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Kumarina
RESOURCES LIMITED

ABN 37 142 774 150

REPLACEMENT PROSPECTUS

This is a replacement Prospectus dated 19 October 2011. It replaces a prospectus dated 12 October 2011 relating to Shares of Kumarina Resources Limited

For the Offer of up to 48,000,000 Shares each at \$0.25 to raise up to \$12,000,000

IMPORTANT NOTICE

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisor without delay. The Shares offered by this Prospectus should be considered speculative. Refer to Section 8 for details relating to investment risks.

Corporate Directory

Directors

Peter Sullivan – Non Executive Chairman
James Sullivan – Managing Director
Geoffrey Motteram – Non Executive Director
Peter Hutchinson – Non Executive Director

Company Secretary

Mark Pitts

Registered and Corporate Office

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Independent Geologist

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Solicitors

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28 Ord Street
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Auditor and Independent Accountant

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Stock Exchange Listing

Australian Securities Exchange Limited
ASX Code: KMR

Share Registry

Security Transfer Registrars Pty Ltd
Suite 1, 770 Canning Highway
Applecross WA 6153

Lead Manager

Azure Capital Limited
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2 The Esplanade
Perth, Western Australia

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Important Notices and Statements

General

This Prospectus is dated and was lodged with ASIC on 19 October 2011. It replaces a prospectus dated 12 October 2011 which was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus.

No Securities will be issued or granted on the basis of this Prospectus after the Closing Date which will be not later than 13 months after the date of this Prospectus.

The Prospectus will generally be made available in electronic form by being posted on the Company's website at www.kumarina.com. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the Company's principal place of business during the Offer Period by contacting the Company. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and Application Form within Australia.

Applications for Shares will only be accepted on the Application Form accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.kumarina.com. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer other than as is contained in this Prospectus. Any information or representation not contained in the Prospectus should not be relied on as having been made or authorised by the Company or its Directors in connection with the Offer.

The Company is not currently admitted to the Official List of ASX. The Company will make application within 7 days of the date of this Prospectus for admission of the Company and Official Quotation of its Shares to the Official List.

Foreign Investors

No offer is made by this Prospectus in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where it would be unlawful to issue this Prospectus.

Exposure Period

This Prospectus is not subject to an exposure period due to Class Order 00/169.

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Important Notices and Statements (Continued)

Speculative Investment

The Shares offered under this Prospectus are considered speculative. There is no guarantee that the Shares offered by this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Potential investors should carefully consider whether the Shares offered by this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 8 for details relating to the investment risks.

Using this Prospectus

Persons wishing to subscribe for Shares offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering subscribing for the Shares offered by this Prospectus have any questions, they should consult their stockbroker, solicitors, accountants or professional advisers for advice.

Investors wishing to subscribe for Shares should complete the relevant Application Form attached to or provided with this Prospectus.

Competent Persons Statement

The information in this Prospectus that relates to exploration results is based on information compiled by Mr Al Maynard who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Maynard is a principle of Al Maynard and Associates Pty Ltd, Consulting Geologists. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Maynard consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

Glossary

Defined terms and abbreviations used in this Prospectus are explained in the Glossary in Section 12.

Investment Highlights

- The Company is a focused resource company exploring for copper, gold and manganese in Western Australia.
- The Company will have two exploration properties with historical production that provide ready to drill targets.
- The Projects have existing near surface and deep drill targets which have the potential to delineate copper oxide/copper zinc and gold mineralisation.
- The Ilgarari Project sits in a favourable geological setting for deep seated Stratiform copper deposits. The historic Ilgarari mine workings are located on a seven kilometre shear zone substantially untested by drilling. These workings exploited high grade copper oxides. A number of new exploration zones have been identified from aero magnetics and soil geochemistry programs.
- Initial acid leaching tests recently completed on oxide copper samples taken from the shaft collars and costeans have provided favourable results at +95% metal extraction.
- The Ilgarari Project is also prospective for manganese with rock chip sampling over 4kms outlining a significant manganese target.
- The Murrin Murrin Project hosts shallow economic gold intersections that exist under two previously mined open pits and previous underground workings. The tenements also host a high grade VMS copper /zinc mineralisation system that is open below 130 metres.
- The Projects are located in close vicinity to infrastructure such as bitumen roads and railway lines.
- The Company's Board of Directors have significant corporate, technical and operational experience in exploration and mine development.

Risk Factors

An investment in the Shares of the Company is subject to many risks and uncertainties. Some of the more significant risks which affect an investment in the Company are:

- (a) The Ilgarari Applications are pending (see Section 8.1(a)).
- (b) Transfer of legal title to the Murrin Murrin Tenements (see Section 8.1(b)).
- (c) Ability of the Company to raise sufficient funds to meet the needs of the Company in the future (see Section 8.1(c)).
- (d) Commodity price volatility and foreign exchange risk on revenues and expenses (see Section 8.1(d)).

Important Notices and Statements (Continued)

Indicative Timetable to the Offer

Lodgement of Prospectus with ASIC	19 October 2011
Expected Opening Date	19 October 2011
Expected Offer Closing Date of the Offer ¹	16 November 2011
Expected Allotment Date ²	30 November 2011
Proposed date of trading of Shares on ASX to commence ²	7 December 2011

Notes

- 1 Investors are encouraged to submit their Applications as early as possible. The Directors reserve the right to close the Offer earlier or later than as indicated above without prior notice to investors.
- 2 Anticipated dates only. The date the Shares are expected to be issued and/or commence trading on ASX may vary with any change to the Closing Date.

Capital Structure Following Completion of the Offer

	Shares	Options
On issue at the date of this Prospectus	¹ 23,900,100	-
To be issued to the vendors of the Murrin Murrin Project	² 5,800,000	³ 1,000,000
Offered under this Prospectus	¹ 48,000,000	-
Total Securities on issue on completion of the Offer	77,700,100	1,000,000

Notes

1. Refer to Section 10.1 for rights and obligations attaching to Shares.
2. Refer to Section 7.1 for details.
3. Exercisable at \$0.25 on or before 3 years from Official Quotation. Refer Section 10.2 for other terms and conditions.

Chairman's Letter

Dear Investor

On behalf of the Directors of Kumarina Resources Limited ("**Kumarina or Company**") I am pleased to present this Prospectus and invite you to become a Shareholder in the Company.

By this Prospectus, Kumarina offers for subscription up to 48,000,000 Shares each at an issue price of \$0.25 to raise funds up to \$12,000,000. The Offer has a minimum subscription of 32,000,000 Shares to raise \$8,000,000. The purpose of the Offer is to fund the Company's copper, gold and other base metal exploration and development activities.

Kumarina was incorporated to acquire mineral interests throughout Australia with an emphasis on copper and other base metals. To this end the Company has successfully acquired the Ilgarari Project located in the Southern Pilbara region and entered into a binding agreement to acquire the Murrin Murrin Project in the North Eastern goldfields of Western Australia respectively.

The Projects have historical production for copper and gold and have had limited drilling work undertaken in recent times.

The Ilgarari Project area is prospective for shear-hosted copper mineralisation and supergene manganese mineralisation. The Murrin Murrin Project contains both copper-zinc and gold mineralisation.

The Company will seek to increase Shareholder value through focused and cost effective exploration programs that will lead to development of the Projects.

The Board of the Company includes Directors experienced in the resources industry and the Company has access to technical consultants with significant exploration experience for base metals and gold.

This Prospectus includes details of the Company, its assets and proposed operations, together with a statement of the risks associated with investing in Kumarina. We recommend that you study this document carefully and, if you are interested in investing in Kumarina, seek independent professional advice.

Once again, on behalf of the Directors, I invite you to subscribe for Shares in the Company and join us in what we consider to be an exciting time for Kumarina and its future Shareholders.

Yours sincerely



Peter Sullivan
Chairman
19 October 2011

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1. The Company's Projects

1.1 Company Background

Kumarina was incorporated in March 2010 to identify and acquire base metal and gold exploration projects in Australia.

Since that time the Company has acquired the Ilgarari Project located 140 kilometres south of Newman and entered into an agreement to purchase the Murrin Murrin Project near Leonora.

Both Projects have historical production and previous exploration at the Projects has been successful in identifying near surface mineralisation that requires follow up work. With current copper and gold prices the economic parameters desirable for exploitation of these resources has changed. The Company is of the view that, based on previous results from exploration work at the Projects, there is potential to delineate economic resources at both Projects.



Figure 1 Project Location Map

1.2 Ilgarari Project - Copper /Manganese

(a) Location and Geology

The Ilgarari Project is located adjacent to the Great Northern Highway 140 kilometres south of Newman in Western Australia and is divided into two separate areas. The northern area comprises tenements E52/2274 ("Ilgarari Tenement") and ELA52/2632 and a southern area that comprises ELA52/2663 ("ELA52/2632 and ELA52/2663 together the "Ilgarari Applications"). The Ilgarari Project is wholly owned by the Company.

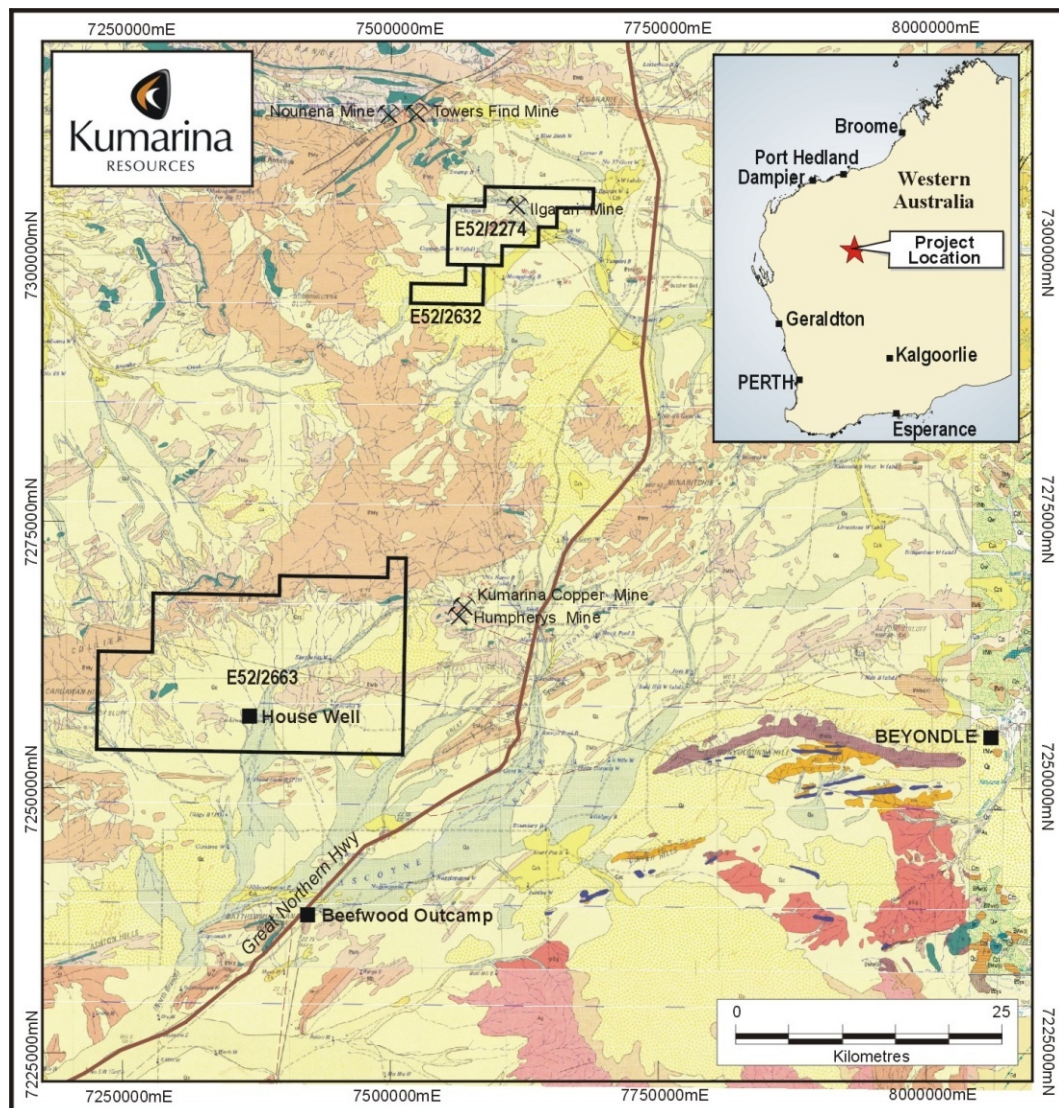


Figure 2 Ilgarari Project Tenement Map

The Ilgarari Project incorporates a significant portion of the Collier Sub Group of the Proterozoic Bangemall Basin and is underlain by the Ilgarari Sub Group that consists primarily of shallow dipping siltstone, grey and black shales.

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1. The Company's Projects (Continued)

The historic Ilgarari Copper Mine is located in the northern area of the Ilgarari Project, within a seven kilometre shear. Localised copper oxide mineralisation has been previously mined to a depth of 61m level below surface.

The southern portion of the Ilgarari Project area overlies Collier Sub Group rocks, with favourable geology and structural setting to host copper and or manganese mineralisation.

The Ilgarari Project area is prospective for shear-hosted copper mineralisation and supergene manganese mineralisation. It may also contain stratiform primary base metals mineralisation at depth.

Many of the world's major base metals deposits have been discovered in Proterozoic sedimentary basins. With the use of sophisticated, modern day exploration techniques it is possible that the source of the copper previously mined within surface shear zones may be defined within stratiform mineralisation at depth.

(b) Exploration activities

Exploration activities at the Ilgarari Project were carried out in the mid 1960s and early 1970s by ConWest and then by the Ilgarari Joint Venture in 1990s.

From 1968-1973 ConWest sunk a series of shafts at Ilgarari to exploit two separate occurrences of abundant surface outcrop of malachite-azurite mineralisation. Stopes mined above the 29m level averaged 5.3% Cu and the grade of material stoped between 61m and 29m level averaged 9.05% Cu. Channel sampling along the 61m level exposed lode widths from 0.5m to 1.5m and grade ranging from 1% to 41.1% Cu.

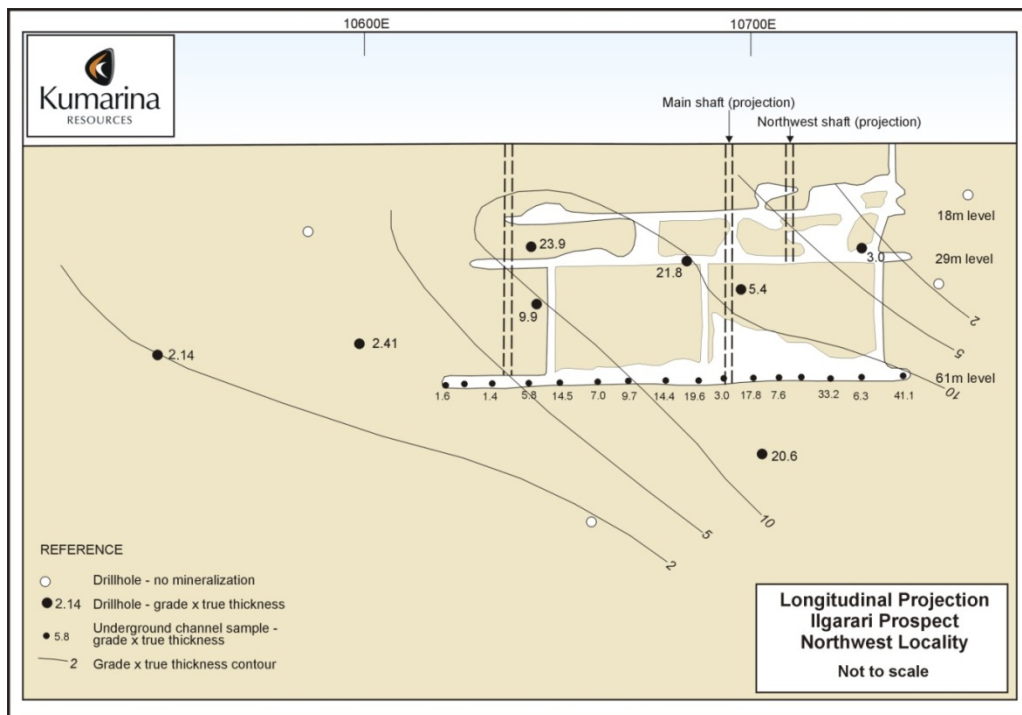


Figure 3 Long Section Ilgarari Prospect - Showing Sample Points with Grade Thickness Values

Significant drill hole intercepts through the cross section 9300mE are illustrated below:

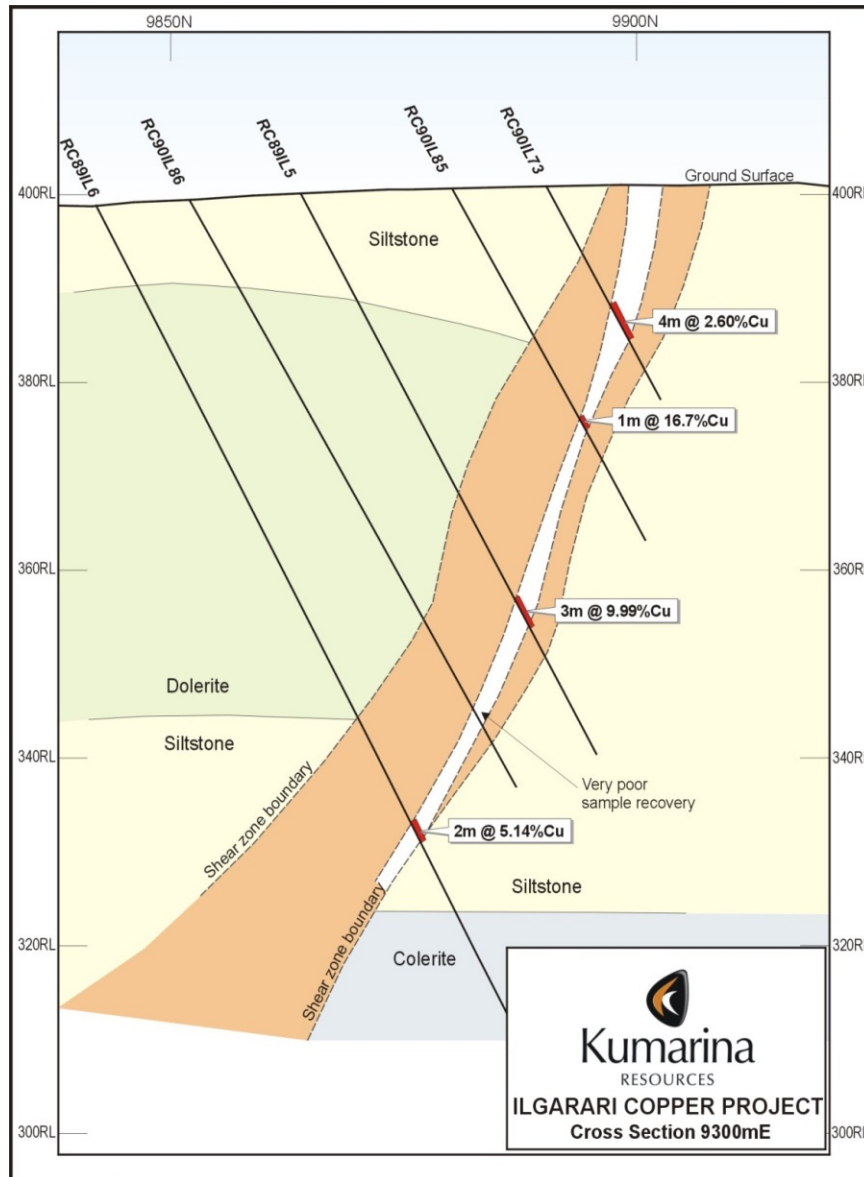


Figure 4 Ilgarari Prospect – Cross Section 9300mE

Further exploration comprising a detailed airborne magnetic survey, gridding on 400m line spacing, detailed geological mapping, rock chip sampling and drilling was undertaken in the 1990's by the Ilgarari Joint Venture. A total of 94 RC holes totalling 5,291 metres with 176 metres of diamond tails were completed. Significant drill hole intercepts from this drilling were received including 6m at 7.28% Cu, 24m at 3.65% Cu, 20m at 4.97% Cu and 2.9m at 9.59% Cu. Refer to section 1.4 in the Independent Geologists Report for further details of results.

