

ASX:KRE

8 November 2011

Kimberley Rare Earths Limited
ABN 20 147 678 779

Directors

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

Management

Tim Dobson – CEO
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



APPOINTMENT OF GENERAL MANAGER – PROJECT DEVELOPMENT

KEY POINTS

- **MICHAEL CHAN, highly experienced rare earths metallurgist and commercial manager appointed as GM Project Development**
- **Cummins Range Preliminary Evaluation study planned for completion by July 2012**

Kimberley Rare Earths (KRE) is pleased to announce the appointment of Michael Chan as General Manager – Project Development. Michael will commence with the company on 12 December 2011.

Background Summary

Michael Chan; BSc (Hons) Minerals Engineering, AIMM, MIEAust, CEng(UK)

- Malaysian born Australian citizen of 26 years
- Metallurgist with 35 years industry experience in senior operations, project development and commercial roles
- 10 years of extensive rare earth project experience including complex metallurgical flow sheet development
- Co-author of technical papers on Mt Weld rare earths project
- Residential country experience in China and Malaysia
- Language skills in Mandarin, Malay/Indonesian, Cantonese, Hokkien
- Well versed in Asian commercial dealings

KRE Managing Director Tim Dobson, himself a metallurgist, said he is absolutely delighted with Michael's appointment to this crucial role.

"It is no secret that rare earths metallurgical expertise is almost non-existent outside of China. Michael brings world class rare earth project experience and critical Asian network connectivity to the role. His appointment strongly supports our resolve to differentiate KRE as a serious and capable rare earths project development company that is committed to the rapid but disciplined development of Cummins Range".

Context

One of KRE's three strategic objectives is to evaluate the flagship Cummins Range rare earths project for the purpose of achieving near term commercial development. This objective has been developed into a strategic business plan, now budgeted and approved by the board, and requires the services of an experienced rare earths project manager to lead the three phases of studies;

- Preliminary Evaluation Study for delivery by July 2012;
- Pre-Feasibility Study with forecast completion in 2013; and
- Bankable Feasible Studies with forecast completion in 2015.

Reporting to the Managing Director (Tim Dobson), the General Manager – Project Development (Michael Chan) will work alongside the General Manager – Exploration (Geoff Collis) in an organisational structure designed to efficiently achieve KRE's strategic objectives.

Michael Chan – Key Role Experience

MT WELD

The Mt Weld rare earths project is being developed by Lynas Corporation as one of only two rare earths mines outside of China that are near production. Whilst rare earth deposits around the world are hosted in a complex range of geological and mineralogical settings, KRE's Cummins Range deposit shares a very similar setting to the Mt Weld deposit and is located in the same Australian state (Western Australia).

Michael's experience with Mt Weld commenced in 1989 when he was Manager - Metallurgy/Process Engineering for the project with Ashton Mining Limited. During that time, Michael developed a unique process flow sheet for the complex Mt Weld metallurgy and co-authored a technical paper on this subject with Dudley Kingsnorth¹.

Later, in 2006, Michael joined Lynas Corporation as Senior Commercial Manager/Country Manager Malaysia (an expatriate position based in Malaysia) where he established Lynas' presence in Kuantan, Malaysia. Lynas has since gone on to build their \$270 million downstream rare earth metallurgical facility at Gebeng in Malaysia.

NOLANS BORE

The large and complex Nolans Bore rare earth deposit in Northern Territory is being developed towards production by Arafura Resources. Michael joined Arafura in 2009 as Procurement/Supply Chain Manager where he has worked until joining KRE

CHINA

As current supplier of 97% of global rare earth production, and a near monopoly on rare earth separation and product technologies, it is strategically important that non-Chinese rare earth projects are able to access Chinese expertise and markets during project development.

Fluent in Mandarin, Michael established the first WFOE (Wholly Foreign Owned Enterprise) for Millennium Chemicals Inc. in Shanghai along with subsequent warehousing and supply chain facilities, and numerous commercial contracts in China during his 12 years with the company as General Manager Business Development & Marketing - China/Asia.

¹ Dudley Kingsnorth (IMCOA) is recognised as a leading authority on rare earths metallurgy and the global rare earths industry.

Further to this, Michael has established networks in Chinese rare earths technology and metallurgical testing companies and it is KRE's intention to utilise these connections to minimise the process flow sheet development time and expenditure for Cummins Range.

Cummins Range Preliminary Evaluation Study – Scheduled for delivery in July 2012

The number one priority for the General Manager – Project Development is to deliver a Preliminary Evaluation Study (sometimes referred to as a Scoping Study) for the near term commercial development of the Cummins Range rare earths deposit. The Preliminary Evaluation Study will be an order of magnitude estimate designed to assess the commercial viability of the project with an accuracy in the range of +/- 35% to 45%.

KRE's focus during the September quarter was to advance the scale and geological understanding of the deposit, at the same time generating a suite of new samples for metallurgical testwork. The key unknown for the project is the extent to which the deposit will respond to metallurgical concentration and separation techniques. Whilst the geology and mineralogy are similar to the Mt Weld deposit (for which a viable process flow sheet has been developed and constructed for full scale commercial production), a critical component of the Preliminary Evaluation Study will be to test metallurgical responses at a high level.

Along with new resource modeling incorporating the latest drill program results, the Preliminary Evaluation Study will also assess viable mining inventory (ore reserves), process flow sheet and facility options, mine life and production rate, approvals and regulatory aspects, community aspects, utilities and infrastructure aspects, rare earth product options and markets, high level operating and capital costs, product pricing assessment, and finally an economic assessment to support the immediate commencement of the Prefeasibility Study works.

Tim Dobson
MANAGING DIRECTOR

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.