnetic concentration to achieve this. There is potential for a higher grade (56-58%Fe) direct shipping resource amounting to 20-40mt. However, a significant proportion of the resource (and the bulk of the higher grade zone) lies within a 1 kilometre buffer zone of a National Park. KBL has noted that this resource is unlikely to be considered for development without Queensland Government support in the form of national park buffer zone exemptions.

Operating and Financial Summaries

PROJECT FINANCIALS

Parkers Hill Project		100%	2010a	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F
Assumptions											
Copper Price	:Usc/lb		304	351	380	390	390	348	280	257	259
Gold Price	:US\$/oz		1094	1302	1228	1110	1000	986	996	1006	1016
Silver Price	:US\$/oz		16.90	22.93	21.61	18.59	15.78	15.33	15.49	15.64	15.80
Exchange Rate AUD/USD			0.88	0.97	0.93	0.86	0.80	0.80	0.80	0.80	0.80
Mill Production											
Ore Treated	:kt		0.0	15.0	100.0	100.0	175.0	200.0	200.0	200.0	99.3
Copper Head Grade	:%		na	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	0.00%
Silver Head Grade	:%		na	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Recovery	:%		na	90%	90%	90%	90%	90%	90%	90%	90%
Recovered grade	:g/t		na	1.62%	1.62%	1.62%	1.62%	1.62%	1.62%	1.62%	0.00%
Concentrate Production											
Copper Concentrate	:kt		0.0	0.8	5.4	5.4	9.4	10.8	10.8	10.8	0.0
Copper Concentrate Grade	:%		0.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Contained Copper	:kt		0.0	0.2	1.6	1.6	2.8	3.2	3.2	3.2	0.0
Contained Gold	:koz		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contained Silver	:koz		0.0	10.1	67.5	67.5	118.2	135.0	135.0	135.0	67.0
Payable Metal											
Copper	:kt		0.0	0.2	1.6	1.6	2.7	3.1	3.1	3.1	0.0
Copper	:mlb		0.0	0.5	3.4	3.4	6.0	6.9	6.9	6.9	0.0
Gold	:koz		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Silver	:koz		0.0	10.1	67.5	67.5	118.2	135.0	135.0	135.0	67.0
Profit & Loss											
Gross Copper Revenue			0.0	1.9	13.1	13.5	23.5	24.0	19.3	17.7	0.0
Plus - Silver Credits			0.0	0.2	1.5	1.3	1.8	2.1	2.1	2.1	1.1
Less: TC/RC Smelter Charges *			0.0	0.1	1.0	1.0	1.9	2.2	2.3	2.3	0.0
Net Smelter Revenue	:\$m		0.0	2.0	13.6	13.7	23.5	23.8	19.1	17.5	1.1
Operating Costs	:\$m		0.0	0.0	7.9	9.0	14.4	19.6	19.8	20.0	15.0
Royalties	:\$m		0.0	0.1	0.5	0.5	0.9	1.0	0.8	0.7	0.0
Depreciation	:\$m		0.0	0.1	1.0	1.0	1.8	2.3	2.7	3.4	2.4
PBIT	:\$m		0.0	1.9	5.2	4.2	8.2	2.9	-2.6	-5.2	-16.4
Tax	:\$m		0.0	0.0	0.0	0.5	2.0	0.4	0.0	0.0	0.0
Net Profit	:\$m		0.0	1.9	5.2	3.8	6.2	2.5	-2.6	-5.2	-16.4
Cash Flow											
Add Back - Depreciation	:\$m		0.0	0.1	1.0	1.0	1.8	2.3	2.7	3.4	2.4
Less - Capex	:\$m		0.0	6.6	2.8	1.0	1.0	1.0	1.0	1.0	0.5
Free Cash Flow	:\$m		0.0	-4.6	3.4	3.8	7.1	3.8	-0.9	-2.8	-14.5
Unit Operating Costs/lb											
Direct Mining Expense	:US\$/lb		0.00	0.61	2.47	2.52	2.72	2.75	2.78	2.81	0.00
Refining and Transport	:US\$/lb		0.00	0.07	0.28	0.29	0.30	0.31	0.32	0.33	0.00
By product credit	:US\$/lb		0.00	-0.11	-0.40	-0.35	-0.30	-0.29	-0.29	-0.29	0.00
Cash Operating Cost (C1)	:US\$/lb		0.00	0.57	2.35	2.45	2.72	2.78	2.81	2.84	0.00
Royalty	:US\$/lb		0.00	0.03	0.15	0.15	0.15	0.13	0.11	0.10	0.00
Total Cash Cost (C2)	:US\$/lb		0.00	0.60	2.49	2.60	2.88	2.91	2.92	2.94	0.00
Depreciation/Amort	:US\$/lb		0.00	0.05	0.27	0.29	0.30	0.32	0.38	0.48	0.00
Total Production Cost (C3)	:US\$/lb		0.00	0.66	2.76	2.90	3.17	3.23	3.30	3.42	0.00
Unit Operating Costs/t											
Mining	:\$/t		0.1	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Milling	:\$/t		0.1	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Overhead **	:\$/t		0.1	0.0	0.0	0.0	6.0	6.0	6.0	6.0	6.0
Total Operating Costs	:\$/t		0.3	85.0	85.0	85.0	91.0	91.0	91.0	91.0	91.0