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1. The Company's Projects (Continued)

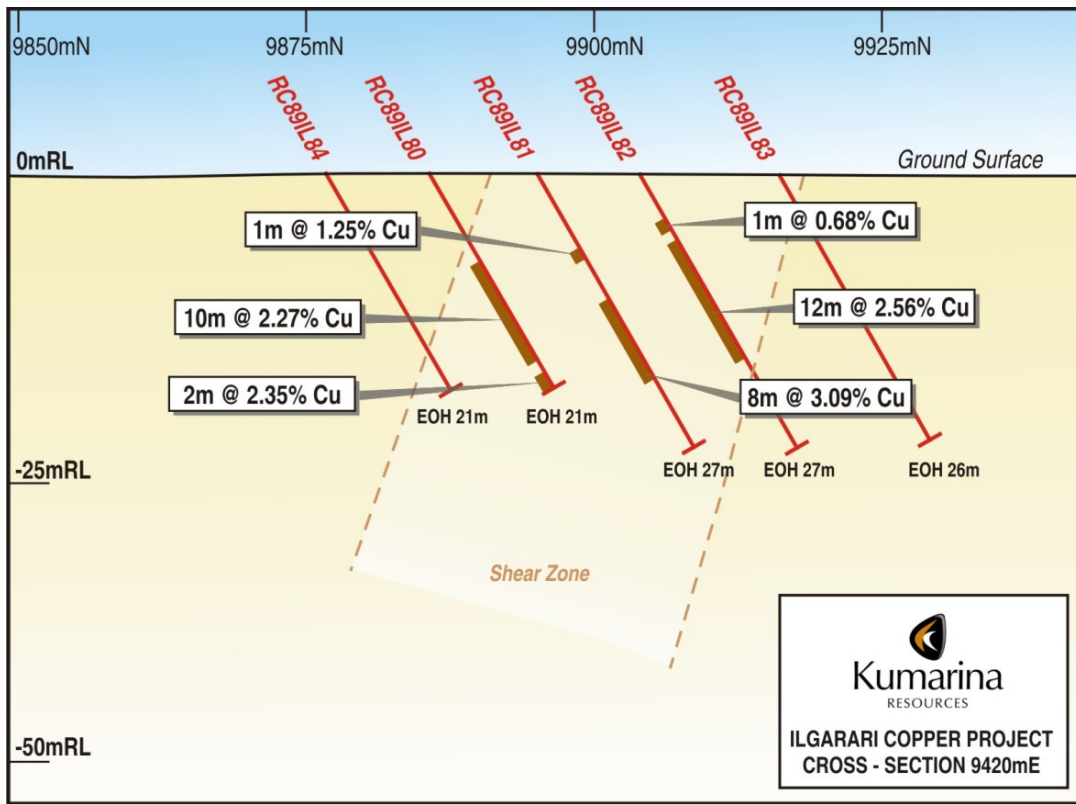


Figure 5 Ilgarari Project Cross-Section 9420mE

The Company has identified copper mineralisation from mullock dump sampling on a parallel shear located 2 kilometres south of Ilgarari, at Copper Show Well, within the Ilgarari Tenement.



Remnant Copper Specimens Scattered around Copper Show Well Assaying 12% Cu

In May 2011, the Company initiated preliminary metallurgical test work on three forms of oxide copper mineralisation obtained from underground mullock dumps, insitu trench material and heavy media plant rejects. Bottle roll test work undertaken on the samples demonstrated that +90% copper extraction was possible combined with low net acid consumption. These results were confirmed in a small column leach test on a composite of the samples, where 98% copper was extracted in 30 days of leaching.

The results of this metallurgical work are encouraging and indicate the ore at Ilgarari may be suitable for heap leaching.

(c) Manganese potential

Rock chip sampling by Montezuma Mining Company Limited (ASX:MZM) on an adjacent tenement to tenements E52/2274 and ELA52/2632 has returned manganese assay grades in excess of 10% Mn.

Kumarina has defined approximately four kilometres of outcropping manganese mineralisation on E52/2274. Results from rock chip sampling along the outcrop returned assays of up to 51.7%Mn. Refer Independent Geologist Report Table 3.

Kumarina intends to explore the potential of the manganese beds located at Ilgarari with geochemical and geophysical physical surveys and follow up drilling programs.

1.3 Murrin Murrin Project – Gold and Base Metals (VMS copper Zinc)

The Murrin Murrin Project is situated over the historic Murrin Murrin mining centre located some 45 kilometres east of the township of Leonora in the Mt Margaret goldfields district of Western Australia, and is prospective for gold and base metals.

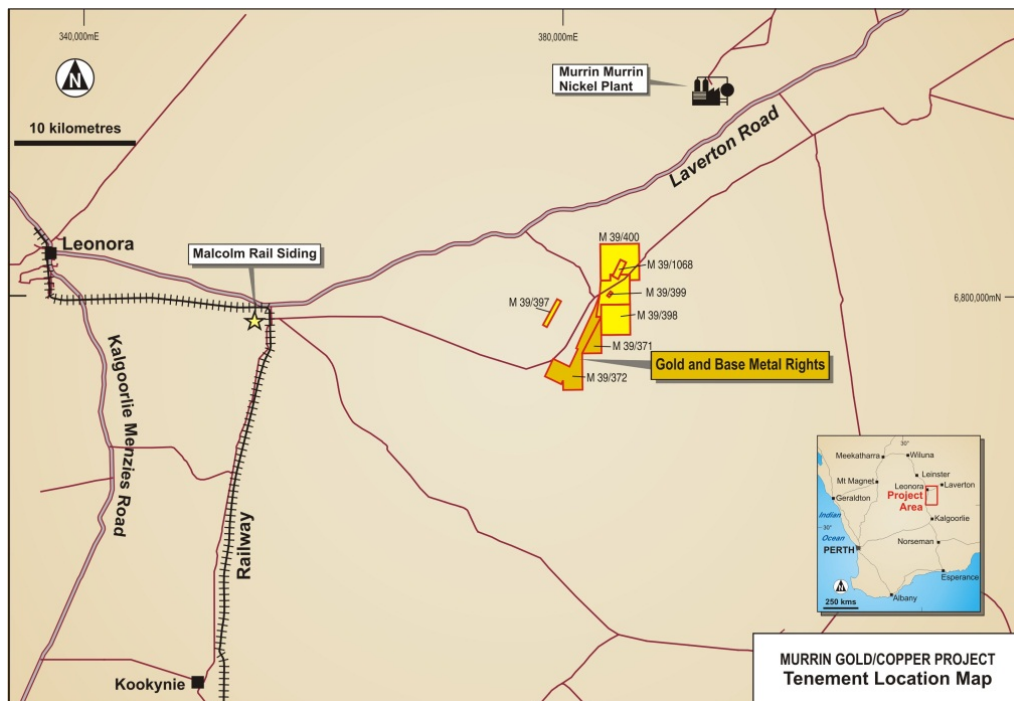


Figure 6 Murrin Murrin Project Tenement Map

The Murrin Murrin Project comprises seven granted Mining Leases that covering 2,570 hectares. Six are contiguous, M39/371-M39/372, M39/398-M39/400, and M39/1068. Tenement M39/397 is located 4 kilometres to the west. The main block of tenements cover the majority of the old Murrin Murrin mining centre.

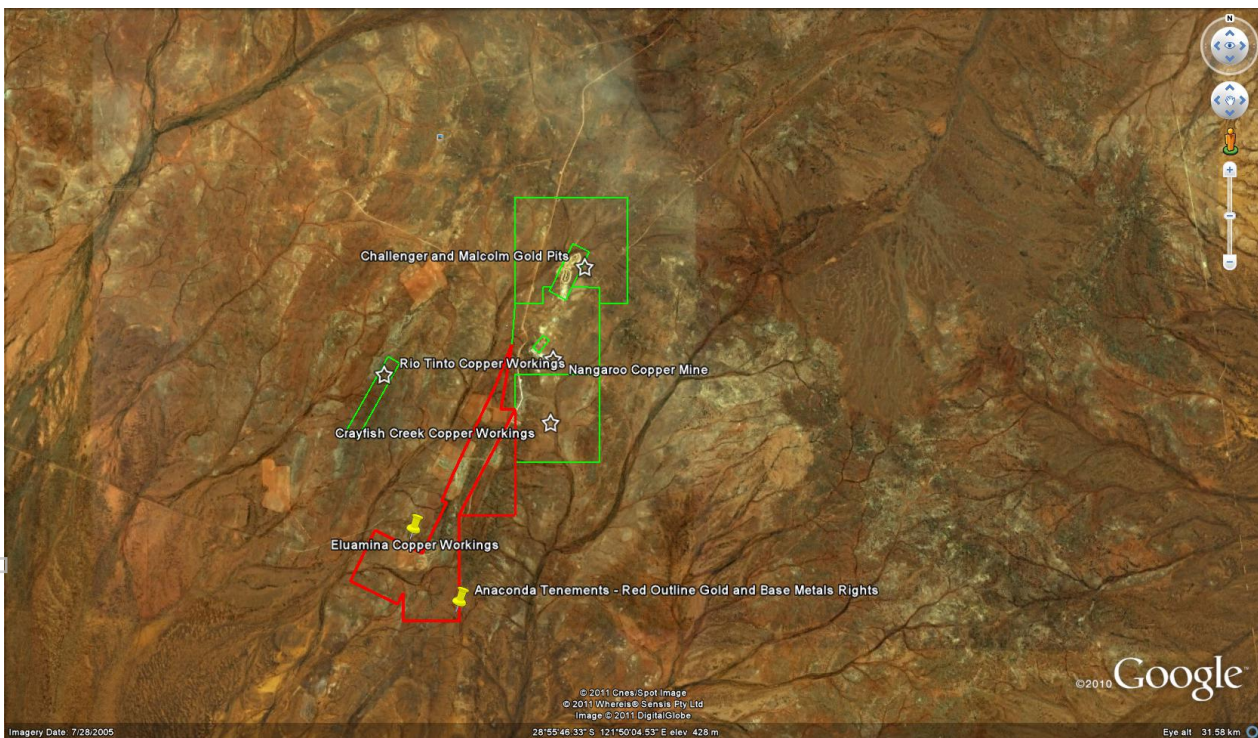
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1. The Company's Projects (Continued)

The Company has entered into the Murrin Murrin Mining Property Sale Agreement pursuant to which it is proposing to acquire M39/397 to M39/400 and M39/1068 (together the "**Murrin Murrin Tenements**") minus the rights to laterite nickel, which are held by Glenmurrin Pty Ltd ("**Glenmurrin**"). In addition the Company will purchase rights to gold and base metals on M39/371 and M39/372 (together the "**Anaconda Tenements**"), which are owned by Glenmurrin and Murrin Murrin Holdings Pty Ltd.

Gold production in the project area commenced in 1897 and was centred on the Murrin Murrin gold Mining Centre. Historical production within the Murrin Murrin Project area from 1897 to 1946 is recorded as 115,058 ounces of gold from 259,058 tonnes of ore at an average grade of 13.8 grams per tonne gold. Earlier production with the more recent Dominion production is shown in Table 6. There are at least 14 different groups of old gold workings within the Murrin Murrin Project and a number of old mine tailings dumps.

In addition to gold production several copper zinc prospects also occur within the tenements and recorded concentrate produced is 1948 tonnes at an averaged combined grade of 16.48% for 321.20 tonnes of contained copper including at the Nangaroo and Rio Tinto workings.



**Figure 7 Tenement Plan Showing Historic Copper Mines at Murrin Murrin
Anaconda Tenements Highlight in Red**

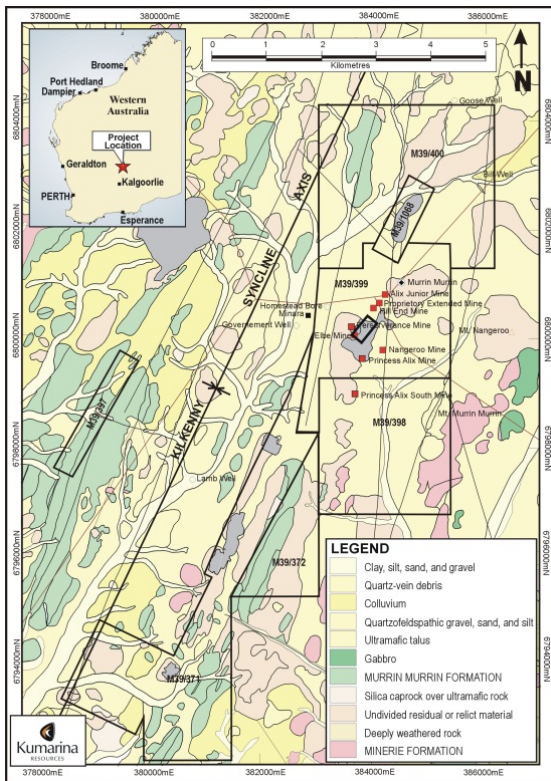


Figure 8 Tenement and Geology Plan

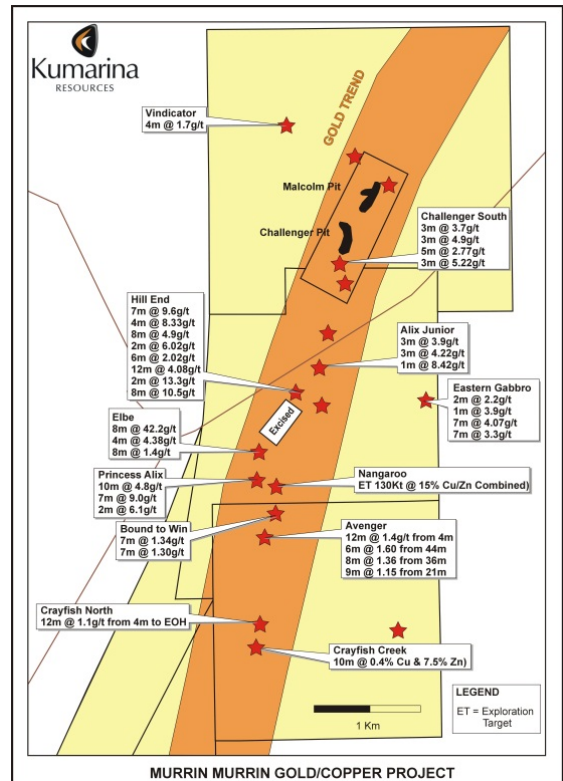


Figure 9 Murrin Murrin Gold/Copper Workings

Significant exploration activities including drilling has been completed over the Murrin Murrin area over the past 30 years details of which are set out in the Independent Geologists Report at Section 2.4.

A complete review of previous work directed at gold mineralisation combined with establishment of a comprehensive drill data base is expected to deliver a number of new gold targets. Collection of this data is the Company's first priority to planning future drill targets. Initial drilling programs will include further delineation of potential high grade mineralised zones at depth and along strike at the Malcolm and Challenger open pits which are indicated in the long section below:

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1. The Company's Projects (Continued)

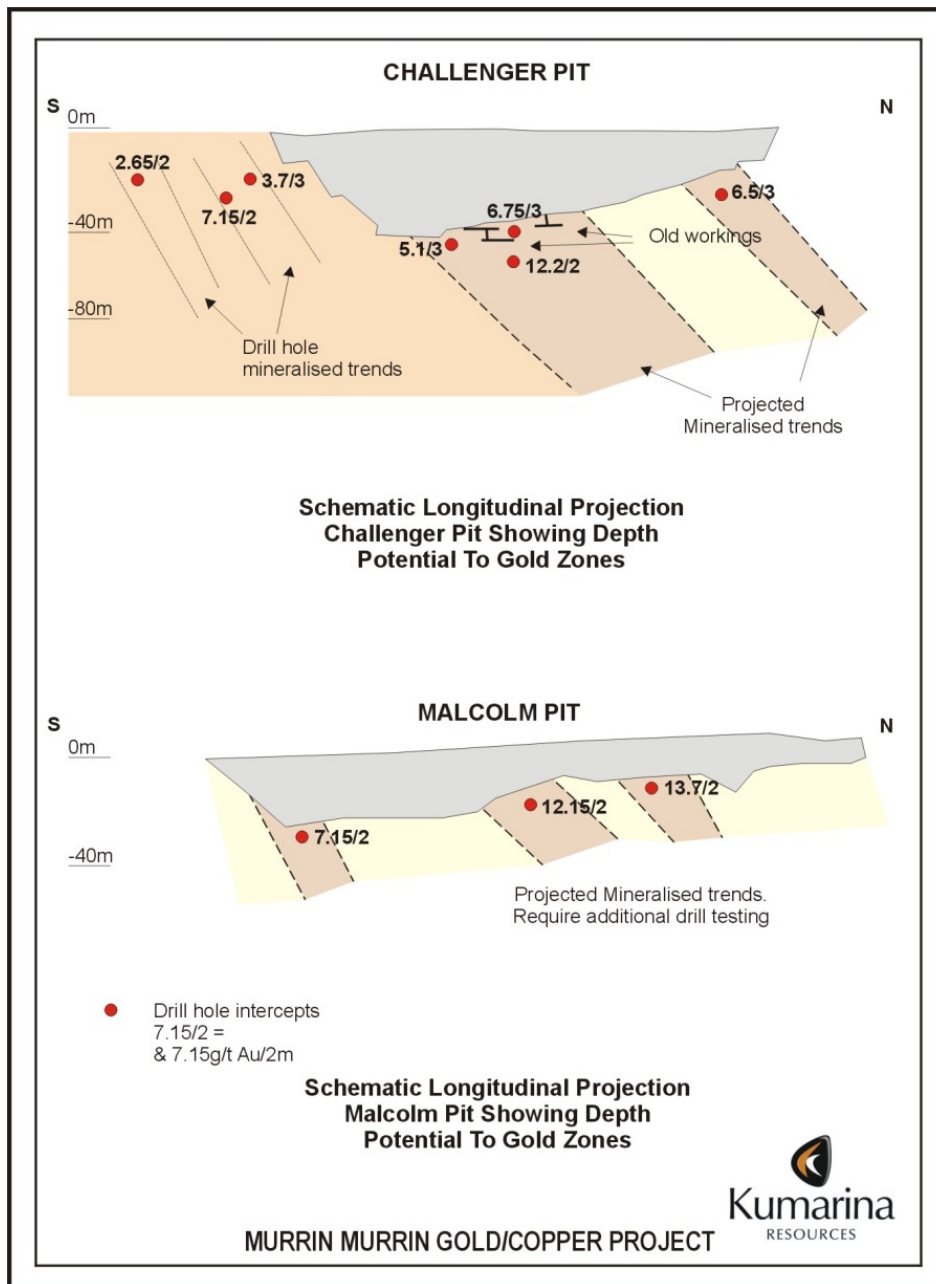


Figure 10 Malcolm and Challenger Pits – Long Section Indicating High Grade Mineralisation Extending Below and Along Strike of the Open Pits

The Nangaroo, Crayfish Creek and Rio Tinto prospects at the Murrin Murrin Project display Volcanic Massive Sulphide style geology and mineralisation. The Nangaroo prospect is located on the eastern limb of the Kilkenny Syncline. The Crayfish Creek deposit contains small shoots of Zn rich Fe-Cu sulphides that occur at the same mineralised contact/horizon 2.4 kilometres south of Nangaroo prospect. The Rio Tinto prospect contains a small zinc rich massive sulphide body situated on the western limb of the Lamb Fault.

Base metal mineralisation at the Nangaroo, Crayfish Creek and Rio Tinto deposits remain open ended and have not been fully tested by recent and advanced geophysical techniques.

At Nangaroo the bulk of the mineralisation occurs below 30 metres depth in one shallow, north-plunging lens expressed at surface as a large limonitic and siliceous gossan exposed around old mine workings. Copper zinc metal ratios of the massive sulphides average 1:2 with a combined metal content of 15% Cu and 15% Zn.

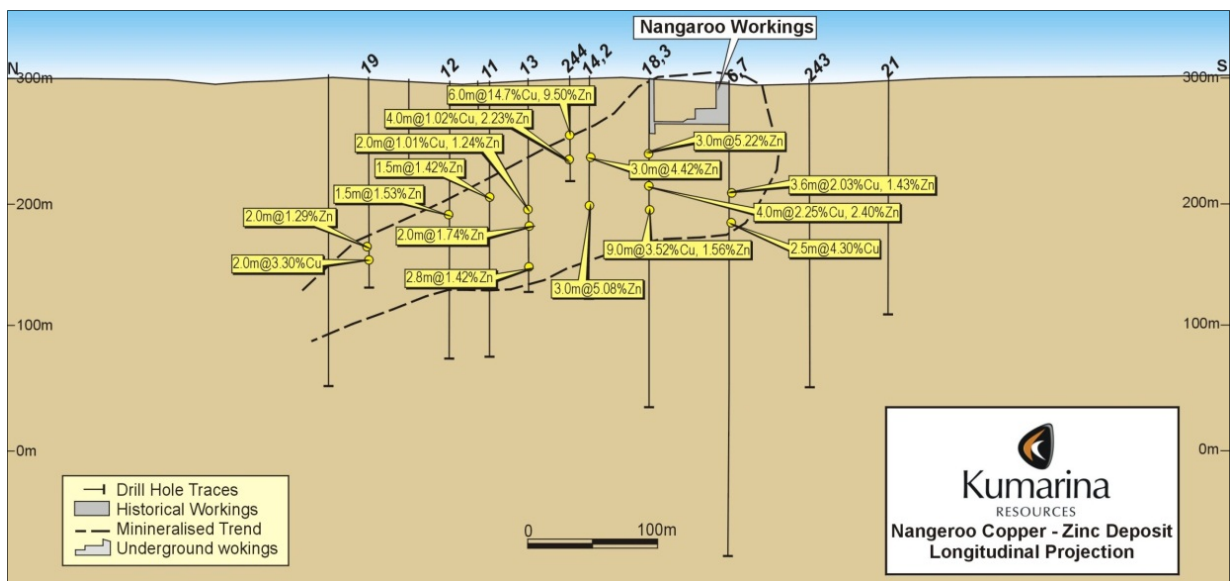


Figure 11 Long Section of Drilling Results at the Nangaroo Copper Mine

The Murrin Murrin Project has many geological similarities to Achaean Greenstone Belts world-wide. Most notable is Independence Group's Jaguar and Bentley VMS deposits located 85 kilometres North West of the Project. At Jaguar and Bentley economic mineralisation was discovered at 300 metres below surface.

1.4 Proposed Exploration Programs

The Company has designed a number of exploration initiatives to advance the Projects. Previous work at both Projects, has identified high priority targets that have potential to be upgraded.

At the Ilgarari Project, further soil geochemistry work will be undertaken to outline the full extent of the copper and manganese anomalies and delineate potential new sub surface mineralisation.

Drilling programs have been planned to validate previous results. Deeper drilling will be undertaken to test for continuity of the mineralisation below 100 metres and holes are also planned along strike of the workings. A program of holes will also be drilled to test the Copper Show Well shear system and the manganese beds.

At the Murrin Murrin Project, initial work will include the establishment of a comprehensive data base from results achieved in previous drilling programs over both gold and copper projects. Drilling

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1. The Company's Projects (Continued)

for gold mineralisation will be focused on the near surface gold mineralisation under the Challenger and Malcolm open pits. Exploration on the Nangaroo prospect will include re-modelling of the results to establish the deeper target zones.

Other proposed work programs include surface and down hole geophysics surveys to establish deeper copper and base metals targets.

Proposed project expenditure is set out below:

Project	\$8,000,000 Raised		\$12,000,000 Raised	
	Year 1 \$	Year 2 \$	Year 1 \$	Year 2 \$
Ilgarari	1,050,000	1,150,000	1,460,000	1,840,000
Murrin Murrin	880,000	1,030,000	1,260,000	1,630,000
Total	1,930,000	2,180,000	2,720,000	3,470,000

Details Kumarina's proposed exploration programmes are as follows:

Activity	\$8,000,000 Raised		Ilgarari Project		Murrin Murrin Project		Total	
	Year 1 \$	Year 2 \$	Year 1 \$	Year 2 \$	Year 1 \$	Year 2 \$	Year 1 \$	Year 2 \$
Collection of Data	20,000	-	40,000	-	60,000	-	-	-
Surface Geochemistry	80,000	-	-	-	80,000	-	-	-
Geophysical Surveys	120,000	80,000	75,000	120,000	195,000	200,000	-	-
Drilling, Assaying and Manning	740,000	890,000	640,000	710,000	1,380,000	1,600,000	-	-
Metallurgical Testwork	50,000	100,000	50,000	100,000	100,000	200,000	-	-
Supporting Consultants	40,000	80,000	75,000	100,000	115,000	180,000	-	-
Total	1,050,000	1,150,000	880,000	1,030,000	1,930,000	2,180,000	-	-

\$12,000,000 Raised	Ilgarari Project		Murrin Murrin Project		Total	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Activity	\$	\$	\$	\$	\$	\$
Collection of Data	20,000	-	40,000	100,000	60,000	100,000
Surface Geochemistry	80,000	-	-	-	80,000	-
Geophysical Surveys	120,000	90,000	150,000	80,000	270,000	170,000
Drilling, Assaying and Manning	1,020,000	1,450,000	920,000	1,100,000	1,940,000	2,550,000
Metallurgical Testwork	150,000	150,000	75,000	200,000	225,000	350,000
Supporting Consultants	70,000	150,000	75,000	150,000	145,000	300,000
Total	1,460,000	1,840,000	1,260,000	1,630,000	2,720,000	3,470,000

It should be noted that the above exploration activities and budget will be subject to modification on an ongoing basis depending on the results obtained from exploration activities as they are carried out.

Due to market conditions, the development of new opportunities and or any number of other factors (including the risk factors outlined in this Prospectus), actual expenditure levels may differ significantly to the above estimates. The Company also intends to capitalise on other opportunities as they arise which may result in costs being incurred that are not included in these estimates.

Further details about the application of funds raised from the Offer refer to Section 3.3 of this Prospectus.

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2. Board and Management

2.1 Directors Profiles

The names and details of the Directors in office at the date of this Prospectus are:

Peter Ross Sullivan

Chairman

Mr Sullivan is an engineer and has been involved in the development of resource companies and projects for more than 20 years. His work experience includes periods in project engineering, corporate finance, investment banking, corporate and operational management and public company directorships. Mr Sullivan has considerable experience in the management and strategic development of resource companies. He is currently managing director of Resolute Mining Limited (ASX: RML) and a director of GME Resources Limited (ASX: GME).

James Noel Sullivan

Managing Director

Mr Sullivan has eight years' experience with public companies including the position of Managing Director of GME Resources Limited (GME:ASX) from October 2004 to February 2008. Mr Sullivan is currently a non-executive director of that company. For the past 25 years, Mr Sullivan has owned and managed successful mining maintenance businesses operating in Australia and the Asia Pacific region. During this period he has also been involved in privately owned mining and exploration operations in Western Australia and brings to the Board considerable experience and knowledge associated with the logistics of delivering cost effective exploration programs, tenement management and issues relating to land access and native title.

Geoffrey Mayfield Motteram

Non Executive Director

Mr Motteram is a metallurgical engineer with over 25 years' experience in the development of projects in the Australian resources industry. He has extensive experience in gold and base metals having been involved with WMC's Kwinana Nickel Refinery and Kalgoorlie Nickel Smelter. He subsequently joined BHP, and later Metals Exploration, where he was involved in the evaluation of gold and base metal projects. Since 1989 he has acted as a mining project and metallurgical consultant. He was involved in the formation of Minara Resources Limited (formerly Anaconda Nickel Limited) in 1994 and controlled the technical development of the Murrin Murrin Joint Venture until the end of 1997. He is a former director of Anaconda Nickel Limited. Mr Motteram is currently a director of GME Resources Ltd.

Peter Hutchinson

Non Executive Director

Mr Hutchinson is the executive chairman of ASX listed company Forge Group Limited (ASX: FGE) and has been a board member since 2003. He has held the positions of managing director of ASX-listed company, A.I. Limited between February 2001 and March 2003 and was previously managing director of a diversified private company investing in engineering, construction and manufacturing. He promoted and managed the demerger of A.I. Construction Limited from A.I. Limited to form FGE, culminating in the ASX listing of FGE in June 2007.

2.2 Company Secretary Profile

Mark Pitts

Mr Pitts is a chartered accountant with more than 25 years experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a partner in the corporate advisory firm Endeavour Corporate providing company secretarial support, corporate and compliance advice to a number of ASX listed companies.

2.3 Technical Consultant

CSA Global is a geological, mining and management consulting company providing strategic mining services and advice to the international mining industry from offices in Perth, Jakarta, London, Darwin, and Brisbane. CSA has over 25 years of international experience in most mineral commodities with specialist expertise in precious and base metals. CSA Global offers a uniquely integrated and comprehensive service that includes exploration management, resource definition drilling and sampling, data management, geographic information services, resource estimation, processing method selection, strategic mine planning, open cut optimisation, open cut design, underground mine design and production scheduling.

2.4 Corporate Governance

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Details of the composition of the Board are set out in Section 2.1.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company seeks to follow the best practice recommendations for listed companies as outlined in ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations where appropriate for its size and the complexity of its operations. The Company considers that its present size and scope of activities do not justify the establishment of any special or separate Board committees, including audit, remuneration or nomination committees, preferring at this stage to manage the Company through the full Board of Directors.

As the Company's activities increase in size, scope and/or nature the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

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3. Details of Offer

3.1 The Offer

This Prospectus invites investors to apply for up to 48,000,000 Shares each at an issue price of \$0.25 to raise up to \$12,000,000 before costs of the Offer. The minimum subscription under this Prospectus is 32,000,000 Shares each at an issue price of \$0.25 to raise \$8,000,000 ("Offer").

The Shares issued under this Prospectus will be fully paid and rank equally with other Shares on issue.

Applications under the Offer can only be made on the Application Form attached to this Prospectus. The allocation of Shares in the Offer will be at the complete discretion of the Directors, in conjunction with the Lead Manager.

3.2 Capital Structure

The capital structure of the Company at the completion of the Offer assuming full subscription and completion of the acquisition of the Murrin Murrin Project is as follows:

	Shares	Options
On issue at the date of this Prospectus	¹ 23,900,100	-
To be issued to the vendors of the Murrin Murrin Project	² 5,800,000	³ 1,000,000
Offered under this Prospectus	¹ 48,000,000	-
Total Securities on issue on completion of the Offer	77,700,100	1,000,000

Notes

1. Refer to Section 10.1 for rights and obligations attaching to Shares.
2. Refer to Section 7.1 for details.
3. Exercisable at \$0.25 on or before 3 years from Official Quotation. Refer Section 10.2 for other terms and conditions.

3.3 Objectives of the Offer and Use of Funds

The purpose of the Offer is to explore and develop the Projects. Funds raised from the Offer will be utilised as follows:

	Minimum Subscription \$	Full Subscription \$
Funds on hand at 30 June 2011	313,801	313,801
Offer funds raised	8,000,000	12,000,000
Total funds available	8,313,801	12,313,801
Exploration and development expenditure ¹	4,110,000	6,190,000
Cash payment on acquisition of the Murrin Murrin Project	500,000	500,000
Net administration expenses ²	581,000	859,000
Expenses of the Offer	560,000	760,000
Working capital ³	2,562,801	4,004,801
Total funds allocated	8,313,801	12,313,801

Notes

1 Refer Section 1.5.

2 Administration expenses	1,362,000	1,362,000
Less interest received	(781,000)	(503,000)
Net administration expenses	581,000	859,000

3. Unallocated working capital will be utilised by the Company to consider other opportunities within the mineral resources sector, to pay for unbudgeted or additional exploration expenditure and in the administration of the Company.

Actual expenditure may differ significantly from the above estimates due to a number of factors including market conditions, the development of new opportunities, the results obtained from exploration and other factors (including the risk factors outlined in Section 8). The consideration of new opportunities may result in the Company expending funds on due diligence or other acquisition costs which may not be recouped through the ultimate acquisition and/or development of the project under consideration.

The Company proposes to actively pursue further acquisitions which complement its initial Projects. There may be a need to direct funds for this purpose or to raise additional capital.

The Directors believe that the Company will have sufficient working capital to meet its business obligations, as set out in the above table, upon completion of the Offer.

To capitalise on future opportunities and depending on the success of its activities the Company may require debt or further equity fundraisings.

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3. Details of Offer (Continued)

3.4 Forecasts

The Company is a mineral exploration company. Due to the speculative nature of exploration, there are significant uncertainties associated with forecasting future revenues from the Company's proposed activities.

The Directors believe that given these inherent uncertainties, it is not possible to include a reliable forecast in this Prospectus.

Section 1 includes information in relation to the Company's activities.

3.5 Minimum Application under Offer

Applications under the Offer must be for a minimum of 8000 Shares (\$2,000) and thereafter in multiples of 800 Shares (\$200). Applications to subscribe for Shares under the Offer will only be accepted on an Application Form attached to this Prospectus.

3.6 Minimum Subscription

The minimum Subscription under the Offer is for 32,000,000 million Shares to raise \$8,000,000.

None of the Shares offered by this Prospectus will be issued if Applications are not received for 32,000,000 Shares. Should Applications for 32,000,000 Shares not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and Application Monies will be repaid (without interest).

3.7 Brokers

Brokerage and/or handling fees on applications for Shares may be payable to member firms of ASX or licensed investment advisers on such Application Forms bearing their stamp and accepted by the Company.

3.8 How to Apply

If you wish to invest in the Company complete the Application Form attached to this Prospectus. Alternatively complete a paper copy of the electronic Application Form which accompanies the electronic version of the Prospectus which can be found and downloaded from www.kumarina.com. Completed Application Forms should be returned, together with the Application Monies in full, prior to 5.00pm (WST) on the Closing Dates to the Company.

Completed Application Forms and Application Monies should be returned to the Company as follows:

By Post To:	Or Delivered To:
Kumarina Resources Limited Security Transfer Registrars Pty Ltd PO Box 535 Applecross WA 6953	Kumarina Resources Limited Security Transfer Registrars Pty Ltd Suite 1, 770 Canning Highway Applecross WA 6153

Refer to the instructions on the back of the Application Form when completing your Application. Cheques must be made payable to "Kumarina Resources Limited – Subscription Account" and crossed "Not Negotiable". All cheques must be in Australian currency.

An original completed and lodged Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

3.9 Official Quotation

Application for admission of the Company to Official Quotation of the Shares on the Official List will be made within 7 days of the date of this Prospectus.

The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered by this Prospectus. ASX takes no responsibility for the contents of this Prospectus.

3.10 Allotment

Application Monies will be held in trust for Applicants until allotment of the Shares. Any interest that accrues will be retained by the Company. No allotment of Shares under the Prospectus will occur unless the minimum subscription is raised.

The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Shares under the Offer are expected to be allotted on the Allotment Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

If ASX does not grant permission for Official Quotation of the Shares within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the

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3. Details of Offer (Continued)

Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest).

3.11 CHESS

The Company will apply to participate in the Clearing House Electronic Sub-register System ("CHESS"), operated by ASX Settlement and Transfer Corporation Pty Ltd ("ASTC") (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASTC Operating Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's register of Shareholders.

The Company will not issue certificates to Securityholders. Instead, as soon as is practicable after allotment, successful Applicants will receive a holding statement which sets out the number of Shares issued.

A holding statement will also provide details of a Securityholder's Holder Identification Number ("HIN") (in the case of a holding on the CHESS sub-register) or Shareholder Reference Number ("SRN") (in the case of a holding on the issuer sponsored sub-register).

Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of Securities held. Securityholders may also request statements at any other time (although the Company may charge an administration fee).

3.12 Dividend Policy

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.

At the date of issue of this Prospectus the Company does not intend to declare or pay any dividends in the immediately foreseeable future.

3.13 Risk Factors of an Investment in the Company

Prospective investors should be aware that an investment in the Company should be considered speculative and involves a number of risks inherent with exploration and project development. Section 8 contains details of key risk factors which investors should be aware of. It is recommended that potential investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for potential investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or independent adviser.

3.14 Overseas Applicants

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

The Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

3.15 Restricted Securities

Chapter 9 of the Listing Rules prohibits holders of restricted securities from disposing of those securities or an interest in those securities or agreeing to dispose of those securities or an interest in those securities for the relevant restriction periods. The holder is also prohibited from granting a security interest over those securities.

None of the Shares issued pursuant to the Offer are expected to be restricted securities.

In accordance with the Listing Rules the Directors expect ASX may classify a number of the Shares on issue at the date of this Prospectus as restricted securities.

3.16 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies without interest within 28 days of giving notice of their withdrawal.

3.17 Enquiries

Enquiries relating to this Prospectus or requests for additional copies of this Prospectus should be directed to:

The Company Secretary
Telephone: +61 (8) 9316 9100

Or

The Lead Manager
Telephone: +61 (8) 663 0888

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4. Independent Geologist Report

AL MAYNARD & ASSOCIATES Pty Ltd
Consulting Geologists

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Australian & International Exploration & Evaluation of Mineral Properties

**INDEPENDENT CONSULTING
GEOLOGISTS'
REPORT
ON
THE MINERAL RESOURCES AND EXPLORATION
ASSETS
OF
KUMARINA RESOURCES LIMITED**

4th October, 2011

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4. Independent Geologist Report (Continued)

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AL MAYNARD & ASSOCIATES Pty Ltd
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Australian & International Exploration & Evaluation of Mineral Properties

The Directors
Kumarina Resources Ltd
Suite 8, 7 The Esplanade
Mt Pleasant
WA 6153

4th October, 2011

Dear Sirs,

Independent Report on Mineral Assets

Al Maynard and Associates ("AM&A") has been engaged by Kumarina Resources Limited ("KMR" – proposed ASX code) to prepare an Independent Geological Report ("IGR") on the mineral assets to be acquired by KMR pursuant to the various agreements outlined elsewhere in this prospectus. Opinions are presented in accordance with the JORC Code (2005) and other regulations and guidelines that govern the preparation of such reports.

This report is to be included in a prospectus to be lodged with ASIC on or about the 12th October, 2011 offering for subscriptions up to 48 million shares at an issue price of 25 cents per share ("Prospectus") to raise a maximum of \$12 million, The minimum subscription offer under this prospectus is 32,000,000 shares at an issue price of 25 cents to raise 8,000,000 (before costs associated with the issue). These funds will primarily be used for the exploration, evaluation and development of the mineral properties as outlined in this report.

The legal status, including Native Title considerations associated with the tenure of the KMR Mineral Assets, is subject to a separate Independent Solicitor's Report, which appears elsewhere in this Prospectus. These matters have not been independently verified by AM&A. The present status of tenements listed in this report is based on information provided by KMR and the report has been prepared on the assumption that the tenements will prove lawfully accessible for evaluation and development.

The KMR Mineral Assets comprise two projects located in Western Australia. Both project areas contain significant prior workings and have demonstrated potential to delineate economic resources. In the case of the Ilgarari project the targets are copper and manganese and for the Murrin Murrin

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4. Independent Geologist Report (Continued)

project area gold and base metals are the targets. The locations of the KMR Mineral Assets are depicted in Figure 1.



Figure 1:- Kumarina Resources Limited Locality Map of Projects

It is our opinion that the mineral properties described in this report warrant the proposed evaluation exploration and testing programs. It is noted that proposed programs may be subject to change according to results yielded as work is carried out. We are of the opinion that KMR has satisfactorily defined exploration and expenditure programs which are reasonable, having regard to the stated objectives of KMR.

In the course of the preparation of this report, access has been provided to all relevant data held by KMR. We have made all reasonable endeavours to verify the accuracy and relevance of the database.

KMR has warranted to AM&A that full disclosure has been made of all material in its possession and that information provided, is to the best of its knowledge, accurate and true. None of the information provided by KMR has been specified as being confidential and not to be disclosed in our report. The authors are familiar with the areas covered by the KMR Mineral Assets. As recommended by the Valmin Code, KMR has indemnified AM&A for any liability that may arise from AM&A's reliance on information provided by KMR or not provided by KMR.

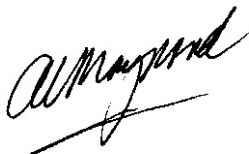
This report was prepared by geologists, A.J. Maynard, Member of the AIG and the AusIMM and I.G. Anderson, FAusIMM (CP) and Member of the AIG. The writers are qualified to provide such reports for the purpose of inclusion in public company prospectuses. This report has been prepared in accordance with the relevant requirements of the Listing Rules of the Australian Securities Exchange Limited, Australian Securities and Investment Commission ("ASIC") Regulatory Guidelines 111 & 112 and the Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert reports (the Valmin Code) which is binding on members of the Australasian Institute of Mining and Metallurgy ("AusIMM").

Consequently information in the report that relates to exploration data and results is based on information supplied by KMR. A.J. Maynard has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." A.J. Maynard consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

AM&A is an independent geological consultancy established 25 years ago and has operated continuously since then.

Neither AM&A nor any of its directors, employees or associates have any material interest either direct, indirect or contingent in KMR nor in any of the mineral properties included in this report nor in any other asset of KMR nor has such interest existed in the past. This report has been prepared by AM&A strictly in the role of an independent expert. Professional fees payable for the preparation of this report constitutes our only commercial interest in KMR. Payment of fees is in no way contingent upon the conclusions of these documents.

Yours faithfully,



Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM.

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4. Independent Geologist Report (Continued)

Summary of the Kumarina Resources Projects

The KMR Mineral Assets comprise two projects in Western Australia, Ilgarari and Murrin Murrin.

The Ilgarari Project is located adjacent to the Great Northern Highway 140 kilometres south of Newman in Western Australia. It incorporates a significant portion of the Collier Sub Group of the Proterozoic Bangemall Basin and is underlain by the Ilgarari Sub Group that consists primarily of shallow dipping siltstone, grey and black shales.

The historic Ilgarari Copper Mine is located in the central area of the project, within a seven kilometre shear. Localised copper oxide mineralisation has been previously mined to a depth of 61m level below surface.

Manganese mineralisation is also exposed at several localities within the Ilgarari project area.

The Southern portion of the Project Area overlies Collier Sub Group rocks, with favourable geology and structural setting to host copper and or manganese mineralisation.

The Ilgarari Project area is highly prospective for shear-hosted copper mineralisation and supergene manganese mineralisation. There is the probability it may also contain stratiform primary base metals mineralisation at depth.

Many of the world's major base metals deposits have been discovered in Proterozoic sedimentary basins. With the use of sophisticated, modern day exploration techniques it is possible that the source of the copper previously mined within surface shear zones may be defined within stratiform mineralisation at depth.

The Murrin Murrin Gold-Base Metals Project is centred about the historical Murrin Murrin Mining Centre located some 45 kilometres east of the township of Leonora situated in the Mt Margaret Goldfields District of Western Australia. The project consists of a contiguous group of six tenements some 13 kilometres in length and covers a north east striking splay structure that branches off the prominent Kilkenny lineament and transgresses a syncline structure with a core of felsic volcanic rocks some 3 kilometres in width. An isolated tenement, located to the west, is also included in the project. Previously mined occurrences of both gold and base metal mineralisation are present in the project area. Gold occurrences are represented by numerous historical mine workings and two recently mined open pits. The principal base metal occurrences are the copper-zinc prospects at Nangaroo and Crayfish Creek and the Rio Tinto copper prospect that lies within the single western tenement.

Historical production within the project area commenced in 1897 and was centred on the Murrin Murrin Gold Mining Centre. Production from 1897 to 1946 produced in excess of 115,628 ounces of gold from 259,058 tonnes of ore at an average grade of 13.8 grams per tonne gold. Several copper zinc prospects also occur within the tenements with recorded production of 1,948 tonnes at an averaged combined grade of 16.49% for 321.2 tonnes of contained copper from shallow workings.

Various phases of exploration have been completed within the tenement area. The majority of region and prospect drill testing has been to shallow depths only. KMR will use advanced exploration

techniques coupled with deeper drilling to further evaluate the gold and base metal potential within the project area.

Both projects have potential to host their target commodities.