* Assumes US\$140/t concentrate treatment charges (incl. transport) and US\$0.06/lb Cu refining charges.

** Overheads charged to Pearse Gold Operation FY11 to FY13.

PROJECT FINANCIALS

Pearse Project		100% of Project								
Year End 30 June:		2010a	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F
<u>Assumptions</u>										
Average Gold Price	:US\$/oz	1094	1302	1228	1110	1000	986	996	1006	1016
Average Silver Price	:US\$/oz	16.90	22.93	21.61	18.59	15.78	15.33	15.49	15.64	15.80
Exchange Rate AUD/USD		0.88	0.97	0.93	0.86	0.80	0.80	0.80	0.80	0.80
Exchange Rate USD/ZAR		7.75	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<u>Mill Production</u>										
Ore Treated	:000t	0.0	0.0	115.0	100.0	20.0	0.0	0.0	0.0	0.0
Gold Head Grade	:g/t	na	na	6.07	7.30	7.30	na	na	na	na
Silver Head Grade	:g/t	na	na	16	89	89	na	na	na	na
Gold Recovery	:%	na	na	86	70	70	na	na	na	na
Gold Recovered grade	:g/t	na	na	5.20	5.11	5.10	na	na	na	na
Gold Produced	:koz	0.0	0.0	19.2	16.4	3.3	0.0	0.0	0.0	0.0
Silver Produced	:koz	0.0	0.0	71.3	164.3	32.9	0.0	0.0	0.0	0.0
Total Gold Equivalent	:koz	0.0	0.0	20.5	19.2	3.8	0.0	0.0	0.0	0.0
<u>Profit & Loss</u>										
Revenue	:A\$m	0.0	0.0	25.9	21.7	4.3	0.0	0.0	0.0	0.0
Total Operating Cost	:A\$m	0.0	0.0	9.7	8.6	1.7	0.0	0.0	0.0	0.0
Royalty	:A\$m	0.0	0.0	1.1	1.0	0.2	0.0	0.0	0.0	0.0
Depreciation	:A\$m	0.0	0.0	3.2	3.7	1.0	0.0	0.0	0.0	0.0
PBIT	:A\$m	0.0	0.0	11.9	8.5	1.4	0.0	0.0	0.0	0.0
Tax	:A\$m	0.0	0.0	0.0	3.6	0.6	0.0	0.0	0.0	0.0
Net Profit	:A\$m	0.0	0.0	11.9	4.8	0.8	0.0	0.0	0.0	0.0
<u>Cash Flow</u>										
Add Back - Depreciation	:A\$m	0.0	0.0	3.2	3.7	1.0	0.0	0.0	0.0	0.0
Less - Capex	:A\$m	0.0	0.0	6.1	0.4	0.1	0.0	0.0	0.0	0.0
Free Cash Flow	:A\$m	0.0	0.0	9.0	8.1	1.7	0.0	0.0	0.0	0.0
<u>Unit Operating Costs/oz</u>										
Cash Operating Cost (C1)	:US\$/oz	na	na	468	449	428	na	na	na	na
Royalty	:US\$/oz	na	na	54	53	49	na	na	na	na
Total Cash Cost (C2)	:US\$/oz	na	na	522	503	477	na	na	na	na
Depreciation/Amort	:US\$/oz	na	na	154	193	233	na	na	na	na
Total Production Cost (C3)	:US\$/oz	na	na	676	696	710	na	na	na	na
<u>Unit Operating Costs/t</u>										
Mining (unesc.) *	:A\$/t	na	na	30.0	30.0	30.0	na	na	na	na
Milling (unesc.)	:A\$/t	na	na	45.0	45.0	45.0	na	na	na	na
Overhead (unesc.)	:A\$/t	na	na	6.0	6.0	6.0	na	na	na	na
Total Cash Operating Costs (esc.)	:A\$/t	na	na	84.2	85.6	86.1	na	na	na	na

* Mining Costs based on A\$6/t ore mining, A\$8/bcm waste mining, using average strip ratio of 9:1.