1.0 Ilgarari Project

1.1 Introduction

The Ilgarari Project is divided into two separate areas. The northern Ilgarari project area comprises tenements E52/2274 and ELA52/2632 and a southern project area that comprises one tenement ELA52/2663. The tenements occur over the Collier Sub Group of rocks part of the Proterozoic Bangemall Basin.

High-grade oxide copper gold mineralisation has been identified and previously mined to 61m below surface at the historic Ilgarari Mine. The mine workings are located within the seven kilometre long shear known locally as the Ilgarari Shear, a parallel structure to the major Tangadee Lineament.

Previous exploration within the Ilgarari Project area has also identified manganese mineralisation.

In summary, the Ilgarari Project covers a portion of the Collier Sub Group where high grade oxide copper and lesser manganese mineralisation remain to be fully explored. Furthermore there is a probability that deeper stratabound 'Abra' type mineralisation may occur.

1.2 Location and Access

The project area covers a portion of the Bangemall Basin and is located some 140km south of Newman and 240km north of Meekatharra. The two northern tenements (E52/2274 and ELA52/2632) and the southern tenement ELA52/2663 are located approximately 30km north and 10km west respectively of Kumarina Road House. Both areas are within the Peak Hill Mineral Field of Western Australia. Access to both areas is via the sealed Great Northern Highway. Locally the dormant Ilgarari mine site, E52/2274, is accessed by the unsealed Ilgarari road whilst ELA52/2663 tenement is accessed by the unsealed Kumarina Copper Mine road. Access within the tenements is via local station roads and tracks.

1.3 Tenure

The Ilgarari Project comprises three Exploration Licences (E52/2274, ELA52/2632 and ELA52/2663). They cover an aggregate area of 160 blocks. The Ilgarari mine workings are located within tenement E52/2274.

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4. Independent Geologist Report (Continued)

Tenement details are listed in Table 1 and shown in Figure 2.

Tenement	Area	Tenement Holders	Granted/ Applied	Expiry	Annual Rent	Annual Expenditure
E52/2274	20 BI	Kumarina Copper P/L	25/02/2010	02/04/2015	\$2,422.2	\$20,000
ELA52/2632	5 BI	Kumarina Copper P/L	13/10/2010	N/A	N/A	N/A
ELA52/2663	135 BI	Kumarina Copper P/L	28/01/2011	N/A	N/A	N/A

Table 1:- Ilgarari Project Tenement Details

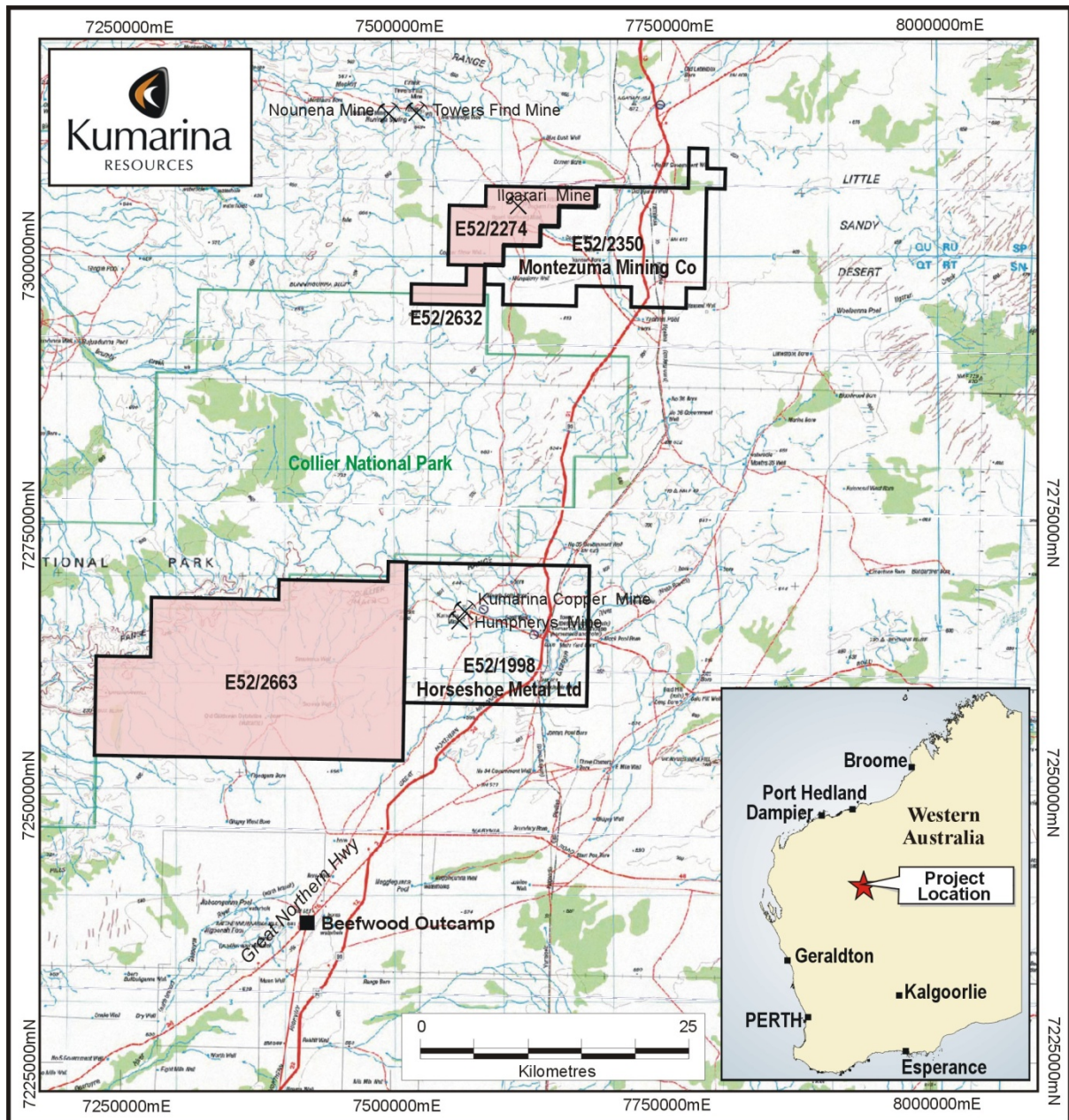


Figure 2:- Ilgarari Project Tenement Locality Map

1.4. Previous Work

Prior to the 1960s exploration of the Bangemall Basin was primarily undertaken by individual prospectors who searched for gold and base metals. They were successful in locating numerous surface base metal and minor gold occurrences none of which proved to be of economic significance.

The deposits have various metal combinations. Stratiform phosphate and near surface manganese enrichment has also been identified. The majority of the base metal occurrences are found to be the

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4. Independent Geologist Report (Continued)

shear-fault controlled lodes with an undefined source of base metals. In general, occurrences of Pb, Ag ± Cu occur west of a major NE-SW trending lineament, the Tangadee Lineament. East of this lineament the predominant mineralisation is copper.

Advanced base metal exploration of the region commenced in the 1960s. Two types of exploration methods were used.

One exploration method was direct follow up of known surface mineralisation by drilling and or underground workings as has occurred at Ilgarari in the mid 1960s and early 1970s by ConWest and then by the Ilgarari Joint Venture in 1990s.

From 1968-1973 ConWest sunk a series of shafts at Ilgarari to exploit two separate occurrences of abundant surface outcrop of malachite-azurite mineralisation. These occurrences are the Main and Northwest workings. At the Main workings levels were developed at the 18.3m, 29m and 61m levels below the natural surface. Bulk of the mined ore was from the "A vein shoot". Stopes above the 29m level averaged 5.3% Cu and the grade of material stoped between 61m and 29m level averaged 9.05% Cu. Channel sampling along the 61m level exposed lode widths from 0.5m to 1.5m and grade ranging from 1% to 41.1% Cu. Refer Figure 3.

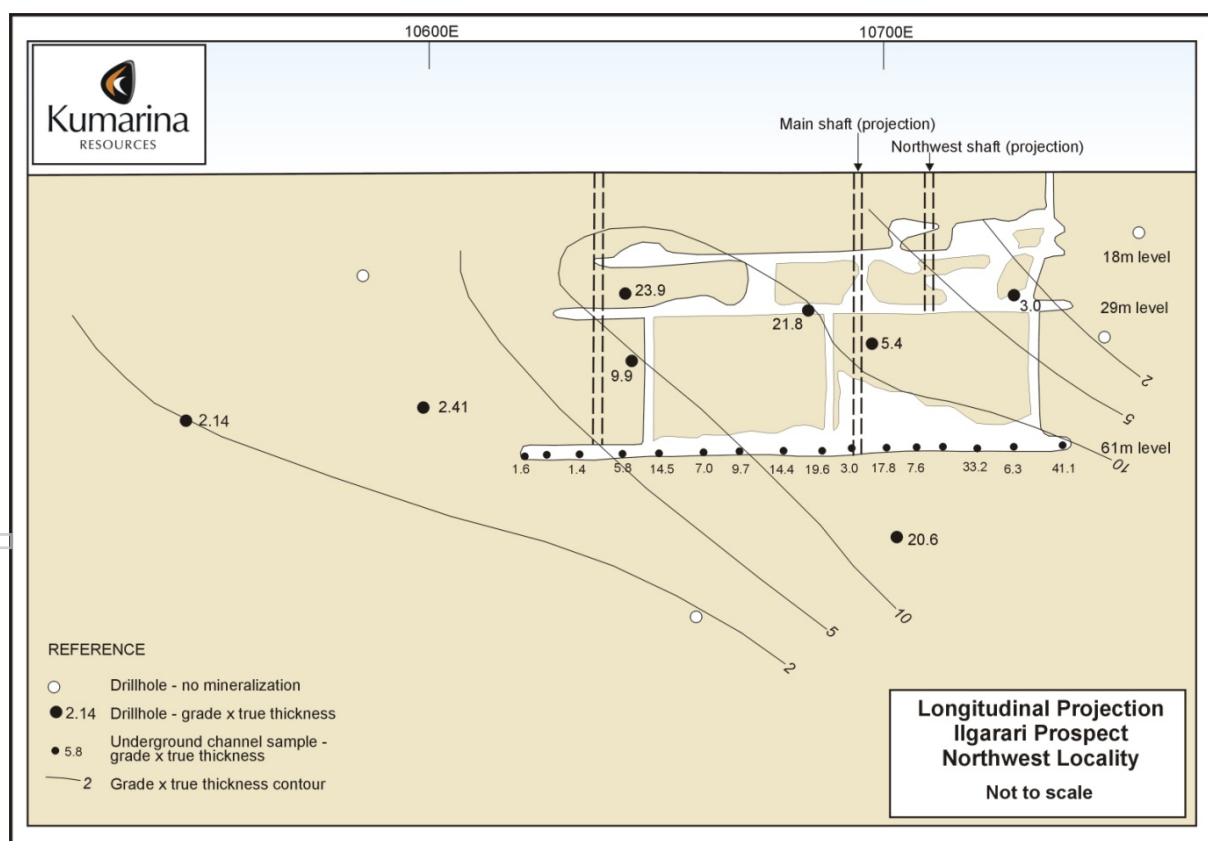


Figure 3:- Long Section Ilgarari Prospect – Showing Sample Points with Grade Thickness Values

At the Northwest workings a level was developed at 33.5m below natural surface and 87m of level development was completed.

Mining activities were curtailed in the 1970s due to ConWest's inability to raise funds to continue mining.

In 1990 the Ilgarari Joint Venture (IJV) was established between West Australian Metals NL, previously Southwest Gold Mines Limited, the operator and Gold and Mineral Exploration Limited.

Exploration comprised a detailed airborne magnetic survey, gridding on 400m line spacing and detailed geological mapping and rock chip sampling. Three phases of drilling were completed.

In phase 1:- 19 RC holes were completed for 1,338m testing both the Main and Northwest workings. Significant drill hole intercepts were 6m at 7.28% Cu and 24m at 3.65% Cu. At the Northwest workings and 3m at 9.9% Cu, 2m at 5.14% Cu and 2m 5.38% Cu at the main workings.

In phase 2:- 37 RC holes were completed for 2,819m testing both the main and north north-west workings. Significant drill hole intercepts were intersected in drill hole RC90IL23, 20m at 4.97% Cu and in drill hole RC90IL27 10m at 3.61% Cu.

In phase 3:- 38 RC holes for 1134m with 176m of diamond tails were completed. In general drill hole spacing over the main lode was 25m x 50m. The drilling indicated multiple vertical parallel lodes developed within a 10m to 30m wide shear zone.

Significant results returned were:

RC90IL58, from 15.1m, intersected 2.9m at 9.59% Cu.

RC90IL73 from 14m intersected 5m at 2.22% Cu.

RC90IL80 from 9m intersected 8m at 2.21% Cu.

RC90IL81 from 12m intersected 8m at 3.09% Cu.

RC90IL88 from 6m intersected 6m at 2.56% Cu.

Significant drill hole intercepts through the cross sections 9420mE and 9300mE are illustrated in Figure 4 and 5.

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4. Independent Geologist Report (Continued)

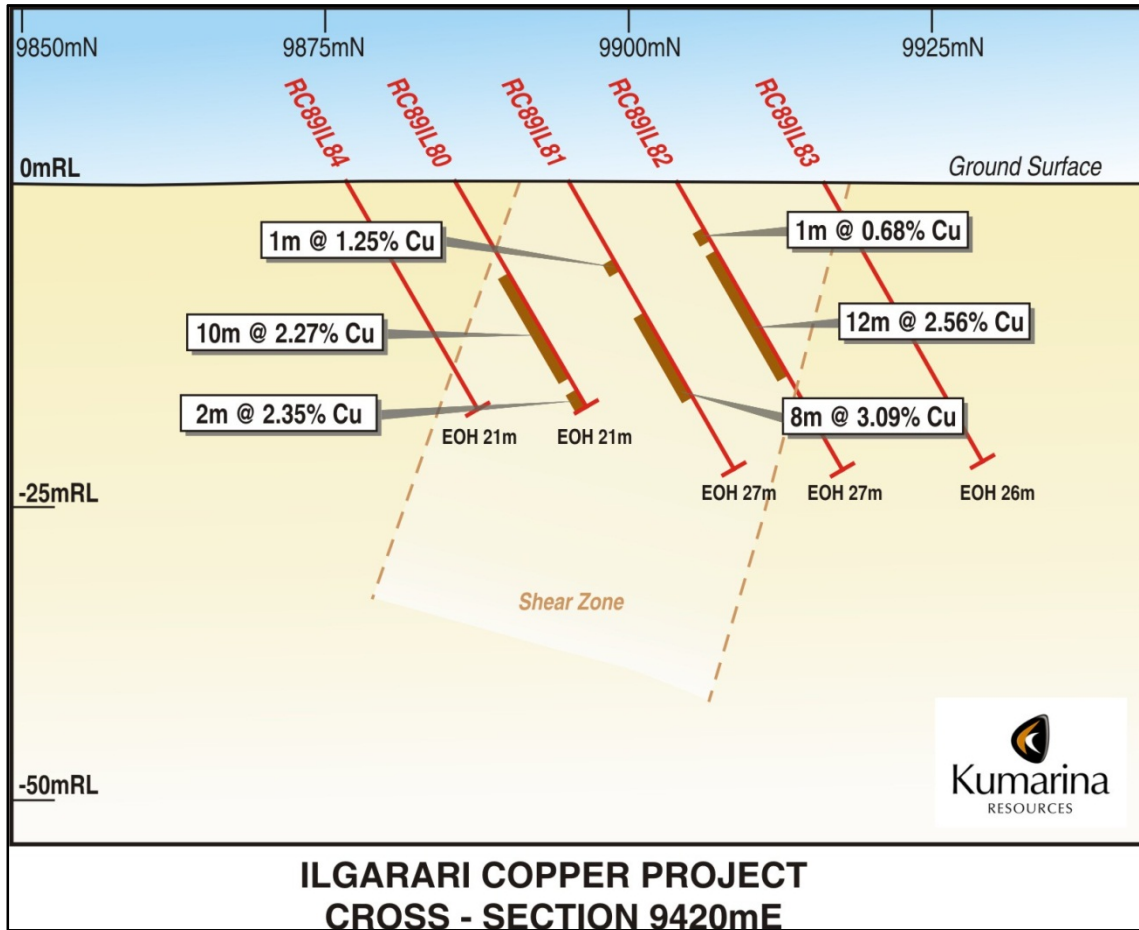


Figure 4:- Ilgarari Copper Project Cross Section 9420mE

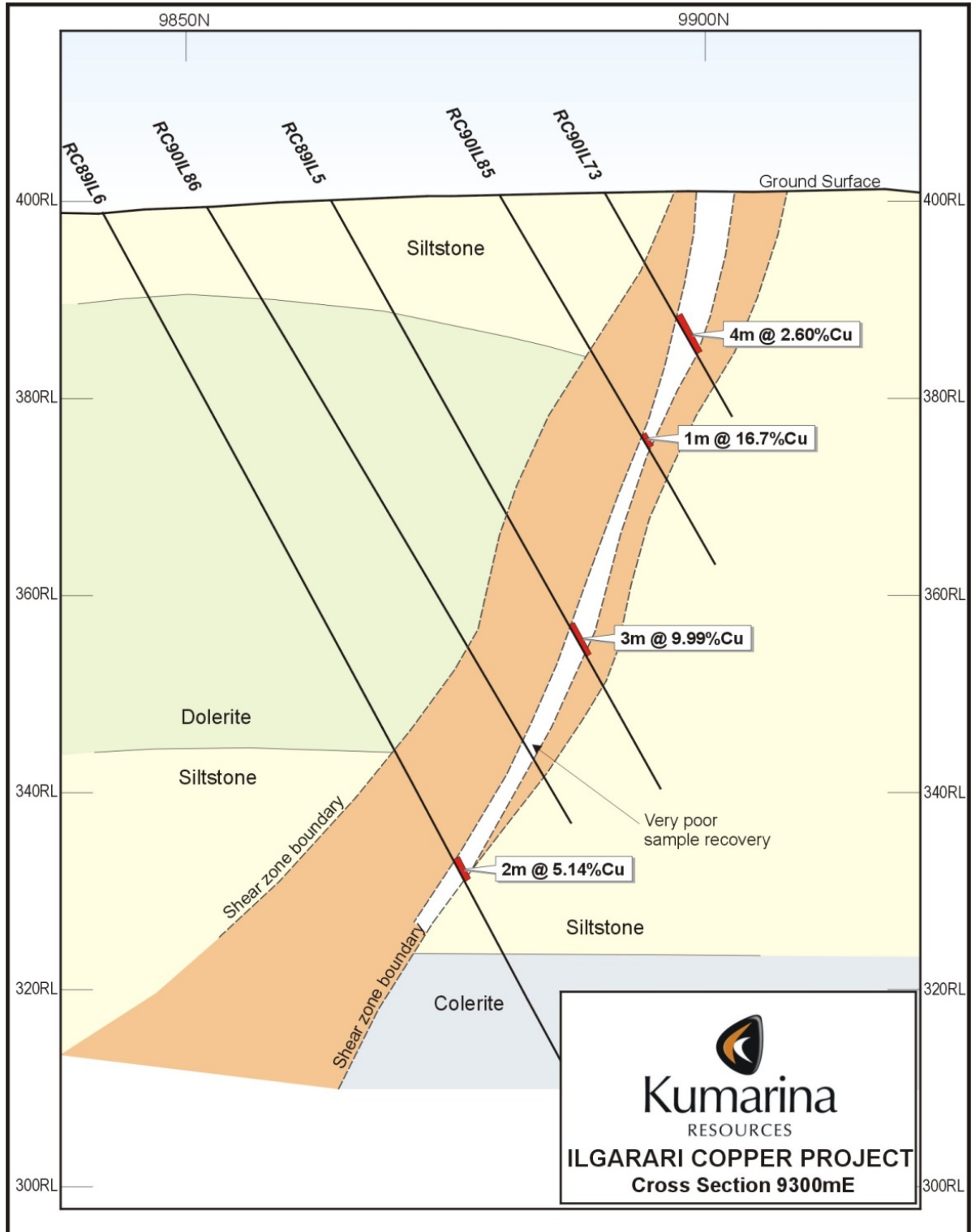


Figure 5:- Ilgarari Copper Project Cross Section 9300mE

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4. Independent Geologist Report (Continued)

Some of the high grades over large widths returned in the 3 drilling campaigns are attributed to smearing and contamination by ground water.

The other exploration method, conceptual targets were developed for sedimentary exhalative and stratiform base metal deposits akin to the Zambian Copper Belt Cu-Co and Mt Isa Stratiform Cu mineralisation.

The SEDEX ore deposits are interpreted to have been formed by the circulation of hydrothermal fluids in the basal sediments, thereby collecting metals. The circulation of the ore-bearing hydrothermal fluids at the sediment-water interface results in the precipitation of stratiform ore.

A number of these conceptual targets were subsequently tested within the region using surface geochemical stream sediment and or soil sampling and airborne magnetic geophysical surveys.

BHP Exploration Pty Ltd carried out exploration for manganese around Yanerri Pool in 1977. Work completed identified two main types of manganese enrichment namely a 10-30cm thick laterally extensive manganiferous pisolitic to nodular laterite horizon. Manganese enrichment varies from a thin skin around brown shale to complete replacement of it by an amorphous matrix of dull black, low density manganiferous material and surficial enrichment of the shale to an average depth of 1.0m over large areas.

The enrichment consists of replaced shale slabs and fragments grading downwards to enriched subcrop shale. It is estimated that the recovery of manganese slabs would not exceed 20%. Assay data for the enriched shale samples are missing, but it is commented that the Mn, Fe and Fe + Mn contents provides a satisfactory ferruginous manganese grade with acceptable phosphorus with high silica content.

In 1980 to 1982 Geopeko carried out exploration for copper mineralisation in flat dipping, locally manganiferous shales. Work included a gravity survey, geological mapping and sampling. Results were deemed to be non-significant.

In 1981 Geopeko, joint ventured with Amoco Minerals Australia Company to search for base metal mineralisation in areas of exposed prospective host units within the Bangemall Basin. The JV targeted a discrete magnetic anomaly within the eastern, buried portion of the basin with a single diamond drill hole. The hole penetrated approximately 270 metres of barren cover sediment before intersecting a sequence of stratabound chlorite-iron oxide-barite altered rocks. Mineralisation included 27 metres averaging 6.1% Pb from 268 metres, 194 metres averaging 3.1% Pb from 318 metres and 19 metres averaging 3.68g/t Au and 1.1% Cu from 503 metres thus the discovery of the Abra deposit located west of Ilgarari as shown in Figure 6.

In 1982 to 1983 Alcoa of Australia Pty Ltd conducted diamond drilling to test for exhalative-style base metal deposits. The deepest hole intersected 112m at 9% Mn from surface and a 6m shear at a depth of 176m containing quartz –pyrite-chalcopyrite-bornite which assayed 0.62%Cu.

The Abra deposit consists of a large resource of disseminated and vein hosted galena, chalcopyrite and sphalerite mineralisation.

The mineralisation occurs within a banded, massive and brecciated, silica-barite-hematite-magnetite-dolomite sequence and an underlying chlorite altered hydrothermal breccia, immediately below the unconformity separating the Gap Well Formation from the overlying West Creek Formation.

In 1990 Falx Pty Ltd identified that the nearby Butcher Bird copper mineralisation is confined to shears associated with an east-northeast fault cross-cutting Ilgarari Formation black shales. This unit has manganese shales towards the base of the unit. Workings were traced over a strike-length of 600m.

In 2005, further work was completed on the Abra Deposit including diamond drilling and local and regional exploration with EM and Induced Polarisation (IP) Electrical Geophysical Surveys.

In 2008 a resource calculation for the deposit in which two distinct zones were defined, an upper lead domain typically between 200 metres and 250 metres thick and a lower copper-gold domain up to 100 metres thick.

From 2002 to 2009 Pilbara Manganese Pty Ltd ("Pilbara") conducted manganese exploration in the general region. Work included the processing of Landsat images, reinterpretation of regional magnetic data, detailed geological mapping focussed on areas of known manganese mineralisation, rock chip sampling and four costeans. A bulk sample returned an assay value of over 40% Mn. Channel samples indicate that the mineralised horizon contains about 23% manganese ore at a grade of about 40% Mn. It was observed that the manganese mineralisation is supergene-enriched in the manganese shale lithology. The most commonly observed form of manganese is as a ferruginous lateritic duricrust consisting of nodules and pisolites across the surface."

In 2009, Montezuma Mining Limited (MZM) applied for a tenement directly east of E52/2274. The tenement was granted to MZM in April 2010. The tenement contains the historical Butcher Bird Mine a high grade near surface copper mine which targeted supergene copper mineralisation. Preliminary RC drilling has intersected chalcopyrite, with trace bornite, as the primary copper mineralisation.

The fault hosting the Butcher Bird Copper Mine has been mapped as an iron rich gossan for a strike of 3.3km. Scattered throughout the tenement is visible surface manganese mineralisation. Rock chip sample returned manganese assay grades in excess of 10% Mn from three initial exploration targets as illustrated in Table 2.

Prospect	Tonnage Potential	Grade Estimate % Mn
Yanneri	40-50Mt	10%-15%
Budgie	40-50Mt	10%-15%
Bindi Bindi	20-30Mt	8%-12%
Total	100-130Mt	8%-15%

Table 2:- MML Manganese Exploration Targets

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4. Independent Geologist Report (Continued)

MZM continues to define the extent and mineral content of these three prospects and have conducted heavy media separation test work on drill core from the prospect which indicates the ability to upgrade the mineralisation. CRAE previously conducted surface mapping of the Kumarina tenements with the view to defining manganese mineralisation.

Kumarina Resources have followed up on this work and have defined approximately four kilometres of outcropping high grade manganese mineralisation. Results from rock chip sampling along the outcrop are listed in the following table (3).

Sample Number	S	E	%Mn
IL21	242170	1193609	0.31
IL22	242150	1193478	40.00
IL23	242324	1193234	33.90
IL24	242149	1193467	0.21
IL25	242115	1193472	46.60
IL26	242130	1193439	50.10
IL28	242152	1193401	36.80
IL29	242153	1193364	47.30
IL30	242137	1193332	51.70
IL31	242123	1193335	48.20
IL32	242151	1193331	35.20
IL33	242170	1193332	22.20
IL34	242148	1193274	50.00

Table 3:- KMR Manganese Sample Results

1.5 Regional Geology

The Ilgarari Project is located in the Eastern portion of the Proterozoic Bangemall Basin composed of predominantly sedimentary rocks that occupy an arcuate east west rift separating the Yilgarn and Pilbara Cratons. The sediments are intruded by numerous dolerite sills and less common dolerite dykes.

Early sedimentation was largely confined to the western portion of the basin represented by Edmund Sub Group comprising at least 10km thick of generally shallow marine sediments and to the west is unconformably overlain by the Macalana Sub Group. This Sub Group is some 2km thick and comprises shallow marine sediments.

The Collier Sub Group, in the eastern portion of the Basin, is directly correlated to the Macalana Sub Group from which it is separated by a major basement structure the Tangadee Lineament. The Collier Sub Group is interpreted to represent mainly shallow marine sedimentation.

The deeper marine transgressions are indicated by relatively thick sequences of distal turbidites in the Backdoor Formation which was followed by the shoreline and tidal shelf deposition in the Calyie Sandstone and the final period of waning sedimentation in shallow marine lagoons and sub-basin in the Ilgarari Formation. The Ilgarari Formation sediments are dominantly siltstone, grey shales and black pyritic shale.

Recorded mineralisation in the Bangemall Basin is widespread but as yet no economic mineralisation has been defined. The more significant mineralisation is shown in Figure 6.

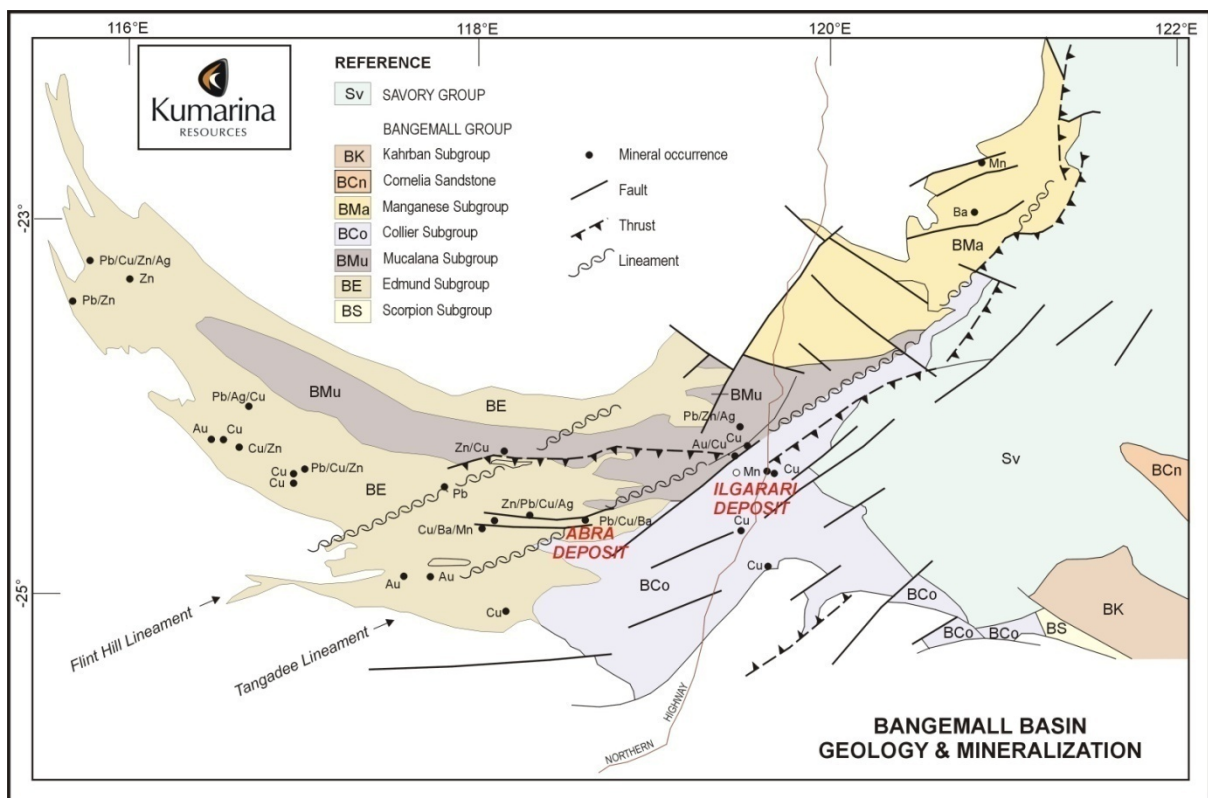


Figure 6:- Regional Geological Map Showing Mineral Occurrences

Structurally, a number of faults have been interpreted based on physiographic lineaments and magnetic data. A regional east-west Quartzite Well Fault may separate into a series of splays to the north of the Abra project area.

The Tangadee Lineament may be represented by northeast trending faults interpreted to the west of the Ilgarari prospect. In 2004 mapping by the Geological Survey of Western Australia ("GSWA") identified the Talga Fault with an extensive strike length of at least 150km and a width of up to 3km.

This major structure comprises numerous mineralised shear zones and is of crucial importance in the emplacement of base metal mineralisation throughout the region. The Talga Fault is considered to be a basin-margin growth fault, believed to be responsible for the formation and deformation of the Bangemall Basin.

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4. Independent Geologist Report (Continued)

The Abra polymetallic deposit and Capricorn polymetallic prospect are associated with an east to west trending graben structure in the central Bangemall Basin.

It is postulated that the mobilisation of the hydrothermal fluids carrying the base metals mineralisation was induced by the generation of deep-seated faulting during the first phase of intra-cratonic rifting of the Bangemall Basin.

1.6 Project Geology

The geology of the Ilgarari Project and Southern Project Areas are shown in Figure 7

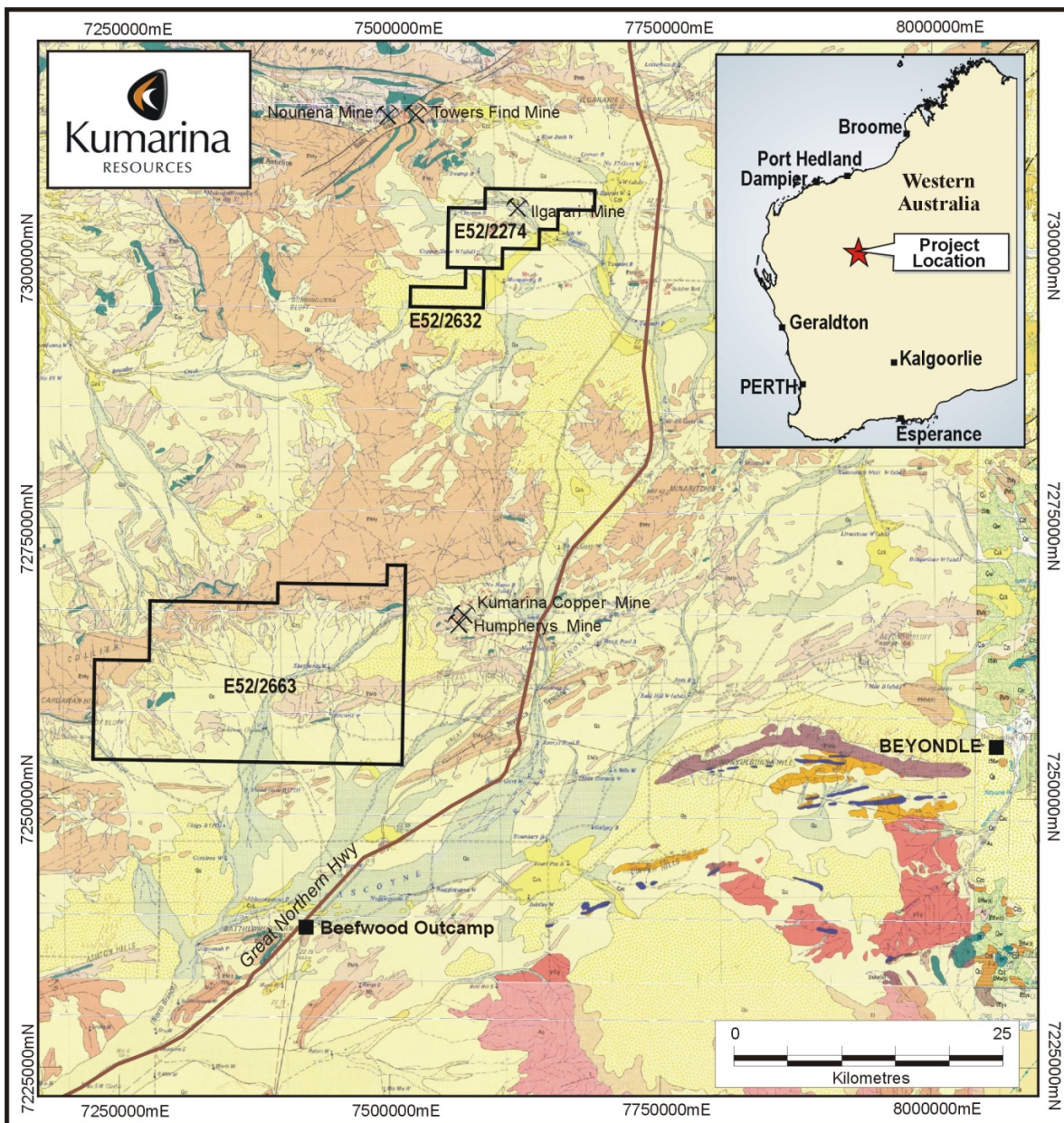


Figure 7:- Tenement over Geology Ilgarari Project. (After GSWA)

The Ilgarari Copper Mineralisation, known also as the Ilgarari Copper Field, is situated along a 7km long NE-SW striking shear zone, the Ilgarari Shear, which transgresses shallow dipping grey shales, fine grained sandstones and siltstones, black carbonaceous – graphitic shales, some with pyritic veins and laminations, and intrusive dolerite sills of tholeiitic composition belonging to the Ilgarari Formation in the upper portion of the Collier Sub Group.

Surface and near surface copper mineralisation presents as an enriched zone comprising malachite-azurite. Chalcopyrite was intersected in one deeper drill hole. Manganese mineralisation outcrops in various parts of the project area. Assays from rock chip samples have returned grades up to 40% Mn.

Structurally, in addition to the Ilgarari Shear zone Ashley's aeromagnetic interpretation recognises at least six separate dolerite sill intrusions (numbered S1-S6, upwards from the base of the Ilgarari Formation).

Cutting the sills is a set of complex NE-SW structures that parallel the Ilgarari Shear and regional Tangadee Lineament.

Southern Project Area

Previous regional mapping of the area by the geological Survey of Western Australia indicates the Southern Project is underlain by Collier Sub Group rocks.

There is evidence from Google Earth Imagery that weak northeast-southwest striking structures transgress the project. There is no recorded copper or manganese mineralisation known from within the Southern project area.

Manganese Mineralisation

Montezuma Mining Limited ("MZM") has discovered significant manganese mineralisation in its tenement that abuts E52/2247 to the east. Following drill testing of four MMI targets the Company describes its manganese deposit types as:-

Supergene manganese enrichment of manganiferous shales, forming manganite enriched caps.

As buried manganese rich palaeochannels and manganite recrystallised in fine layers as thin slabs and blocks in a palaeochannel environment.

Potential

The Ilgarari Project contains both copper and manganese mineralisation.

In the Ilgarari Project area, surface copper oxide mineralisation has been previously mined at the historical Ilgarari Copper Mine and located in mullock samples from Copper Show Well. In 1991 West Australian Metals defined an exploration target of some 255,000 tonnes copper with an average grade of 3.3% Cu at a 1% Cu cut off for the historical Ilgarari Copper Mine. This tonnage is conceptual in nature and insufficient work has been completed to report a mineral resource in accordance with JORC Code (2004). Recent surface geochemical soil sampling has defined copper anomalism as illustrated in Figure 8.

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4. Independent Geologist Report (Continued)

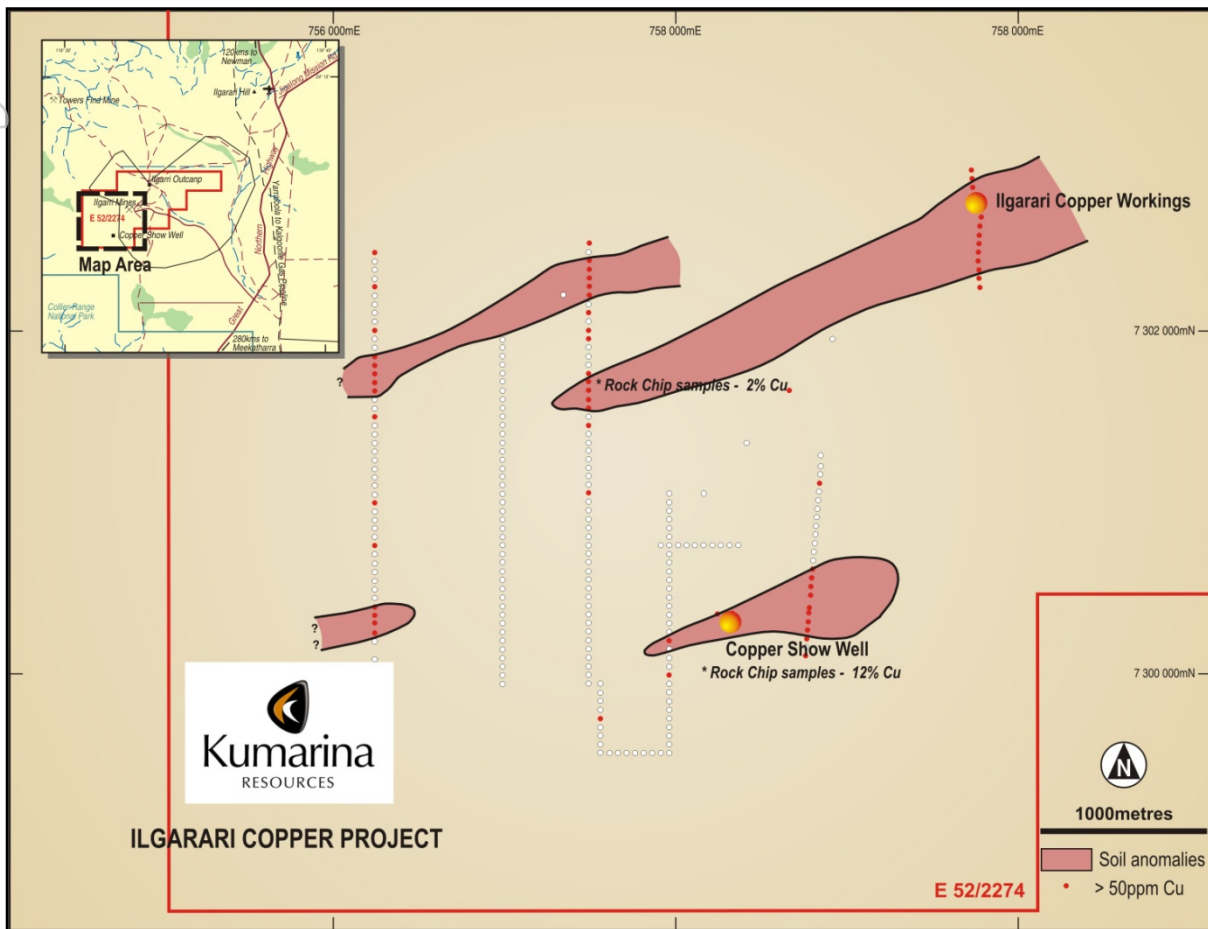


Figure 8:- Surface Geochemical Soil Copper Anomalism

A column leach test, of a composite sample of material, comprising 3kg of costean , 10kg of dump and 4kg reject, from the Ilgarari mine was completed by SGS laboratory Perth, Western Australia. The results were reported on 13th July 2011 and demonstrated that the oxide is amenable to acid leaching with up to 97.5% copper extractable in the pregnant liquor solution as illustrated in a graph in Figure 9.