CONSOLIDATED FINANCIALS

Kimberley Metals Limited

YEAR END: 30 June

Year

ASSUMPTIONS	2010a	2011F	2012F	2013F
A\$/US\$	0.88	0.97	0.93	0.86
Gold Price (US\$/oz)	1,094	1,302	1,228	1,110
Silver Price (US\$/oz)	16.90	22.93	21.61	18.59
Copper Price (USc/lb)	303.58	351.25	380.00	390.00

FINANCIAL RATIOS	2010a	2011F	2012F	2013F
Net debt/equity (%)	-37%	-11%	-66%	-179%
Net debt/ net debt + equity (%)	-60%	-12%	-196%	227%
Current ratio (x)	12.3	7.1	18.2	42.7
EBIT/interest (x)	-14.6	-1.1	90.6	155.9
Debt/operating cashflow (%)	na	757%	11%	6%
Exploration/total overhead (%)	0%	0%	0%	0%
EV/EBITDA (x)	-6.6	-113.5	0.8	0.7
Market cap/net cash (x)	2.7	9.1	1.5	0.6
Market cap/book (x)	0.4	0.3	0.2	0.2

EQUITY PRODUCTION

Pearse Production (koz Au)	0.0	0.0	19.2	16.4
Pearse Production (koz Ag)	0.0	0.0	71.3	164.3
Parkers Hill Production (kt Cu)	0.0	0.2	1.6	1.6
Parkers Hill Production (koz Ag)	0.0	10.1	67.5	67.5
Gold-Equiv. Production (koz Au)	0.0	1.6	32.7	32.9

PROFIT AND LOSS (A\$m)

Revenues	0.2	2.6	38.8	40.8
Operating costs	0.0	-0.2	-18.6	-18.5
Depreciation/amortization	-0.1	-0.1	-4.1	-4.7
Exploration Expensed	0.0	0.0	0.0	0.0
Corporate	-0.7	-2.5	-2.0	-2.0
Other (incl. Royalties)	-1.5	-0.1	-1.6	-1.6
EBIT	-2.1	-0.3	12.5	14.0
Interest	0.1	0.2	0.1	0.1
Operating profit/loss	-2.3	-0.5	12.3	13.9
Tax	-0.1	0.0	0.0	-2.0
Minorities	0.0	0.0	0.0	0.0
Net profit/loss	-2.3	-0.5	12.3	11.9
Net abnormal/extraordinary	2.0	0.0	0.0	0.0
Net profit/loss (reported)	-0.4	-0.5	12.3	11.9

FINANCIAL SENSITIVITIES

% Change in EPS for a 10% increase in:

AUD/USD	-26%	-15%
Gold price	25%	21%

BALANCE SHEET (A\$m)

Cash and deposits	7.8	3.8	9.7	22.7
Total current assets	8.1	3.8	9.7	22.7
PP&E	0.9	7.4	12.1	8.8
Exploration & Dev't	24.4	31.6	33.6	35.1
Total non-current assets	26.3	39.9	46.6	44.8
Total assets	34.4	43.6	56.2	67.5
Total current liabilities	0.7	0.5	2.4	2.4
Reclamation reserves	0.6	0.6	0.6	0.6
Long term debt	3.3	2.5	1.6	1.0
Total non-current liabilities	3.9	3.1	2.3	1.7
Total liabilities	4.6	3.6	4.7	4.0
Equity	29.8	40.0	51.6	63.4
Total debt	3.3	2.5	1.6	1.0
Net debt	-4.5	-1.3	-8.0	-21.7
Average shares (fully diluted) (m)	123.7	144.4	144.4	144.4

FLOW OF FUNDS (A\$m)

EBITDA	-2.0	-0.1	16.6	18.8
Cash flow from operating activities				
Operating surplus	0.0	2.0	20.0	21.6
Corporate	-0.7	-2.5	-2.0	-2.0
Net borrowing cost	-0.2	-0.7	-0.3	-0.8
Net tax paid	0.0	0.0	-2.4	-3.7
Net exploration paid	-1.1	-2.1	-2.0	-1.5
Other non cash items	0.7	3.6	1.7	3.0
Net cash from operating activities	-1.3	0.3	15.0	16.5
Cash flow from investing activities				
Capital expenditure	-0.1	-6.6	-8.9	-1.4
Asset Sales & Other	-1.1	-2.1	-2.0	-1.5
Net cash from investing activities	-1.2	-8.7	-10.9	-2.9
Cash flow from financing activities				
Net proceeds from issue of shares	16.5	5.2	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0
Net proceeds from borrowings	-1.9	-0.9	-0.8	-0.6
Net cash from financing activities	14.6	4.3	-0.8	-0.6
Net change in cash	12.1	4.1	3.4	13.0

November 2010

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