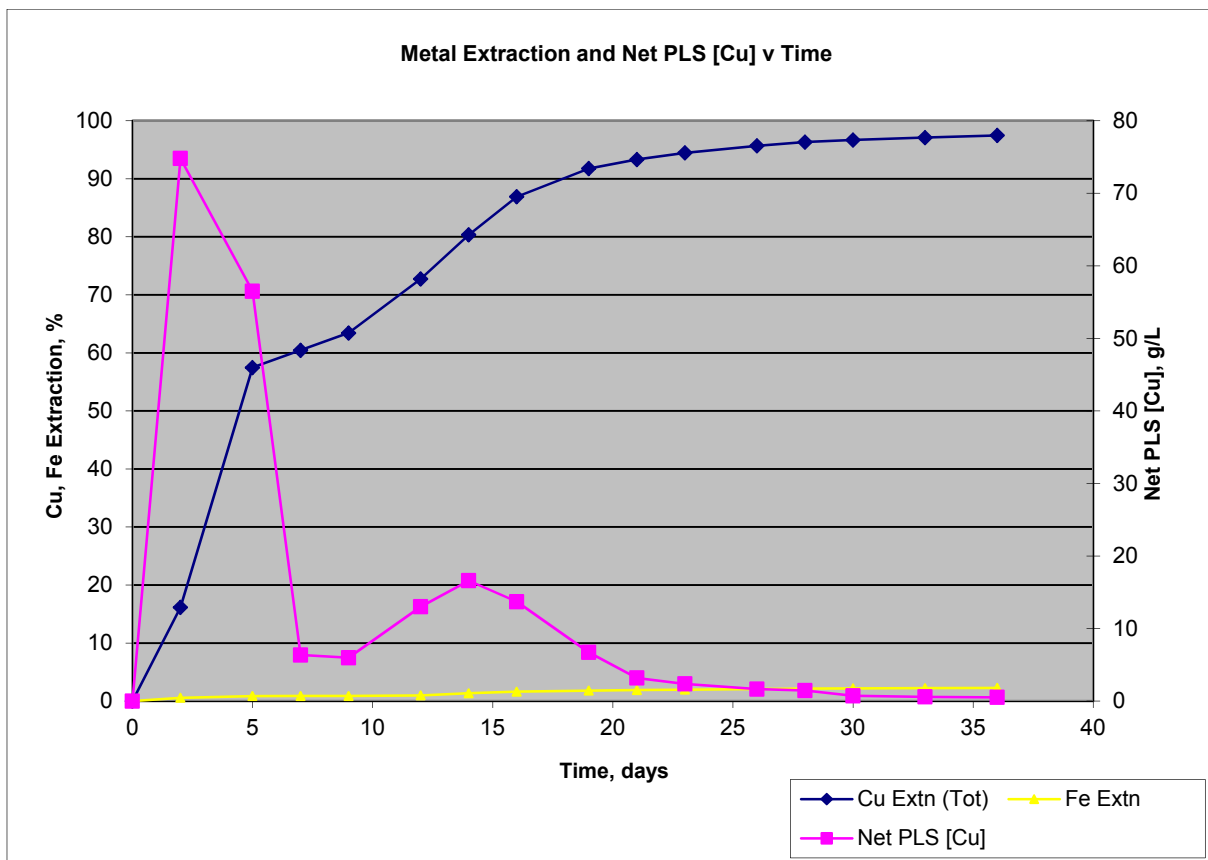


Figure 9:- Graph Showing Column Leach Test Results of a Composite Sample from the Ilgarari Deposit

The potential for economic copper mineralisation to occur within the vicinity of the historical Ilgarari Copper Mine, environs and at depth is therefore considered to be excellent.

Furthermore, the probability of other shear structures within the Ilgarari project to host copper mineralisation is considered favourable. Geophysics and/or Mobile Metal Ion ("MMI") geochemical sampling are useful exploration techniques to investigate the locality and potential copper anomalism of other shears.

Surface exposures of manganese mineralisation occur within this project area also. MZM has delineated substantial manganese occurrences in their tenement adjacent to KMR tenements. Consequently there is excellent potential for the occurrence of economic manganese mineralisation within the Ilgarari Project Area.

There are no recorded mineral occurrences, for copper or manganese, in the southern project area. It overlies rocks of the Collier Sub Group and consequently there is a reasonable probability that copper and manganese mineralisation may occur.

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4. Independent Geologist Report (Continued)

Program and Expenditure

KMR has provided comprehensive programs and budgets for the initial two years.

Exploration within the initial two years is planned to include the following:-

- Establish a regional grid to include the historical mine workings.
- Undertake systematic geochemical sampling over the Ilgarari Project area. Closer spaced lines and sample intervals to be used along the 7 kilometre shear system that hosts the Ilgarari mineralisation may also be warranted.
- Study of existing shear hosted targets, including the twinning of historical intercepts to verify their grade and width and to enhance the knowledge of lithology, structure, alteration and style of mineralisation.
- Conduct RC and diamond drilling programs to confirm previous drill results and to test lateral and depth extension of known mineralisation at the historical Ilgarari mine workings.

Note: All RC drilling would require the use of a suitable drill rig and compressors to ensure the sample is kept dry below the water table. Commence preliminary RAB drilling along widespread lines over exposed surface manganese mineralisation to ascertain extent of manganese distribution and grade.

Exploration budgets based on two funding scenarios are shown in the following tables.

\$12,000,000 Raising	Year 1	Year 2
Activity		
Collation of Data	20,000	-
Surface Geochemistry	80,000	-
Geophysical Surveys	120,000	90,000
Drilling Assaying Manning	1,020,000	1,450,000
Metallurgical Test Work	150,000	150,000
Supporting Consultants	70,000	150,000
Total	1,460,000	1,840,000

\$8,000,000 Raising	Year 1	Year 2
Activity		
Collation of Data	20,000	-
Surface Geochemistry	80,000	-
Geophysical Surveys	120,000	80,000
Drilling Assaying Manning	740,000	890,000
Metallurgical Test Work	50,000	100,000
Supporting Consultants	40,000	80,000
Total	1,050,000	1,150,000

Table 4:- Ilgarari Project Proposed Exploration and Expenditure

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4. Independent Geologist Report (Continued)

2.0 Murrin Murrin Project

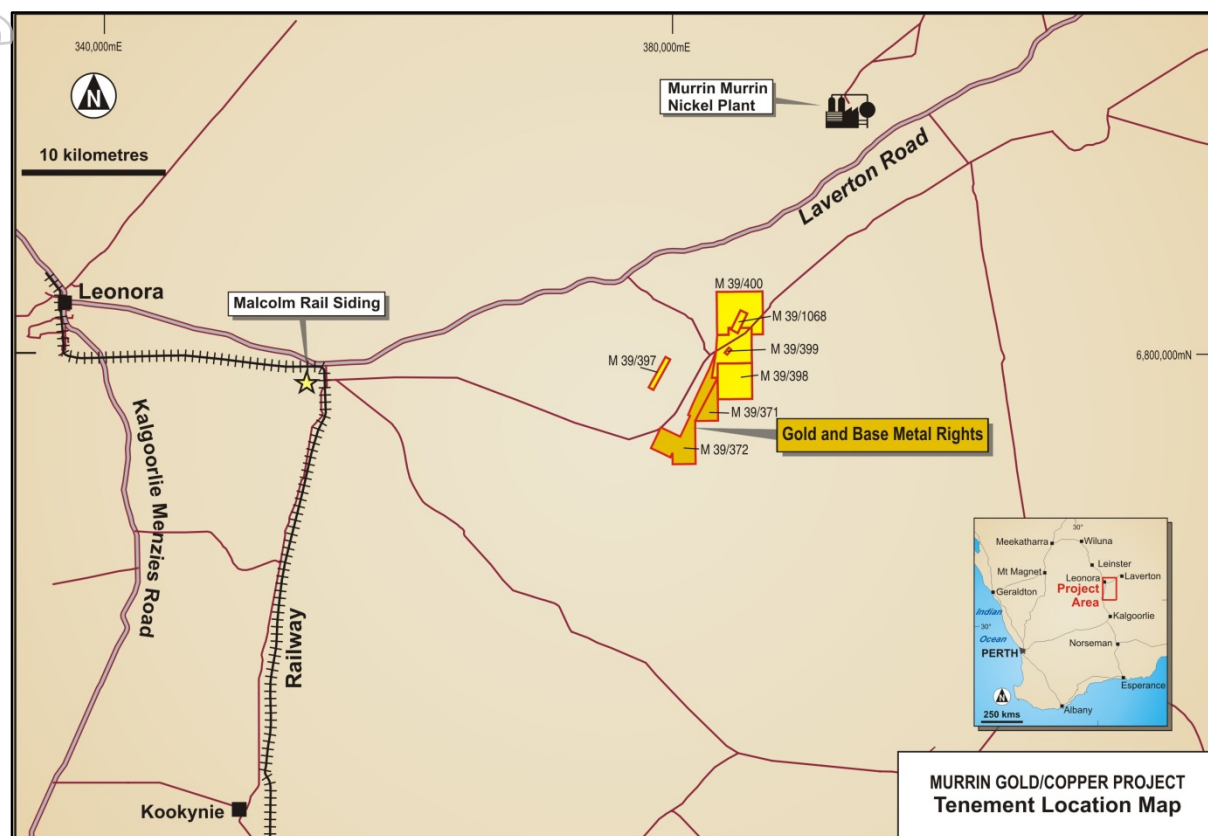


Figure 10:- Locality Map of the Murrin Murrin Project.

2.1 Introduction

The Murrin Murrin Gold-Base Metals Project is centred about the historical Murrin Murrin Mining Centre located some 45 kilometres east of the township of Leonora situated in the Mt Margaret Goldfields District of Western Australia as shown in Figure 10. The project consists of a contiguous group of six tenements some 12 kilometres in length and covers a north east striking splay structure that branches off the prominent Kilkenny Lineament, and transgresses a syncline structure, the Kilkenny Syncline, with a core of felsic volcanic rocks some three kilometres in width. An isolated tenement, located to the west, is also included in the project. On its eastern limb of the Kilkenny Syncline occurs the dormant Eulamanna Copper Mine, the largest historic copper mine in WA. The isolated western tenement that contains the Rio Tinto copper deposit is also included in the project. Occurrences of both gold and base metal mineralisation are present in the project. Gold occurrences are represented by numerous historical mine workings and two recently mined open pits. The principal base metal occurrences within the main group of tenements are the copper zinc prospects at Nangaroo and Crayfish Creek.

Historical production within the project area commenced in 1897 and was centred on the Murrin Murrin Gold Mining Centre. Production from 1897 to 1946 was 115,628 ounces of gold from 259,000

tonnes of ore at an average grade of 13.8 grams per tonne gold. Several copper zinc prospects also occur within the tenements and recorded concentrate produced is 1948 tonnes at an averaged combined grade of 16.48% for 321.20 tonnes of contained copper.

Various phases of exploration have been completed within the tenement area. The majority of regional and prospect drill testing has been too shallow depths only. KMR will use advanced exploration techniques coupled with deeper drilling to further evaluate the gold and base metal potential within the project.

2.2 Location and Access

The project is centred about the historical Murrin Murrin Mining Centre located some 45 kilometres east of the township of Leonora. Access to the project is via the sealed Leonora Laverton road and unsealed shire roads and within the tenements via unsealed station roads and tracks.

2.3 Tenure

The project comprises seven granted Mining Leases that covering 2,570 hectares. Six are contiguous, M39/371-M39/372, M39/398-M39/400, and M39/1068. Tenement M39/397 is located 4 kilometres to the west. The contiguous tenements cover the majority of the old Murrin Murrin mining district and town site. Tenement details are shown in Table 5 and outlined in Figure 11.

Tenement	Area Ha	Tenement Holders	Granted/ Applied	Expiry	Annual Rent	Annual Expenditure
M39/397	95	Aumex Mining Pvt Ltd	29/11/1995	09/09/2020	\$1,515.25	\$10,000
M39/398	604.2	Aumex Mining Pvt Ltd	29/11/1995	09/09/2020	\$9,649.75	\$60,500
M39/399	597	Aumex Mining Pvt Ltd	19/11/1995	22/11/2028	\$9,362.65	\$58,700
M39/400	849	Aumex Mining Pvt Ltd	23/11/2007	22/11/2028	\$13,541.55	\$84,900
M39/1068	99	Aumex Mining Pvt Ltd	29/07/2009	31/03/2031	\$1,579.05	\$10,000
M39/371	242.15	Glenmurrin Pty Ltd and Murrin Murrin Holdings Pty Ltd	26/07/1996	25/72017	\$3,875.85	\$24,300
M39/372	883.75	Glenmurrin Pty Ltd and Murrin Murrin Holdings Pty Ltd	26/07/1996	25/72017	\$14,099.80	\$88,400

Table 5:- Murrin Murrin Project Tenement Details

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4. Independent Geologist Report (Continued)

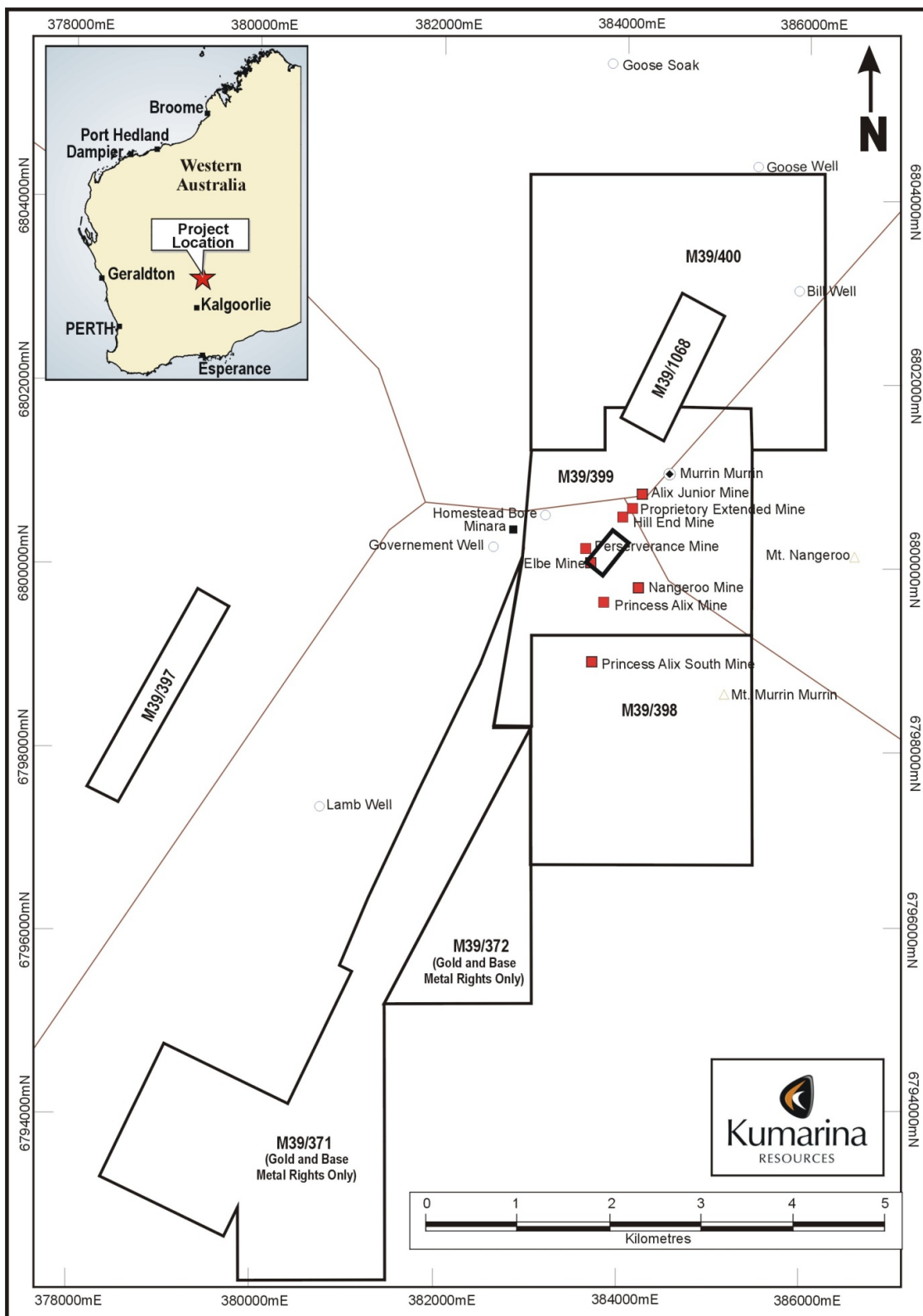


Figure 11:- Murrin Murrin Project Tenements Locality Map

2.4 Exploration History

Gold production in the project area commenced in 1897 and was centred on the Murrin Murrin Gold Mining Centre. Historical production within the project area from 1897 to 1946 is recorded as 115,058 ounces of gold from 259,058 tonnes of ore at an average grade of 13.8 grams per tonne gold. Earlier production with the more recent Dominion production is shown in Table 6. Several copper zinc prospects also occur within the tenements and recorded concentrate produced is 1948 tonnes at an averaged combined grade of 16.48% for 321.20 tonnes of contained copper and production details are shown in Table 7.

Prospect	Production	Tonnes Treated	Fine Ounces Recovered	Grade g/t Au
Malcolm mines	1897- 1904 1904- 1908	44,700	34,935	24.3
Proprietary Extended	1899- 1904	62,127	46,868	23.5
Perseverance	1902- 1905	5,980	6,200	32.2
Alex Junior	1905- 1910	7,375	6,575	27.7
Elbe mines	1901- 1909	2,760	3,067	34.6
Hill End	1935- 1946	3,656	1,593	13.6
Arthur Rymer	1931- 1941	3,787	744	6.1
Vindicator	1939- 1940	92	171	57.8
Umpire	1898- 1901	447	393	27.3
Victorian	1897- 1899	295	377	39.7
Murrin Queen	1920- 1922	1,303	548	13.1
Dominion Mining	1995	126,531	14,157	3.5
Total		259,058	115,628	13.8

Table 6:- Murrin Murrin Historical Gold Production

Prospect	Copper Ore and Concentrate (Tonnes)	Average Grade (%Cu)	Contained Copper (Tonnes)
Nangaroo	1,251.86	19.76	247.25
Rio Tinto	696.98	10.61	73.95
Totals	1,948.84	16.48	321.20

Table 7:- Murrin Murrin Historical Copper Production

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4. Independent Geologist Report (Continued)

In the 1960s systematic regional exploration for base metals, using modern methods commenced.

From 1964 to 1975 Australian Selection Pty Ltd (Seltrust) commenced exploration focusing primarily on copper-zinc volcanogenic sulphide mineralization (VHMS). Work consisted of gridding, geological mapping, rock chip sampling, soil sampling, ground IP, EM and magnetic surveys, trenching, shallow auger, percussion and diamond drilling. Drilling included 460 percussion drill holes and 39 diamond drill holes, most of which were aimed at the Nangaroo and Crayfish Creek copper-zinc VHMS targets. Significant drillhole intercepts are outlined in Table 8.

Deposit	Drill Hole No	From m	To m	Width m	Cu %	Zn %	Ag g/t
Nangaroo	WM/M/6	148.4	149.2	9.7	6.00	0.01	51
	WM/M/11	112.8	115.8	3.9	11.2	3.5	0.5
	WM/M/13	109.8	109.95	0.15	1.8	2.8	0.5
	WM/M/14	133.5	135.0	1.5	0.01	1.1	0.5
	WM/M/18	93.9	95.2	1.3	2.46	5.8	0.5
	WM/M/P244			2	0.1	16.3	4.5
	WM/M/P244			6	14.7	9.5	18.5
	NRC003	124	127	3	9.35	0.27	
		127	130	3	0.36	4.85	
	130	132	2	9.57	0.06		

Table 8:- Significant Copper and Zinc Intercepts at; Nangaroo

However, six of the diamond drill holes tested the Rio Tinto deposit with no significant intercepts being returned.

Spurious EM anomalies were also drill tested with negative results. The saline groundwater conditions, prevalent in Western Australia, resulted in the EM techniques used at that time to be ineffective as an exploration method.

In 1969- 1970 potential for laterite and sulphide nickel mineralization was briefly assessed.

Minimal work completed between 1975 and 1983 included a SIROTEM survey, designed to test for base metal sulphides between the Nangaroo and Crayfish prospects. Two small anomalies were identified and subsequently percussion drilled that failed to identify sulphides. Drill samples were analysed for gold with one anomalous result of 14 metres at 1.4g/t Au in drill hole AIMMP 273 intersected.

Metal detecting and prospecting by individuals and small syndicates has been widespread throughout the district since the early 1980s and a number of alluvial gold patches have been discovered during this time.

In 1983 BP Minerals Ltd (BP) commenced gold exploration using advanced techniques. Exploration continued until 1990 where BP's work was directed towards the evaluation of the numerous old gold workings in the Murrin Murrin Mining Centre. Work included gridding, geological mapping, rock chip and dump sampling, percussion, reverse circulation (RC) and diamond core drilling and limited metallurgical testwork. The majority of drilling was directed toward delineating a gold resource at the Malcolm and Challenger Prospects discovered by BP in 1985.

Subsequently Ashton Limited ("Ashton") acquired the project in the 1990s and directed efforts toward definition drilling of the Challenger deposit and exploration of the Eastern Gabbro (originally called Sons of the British Empire) prospect.

Ashton then joint ventured the project area with Samson Exploration and the JV completed a tenement wide soil sampling survey for gold and initially collected 4,285 samples on a 200m by 40m pattern followed by an infill program of 537 samples collected in areas of interest on 100m spaced lines. Rock chip samples were also collected about old working in the Eastern Gabbro Prospect. Soil anomalies so defined were tested by shallow RAB drilling and 25 RC holes (1,176 metres total) were drilled on a 40 metre by 20 metre pattern.

A significant intersection of 7 metres at 3.3g/t Au (in drill hole MMRC15) within a quartz vein system in the oxide zone was recorded. RC drilling was also conducted at the Star, Bound to Win, Elbe, Challenger South, and Hill End prospects.

In 1993 Equinox Resources NL entered into a joint venture agreement, known as the Murrin Murrin JV ("MMJV"), with Samson to continue exploration of the project area. The MMJV subsequently, entered into a joint Venture agreement with Anaconda Nickel ("Anaconda JV"). This JV agreement granted Anaconda (now Minara Resources Limited) exclusive right to explore, develop and mine laterite nickel.

Prior to 1995 a series of mineral resource and ore reserve estimations were calculated for the Malcolm and Challenger gold deposits by BP, Samson, MCS Engineering and Snowden & Associates. The average of these resource estimates is 161,000 tonnes at 4.1g /t Au using a 1.0g/t Au lower cut-off and a 20g/t Au top cut. In 1995 Dominion Mining mined the deposits and extracted 126,531 tonnes of ore. The ore was treated through the Mt Morgan gold treatment plant where 14,157 ounces of gold was recovered at an average recovery grade of 3.5g/t Au.

In December 1996, prior to withdrawing from a short lived farm-in to the MMJV, Hunter Exploration, (Hunter) completed a final program of three RC holes in the Challenger-Malcolm zone that confirmed the presence of higher gold grades below the existing open pits, Figure 10. Hunter identified a potential exploration target of some 100-105,000 tonnes at 2.5-2.7g/t Au below the Malcolm Pit. This tonnage is conceptual in nature and insufficient work has been completed to report a mineral resource in accordance with JORC Code (2004). It is unknown if further exploration work will result in the determination of a mineral resource. Consequently further drill testing is required.

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4. Independent Geologist Report (Continued)

A further 15 holes were completed in the project area at the Hill End, Elbe, Bound to Win, Avenger and Syenite prospects.

Equinox completed work to the end of 2004 that included re-assessment of the dataset, target generation, reconnaissance field trips, rock chip and dump sampling and RAB and RC drilling programs. Seven RC drill holes were completed in the Eastern Gabbro Prospect and two RC holes over a soil anomaly named the Northern Prospect.

At the Eastern Gabbro Prospect, stringer style mineralization was intersected over a six metre interval from 65 metres to 71 metres and a three metre intersection of 4.6g/t Au was recorded from 61 metres to 64 metres in the primary zone.

Significant assay results returned from gold exploration carried from 1960 to present are summarised below in Table 9.

Prospect	Exploration	Results
Alix Junior	RC drilling	(Drilling between 1983 to 1987). Reported intercepts of 4.22g/t Au over 3m from 34m depth and 8.42g/t Au over 1m from 23m depth in sericite schist and quartz vein.
Arthur Rymer	Fifty One RAB holes drilled along four lines	(Drilling between 1983 to 1995). Several anomalous gold zones intersected intercepts greater than 1g/t Au were from Hole 406 with 3m at 4.75g/t Au including 1m at 13.4g/t Au; Hole 404 with 2m at 10.09g/t Au.
Edward M North, Norman and William	RAB & Aircore drilling	(Drilling 1987). Reports of several intersections of +1g/t Au have been reported but no actual hole information.
Bound To Win	Thirty eight RAB holes were drilled along three lines. A prominent multiple quartz vein system with local limonitic gossan extensively drilled for base metal and gold.	(Drilling between 1983 to 1997). Three anomalous gold zones intersected but no intercept greater than 0.25g/t Au. Several holes intersected base metal mineralisation up to 0.22%Cu and 0.14%Zn. Best results from multiple quartz vein system were Hole PWMM 422 with 7m at 1.34g/t Au from 25m and Hole PWMM 423 with 7m at 1.34g/t Au from 19m.

Prospect	Exploration	Results
Avenger	An extension of the Bound to Win, line this prospect was drilled for base metals and later assayed for gold with the following results	(Drilling between 1983 to 1996). Best gold assays returned were Hole WMMP 273 with 6m at 1.47g/t Au from 36m, 6m at 1.60g/t Au from 44m. Hole WMMP 285 with 8m at 1.36g/t Au from 37m,;.Hole PWMM 451 with 2m at 1.83g/t Au from 29m and 2m at 1.44g/t Au from 38m.; Hole PWMM 453 with 3m at 1.66g/t Au from 11m and 4m at 1.26g/t Au from 18m.; Hole PWMM 454 with 9m at 1.15g/t Au from 21m includes 2m at 3.1g/t Au from 28m.
Cemetery	Fifty nine RAB holes were completed along five lines.	(Drilling 1995). No significant gold assays above +1g/t Au.
Elbe	Two phases drilling completed. Gold mineralisation is quartz hosted with extensive limonitic wall rock alteration	(Drilling between 1983 to 1996). Best gold assays returned were Hole MRAB007 with 8m at 2.77g/t Au from 20m, Hole MRAB008 with 4m at 4.38g/t Au from 8m,;.Hole MRAB169 with 8m at 1.44g/t Au from 24m.; Hole MRAB267 with 2m at 1.00g/t Au from 24m.; Hole MRAB269 with 3m at 1.1g/t Au from 32m.
Hill End	Sixty two RAB holes drilled along three lines.	(Drilling between 1986 to 1995). The best gold assays returned were from Hole MRAB067 with 4m at 8.33g/t Au from 20m. Aumex's air core results included gold intercepts of 8m @ 4.9g/t; 2m @ 6.02g/t; 6m @ 2.02g/t; 12m @ 4.08g/t; 2m @ 13.3g/t and 8m @ 10.5g/t.
Kingfisher	Three shallow RAB holes drilled	(Drilling 1987). Best gold assays returned was 1m at 1.96g/t Au from 22m.

4. Independent Geologist Report (Continued)

Prospect	Exploration	Results
Eastern Gabbro	A series of shallow holes were completed along 100m spaced lines.	(Drilling between 1983 to 1993). Best gold assays returned were Hole MMR08 with 1m at 1.50g/t Au from 42m; Hole MMR12 with 1m at 1.42g/t Au from 13 and 1m at 1.11g/t from 16m; Hole MMR27 with 2m at 2.67g/t Au from 8m; Hole MMR28 with 2m at 1.41g/t Au from 10m; Hole MMR31 with 3m at 1.13g/t Au from 24m; MMR66 with 5m at 2.55 g/t Au from 24m; Hole MMR68 with 6m at 1.26 g/t Au from 6m; Hole MMR102 with 6m at 1.00 g/t Au from 36m; Hole MMR128 with 14m at 1.46 g/t Au from 14m; Hole MMR177 with 7m at 2.33 g/t Au from 8 and 1m at 1.92g/t Au from 22m; Hole MMR178 with 114m at 1.34 g/t Au from 1m including 1m at 3.59g/t Au from 3m and 1m at 2.81g/t Au from 7m Hole MM96R211 with 2m at 2.2g/t Au Hole MM96R211 with 2m at 2.2g/t Au. Hole MM96R207 with 1m at 3.9g/t Au. and MMRC003 with 7m at 4.07 g/t Au from 30m.
North Star	BP Minerals drilled 4 shallow Percussion Holes	(Drilling between 1986 to 1997). Best gold assays from Hole PWMM448 with 1m at 2.85g/t Au from 30m.
Vindicator	A total of thirty eight RAB holes for 1,205m completed along six lines. Additional drilling along seven sections to test lag geochemical anomalism and coincident aeromagnetic features. Intercepted mineralisation associated with arsenopyrite rich recrystallised quartz.	(Drilling between 1986 to 1995). Best gold assays from Hole MRAB254 with 4m at 1.67g/t Au from 36m; Hole MRAB169 with 8m at 1.44g/t Au from 24m; Hole MRAB257 with 4m at 1.67g/t Au; Hole MRAB267 with 2m at 1.00g/t Au from 24m; Hole MRAB269 with 3m at 1.1g/t Au from 32m and a BP Minerals hole PWMM with 2m at 6.06g/t Au from 22m.
Princess Alix		(Drilling between 1983 to 1997). Best gold assays from Hole WMMP288 with 2m at 6.1g/t Au from 97m and 7m at 9.17g/t Au from 90m; and Hole WMMP313 with 1.98m at 1.6g/t Au from 232m and 0.58m at 300.17g/t Au from 370m.

Table 9:- Significant Gold Intercepts Greater than 1g/t Au

Anaconda Nickel's work included mapping and RC drilling on the south-western part of the MMJV tenements. Other than several nickeliferous laterite deposits being mined by the Murrin-Murrin nickel-cobalt operation on the Anaconda JV tenements, no further exploration has been carried out in the project area.

2.5 Regional Geology

The greenstone sequence of the Murrin Murrin area forms parts of a distinctive tectonostratigraphic block bounded by major linear structural discontinuities, the Keith-Kilkenny Lineament to the West and the Celia Lineament to the east. The Kilkenny Syncline is separated from the repeat structure to the west, the Rio Tinto Syncline, by the Kilkenny Lineament see Figure 12.

The lithologies comprise a bimodal volcanic package of felsic and basic volcanic rocks, clastic sedimentary rocks, chert, ultramafic rocks and basic intrusives. The ultramafic rocks were previously interpreted to be intrusive. However, it is probable that the cumulate textures commonly exhibited in these rocks formed through the pooling of extrusive flows. The units strike north-northeast and are repeated about the axis of the Kilkenny Syncline which trends south-southwest through the tenement block.

The rocks have been metamorphosed to the prehnite-pumpellyite facies and carbonate metasomatism is widespread.

The partial development of sericite, chlorite, tremolite, and epidote, the saussuritisation of the feldspars and the extensive carbonitisation of the rocks of the Murrin Murrin area indicate they have been metamorphosed to lower greenschist facies of the regional metamorphism.

The dominate structures are the south plunging Kilkenny Syncline located in the Eastern block and the Corkscrew Anticline with its attendant Woolshed Syncline located in the western block. Both of these structures have north-northwest striking axes and plunge south. Primary regional faults are locally known as the Brummers and Kaurin, both dextral, and the Federation.

In general, the rocks are unshered to weakly sheared, the axial plane cleavage of the folds being the most significant structural fabric feature. In the north western corner of the block shearing becomes more intense towards the intrusive granite.

2.6 Project Geology

The lithology of the Murrin Murrin project can be divided into two domains, a north-northwest trending belt and a northeast trending belt. These two belts are separated by the Federation fault which strikes parallel with the northeast trending belt. The oldest rocks of the Murrin Murrin area occur in the core of the Corkscrew Anticline while the youngest are in the top of the Kilkenny Syncline.

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4. Independent Geologist Report (Continued)

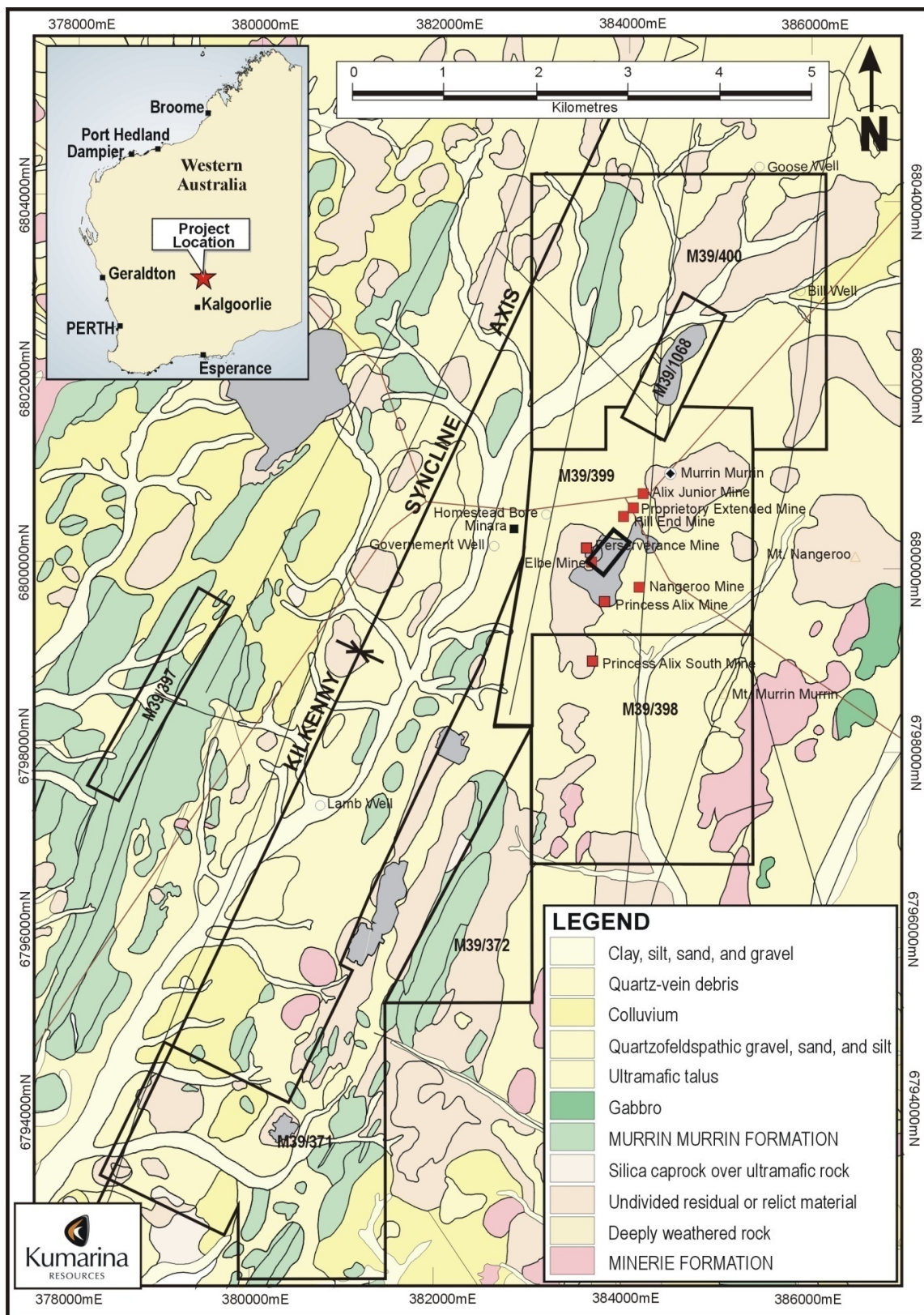


Figure 12:- Tenements over Geology. (After GSWA)

The sedimentary rocks include a variety of classic sediments of quartzo-feldspathic composition ranging from shaly siltstone to arenite and usually rich in secondary sericite and carbonate and chert which forms excellent marker horizons. Thin chert is common amongst basalt flows where they mark the tops and bottoms of individual flows.

The major chert horizons occur on the western block and are known as the upper (Pearl Shell) and lower (Red) chert. The main chert on the eastern block is the Nangaroo chert which resembles the Pearl Shell chert and is replaced in part by blow quartz. Black carbonaceous shales have only been intersected in drill holes but are common, usually interlayered with fine grained tuffs in the acid volcanic horizons. Minor greywacke has also been noted at Nangaroo.

The felsic volcanic rocks include rhyolite flows and acid tuffs of all grain sizes. They occur in thick complicated interfingering sequences with the volcanoclastic sediments described above. The acid tuffs are fine-medium grained rhyolite tuff and coarse grained agglomerate sized rhyolite tuff containing fragments mostly greater than 4 millimetres in size.

Basic volcanic rocks comprise a fine grained equigranular green metabasalt, extensively altered with tremolite-actinolite, carbonate, sericite, chlorite and epidote and commonly pillowed type and a high magnesium porphyritic meta-basalt containing coarse laths of clinopyroxene which have usually been at least partially replaced by the tremolite and chlorite.

Archaean basic intrusives of various gabbroic composition and Proterozoic dolerites occur as sills and minor, narrow and curvilinear dykes in various orientations.

The ultrabasic rocks are serpentinised dunite and peridotite and show well preserved granular cumulate olivine texture.

An even grained adamellite granite located in the north and a granodiorite is located some eight kilometres southeast of Nangaroo. There are only minor occurrences of aplites.

2.6.1 Gold Mineralisation

Gold mineralisation at Murrin Murrin is associated with weathered sulphide (pyrite and arsenopyrite) bearing quartz veins discontinuously developed in distinct north-northeast trending shear or fault zones.

These zones form a fairly close spaced 'en echelon' array on the eastern limb of the south-plunging Kilkenny Syncline. Varying from a few tens of centimetres up to about 10 metres wide (mostly filled by quartz vein material), these zones can be up to three kilometres long.

Shearing intensity adjacent to the main quartz veins varies from weak to strong and alteration associated with gold mineralisation includes sulphide, silica, carbonate, chlorite, and sericite/kaolin. In general, gold is confined within a well constrained, narrow principal lode with limited mineralisation in the wallrock.

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4. Independent Geologist Report (Continued)

2.6.2 Base Metal Mineralisation

The Nangaroo, Crayfish Creek and Rio Tinto Prospects in the project area display Volcanic Hosted Massive Sulphide (VHMS) style geology and mineralisation.

The copper zinc mineralised horizon is at a felsic volcanic/sediment-basalt contact. comprising massive fine-grained to coarse-grained recrystallised pyritic sulphides, which, in turn, contain variable amounts of pyrrhotite, iron-bearing sphalerite and chalcopyrite, with some combined silver, occur in small shoots up to 4m thick and 300m in length.

The Nangaroo prospect is located within the north to north-northeast trending Nangaroo-Crayfish Creek horizon; a complicated sequence of acid agglomerate and tuff, carbonaceous shale, water-lain greywacke, rhyolitic flows and minor basaltic and andesitic flows on the eastern limb of the Kilkenny syncline. The acid-basic sequence of the Nangaroo-Eulaminna horizon is intruded by a fine-medium grained metadolerite.

The Nangaroo Mine occurs at a major felsic volcanic/sediment -basalt contact.

Massive fine-grained to coarse-grained recrystallised, pyritic sulphides containing variable amounts of pyrrhotite, iron-bearing sphalerite and chalcopyrite, with some silver, occur in four small shoots up to 4 metres thick and 300 metres long.

The bulk of the mineralisation occurs below 30 metres depth in one shallow, north- plunging lens expressed at surface as a large limonitic and siliceous gossan exposed around old mine workings.

Copper zinc metal ratios of the massive sulphides average 1:2 with a combined metal content of 15% Cu and Zn. Disseminated and stringer mineralisation occurs in agglomerate consisting of cherty sediment, rhyolite and tuff fragments in a tuffaceous matrix.

In total, 19 diamond drill holes and 25 percussion holes have been drilled into the Nangaroo prospect between 1971 and 1980. Data for these holes is incomplete and significant intercepts are shown in Figure 13.

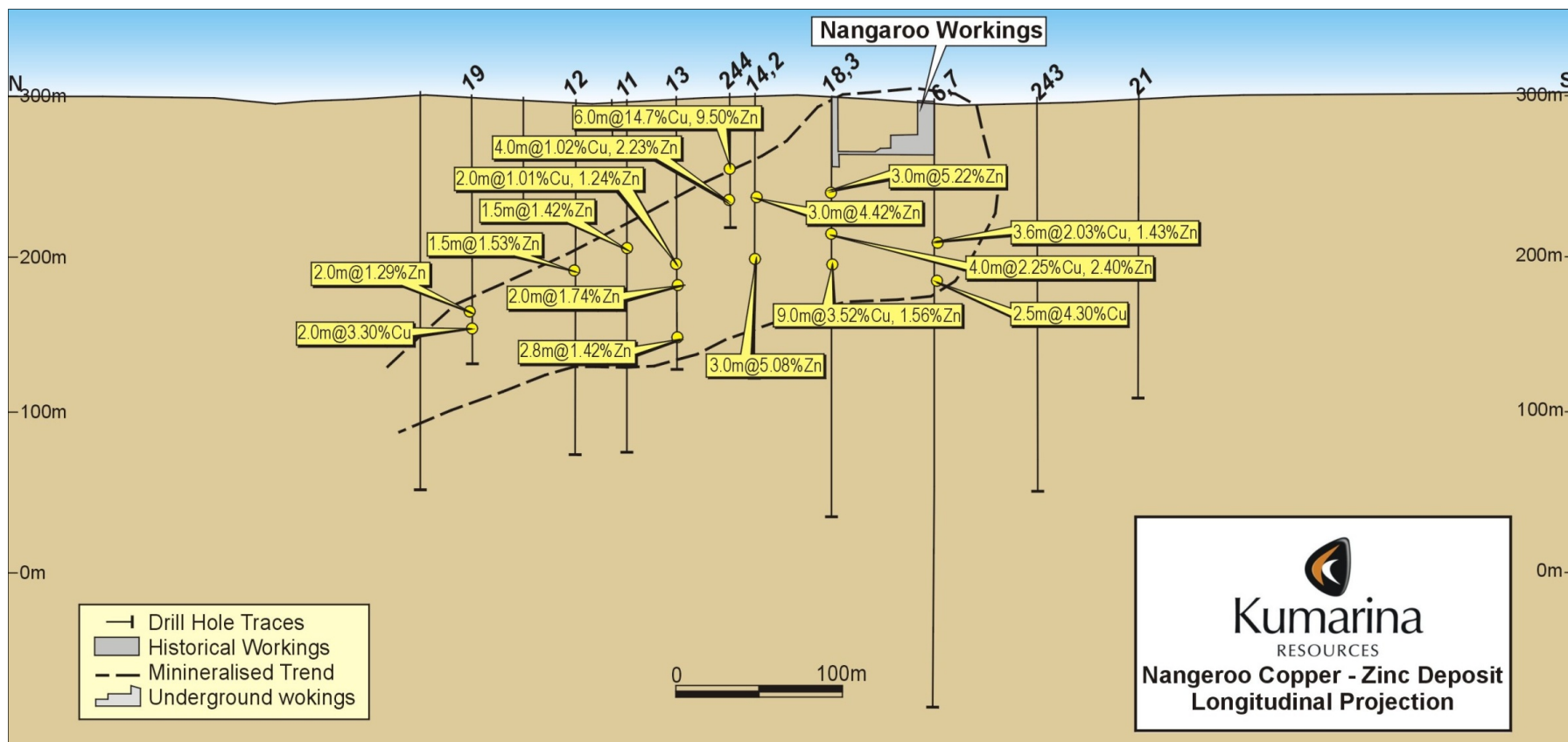


Figure 13:- Long-Section Through the Nangaroo Deposit with Significant Drill Hole Intercepts

4. Independent Geologist Report (Continued)

Previous workers have identified a mineralised target of 120-130,000 tonnes at a combined copper and zinc grade of 12%-15%. The target is defined as a 40 to 45° north plunging shoot 40 to 50 metres in height, 245 metres down plunge along strike, of variable width and open down plunge to a vertical depth below surface of 130 metres (Figure 13).

This tonnage is conceptual in nature and insufficient work has been completed to report a mineral resource in accordance with JORC Code (2004). It is unknown if further exploration work will result in the determination of a mineral resource. Consequently further drill testing is required.

The Crayfish Creek deposit contains small shoots of Zn rich Fe-Cu sulphides that occur at the same mineralised contact/horizon 2.4 kilometres south of Nangaroo prospect. About 11 diamond core and percussion holes have been drilled into this prospect, but results have not been collated. There are also several small copper showings between Crayfish Creek and Nangaroo, and to the south of Crayfish Creek. Some copper mineralisation has been located along the southern extension of the Eulamina horizon.

The Rio Tinto workings, located in M39/397, contain a small zinc rich massive sulphide body situated at the top contact of a thin volcano-sedimentary sequence and the enclosing mafic volcanics in a faulted synclinal structure on the West side of the Lamb Fault. Minor gold mineralisation is associated with the Cu-Zn mineralisation. Copper production from this prospect during the early part of the last century averaged a grade of 10.6% copper. (Table 6)

2.7 Potential

The Murrin Murrin Project contains both gold and copper-zinc mineralisation as illustrated in Figure 14.

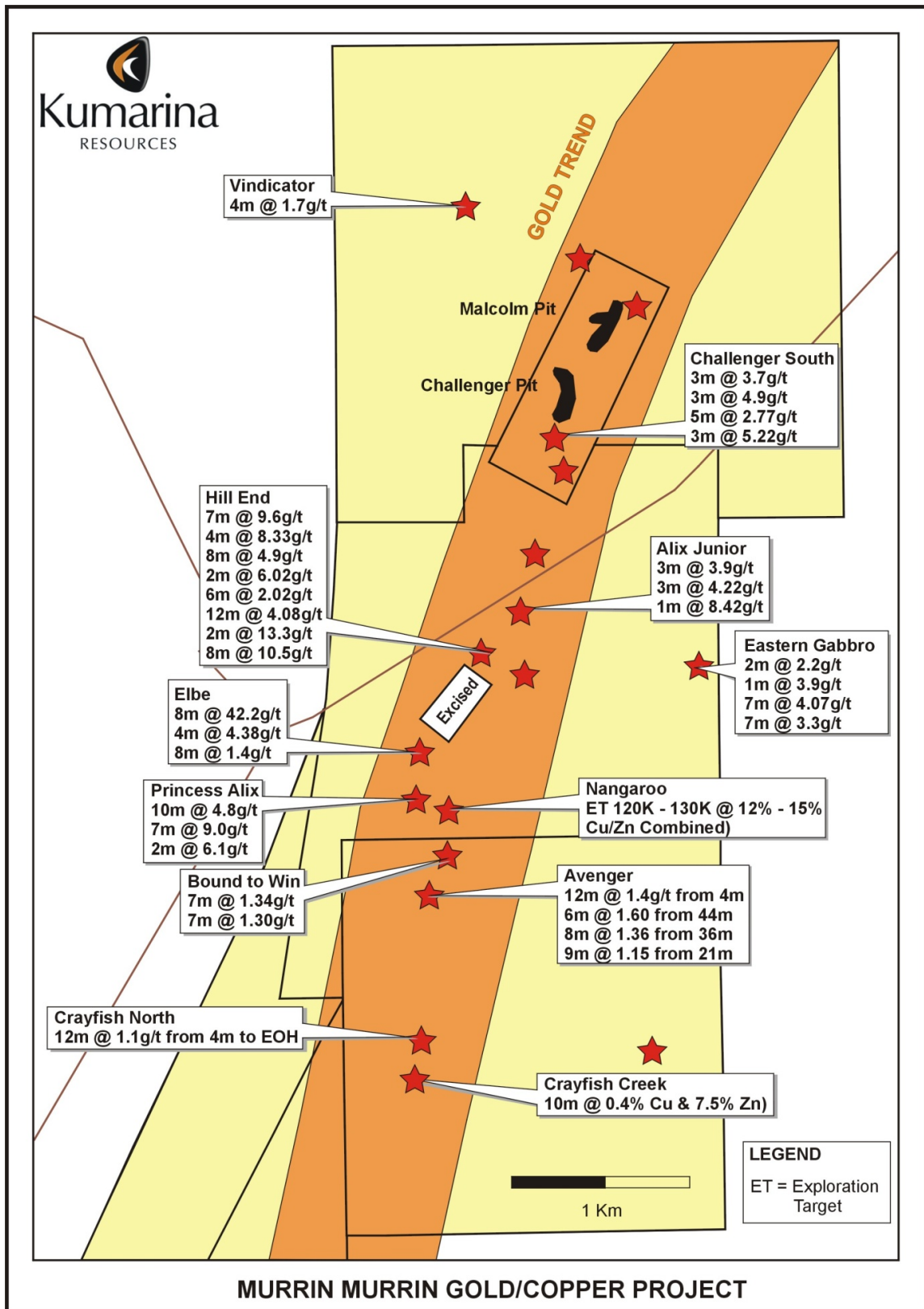


Figure 14:- Murrin Murrin Project Showing Gold and Base Metal Mineralisation

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4. Independent Geologist Report (Continued)

Murrin Murrin has many geological similarities to other global Archaean Greenstone Belts that host large and base metal-rich volcanogenic hosted massive sulphide deposits. Specific analogies include Noranda, Kidd Creek and Sturgeon Lake camps of Canada, Teutonic Bore-Jaguar-Bentley (Figure 15) and Golden Grove (Figure 16) camps of Western Australia. Consequently potential exists for the discovery of additional base metal deposits primarily copper and zinc at Murrin Murrin.

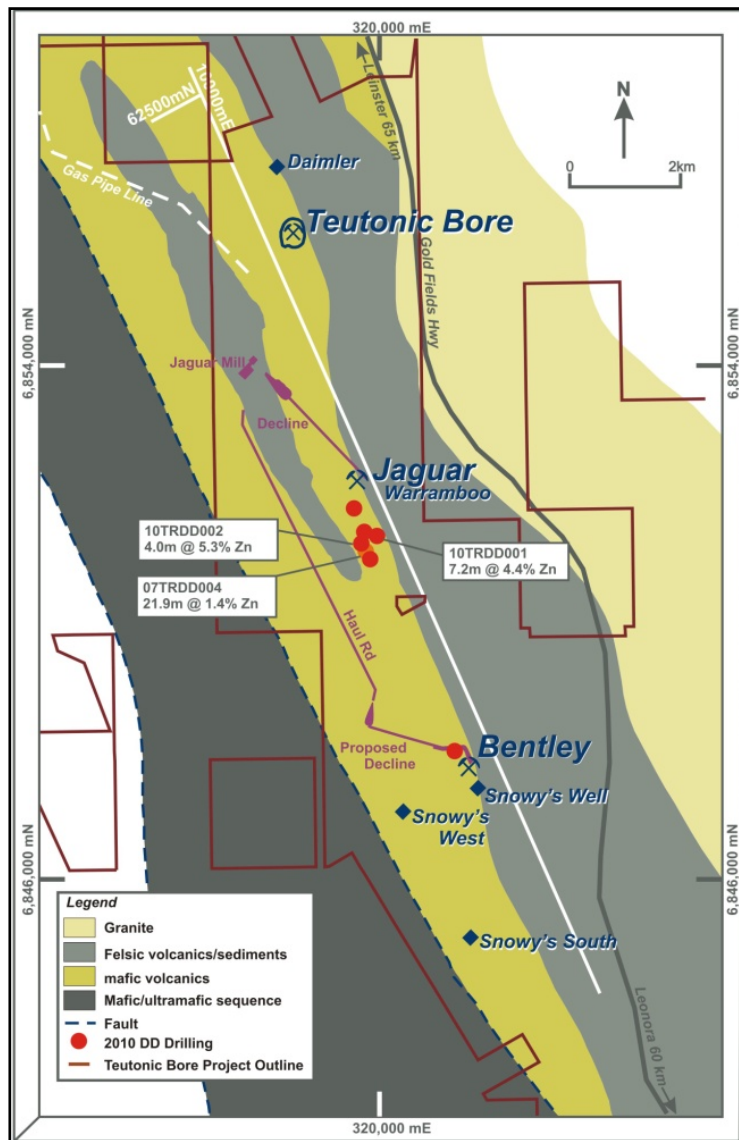


Figure 15:- Regional Plan Showing Distribution of Jabiru Metals Limited VMS Deposits

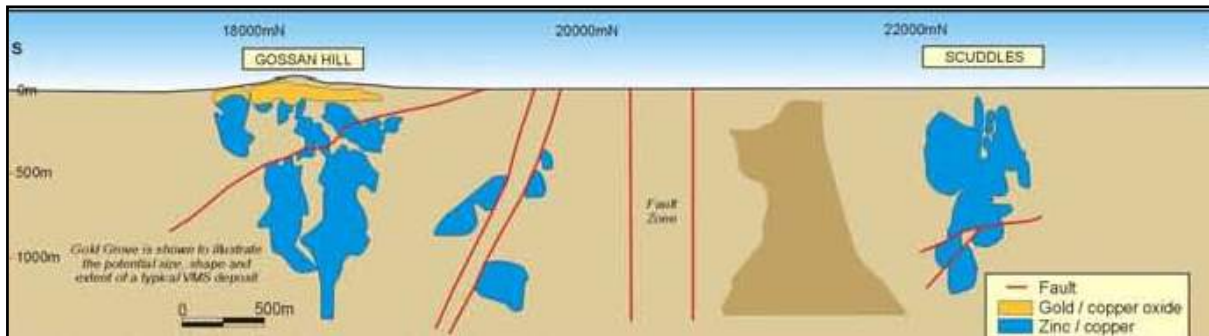


Figure 16:- Longitudinal Projection through Golden Grove to Illustrate Geometry and Distribution of the VMS Deposits

The highest base metal potential is associated with the known copper and zinc mineralization at Nangaroo, Crayfish Creek and other prospects within the north to north-northeast trending Nangaroo-Crayfish Creek and Eulaminna horizons and further west along the Rio Tinto horizon.

The Nangaroo deposit is open down plunge and can be expected to continue for some depth using geometry of similar deposits in the region and therefore an immediate target for new penetrating fixed loop transient electromagnetic [FLEM] geophysical surveys, diamond drilling and down hole EM geophysical surveys.

The Teutonic Bore, Jaguar and Bentley deposits, located in a similar stratigraphic sequence 85 kilometres to the northwest of the Murrin Murrin project are very important examples for the potential for similar deeper targets within the KMR tenements.

The top of the Jaguar and Bentley VHMS deposits is approximately 300 metres below the surface level.

The Jaguar deposit was defined by an [FLEM] geophysical survey that outlined an 1800m long conductor. A diamond drill hole, TBD202, to test this anomaly intersected a 7.7m thick massive sulphide zone at 485m depth that returned assays of 4.3% Cu, 16.1% Zn, 0.8% Pb, 173g/t Ag and 0.24g/t Au as reported by Pilbara Mines Limited in their 2002 Annual Report.

The deposit stratigraphy strikes north-north westerly, both faces and dips steeply to the west. It comprises a stacked sequence of submarine basaltic, rhyolitic and intermediate extrusive volcanic rocks, with intercalated clastic and minor chemical sedimentary units. Dolerite gabbro and intermediate sills and dykes intrude the volcanic- sedimentary sequence.

The deposit comprises several stratiform massive sulphide lenses closely associated with clastic and chemical sedimentary units within a 50 to 70 metre thick metamorphosed host package of intermediate to mafic lavas and volcanoclastic sediments, and carbonaceous mudstones.

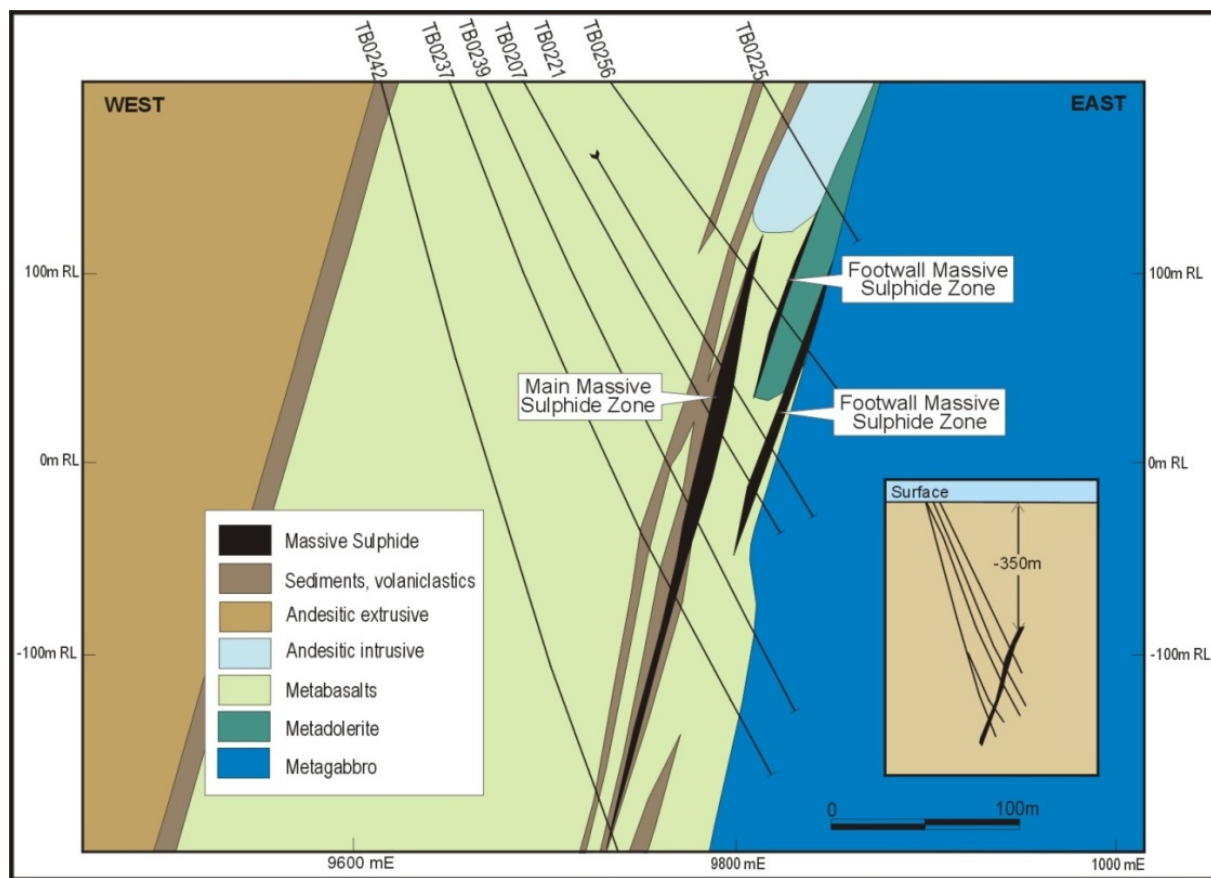
The main massive sulphide lens forms a single, continuous, steeply-dipping (approximately 76°) sheet-like tabular body, 1-10 metres thick (average 3.1 metres), approximately 400 metres in strike length and 400 metres in dip length. A number of discrete (1 to 5 metre thick) tabular Footwall

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4. Independent Geologist Report (Continued)

Lenses have also been intersected below (east of) the Main Lens. In addition, diffuse stringer and stock work mineralisation, and related alteration occurs in the footwall to the massive sulphides.

The largest Footwall Lens (FW3) is interpreted have been a part of the Main Lens that was wedged off by a post-mineralisation basaltic sill early in the history of the deposit. Another 150 metres thick post-mineralisation sill also present in the footwall of the Jaguar mineralised zone is interpreted to have further wedged apart the mineralised system (Figure 17).



**Figure 17:- Projected Cross Section Through Jaguar Deposit
Showing Multiple Massive Sulphide Occurrences**

The Bentley deposit, located to the south of Jaguar, has close similarities regarding depth below surface and multiple massive sulphide lenses and stringer mineralisation (Figure18).

Massive sulphide mineralogy comprises pyrite, pyrrhotite, sphalerite, chalcopyrite and galena with minor silicate and carbonate gangue minerals.

Reported Probable Reserve by Jabiru Metals Limited is 3.00 million tonnes at 2.0% Cu, 9.8% Zn, 138g/t Ag.

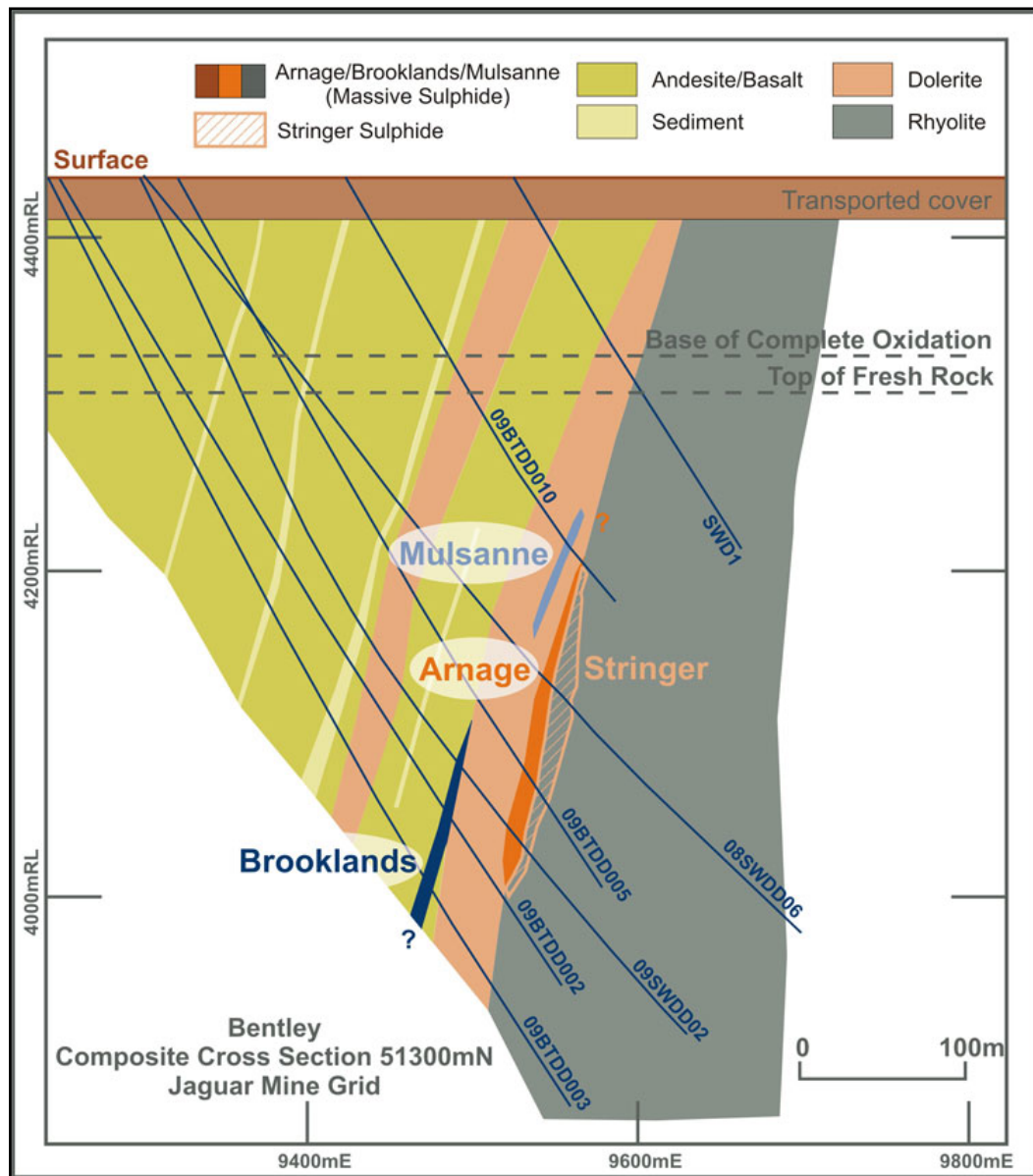


Figure 18:- Composite Cross Section 51300mN Showing Locality of Blind Ore Zones at Bentley

Base metal mineralisation at Nangaroo, Crayfish Creek and Rio Tinto deposits remain open ended and have not been fully tested by recent and advanced geophysical techniques.

Consequently there is considerable potential for extensions to current mineralisation, the existence of deeper mineralisation similar to the Jaguar and Bentley deposits, and for further targets in the keel of the Kilkenny Syncline.

Gold potential for economic open pit deposits in the near surface environment is only moderate considering the amount of past exploration work completed. Previous RAB drilling has in the majority of cases been to blade refusal depths. RC drilling with diamond tails about and adjacent to old workings has been to moderate depths.

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4. Independent Geologist Report (Continued)

Consequently, previous drilling has not fully tested the gold potential at depth as shown in figures 19 and 20 and therefore the occurrence of higher grades at depth is a highly regarded possibility.

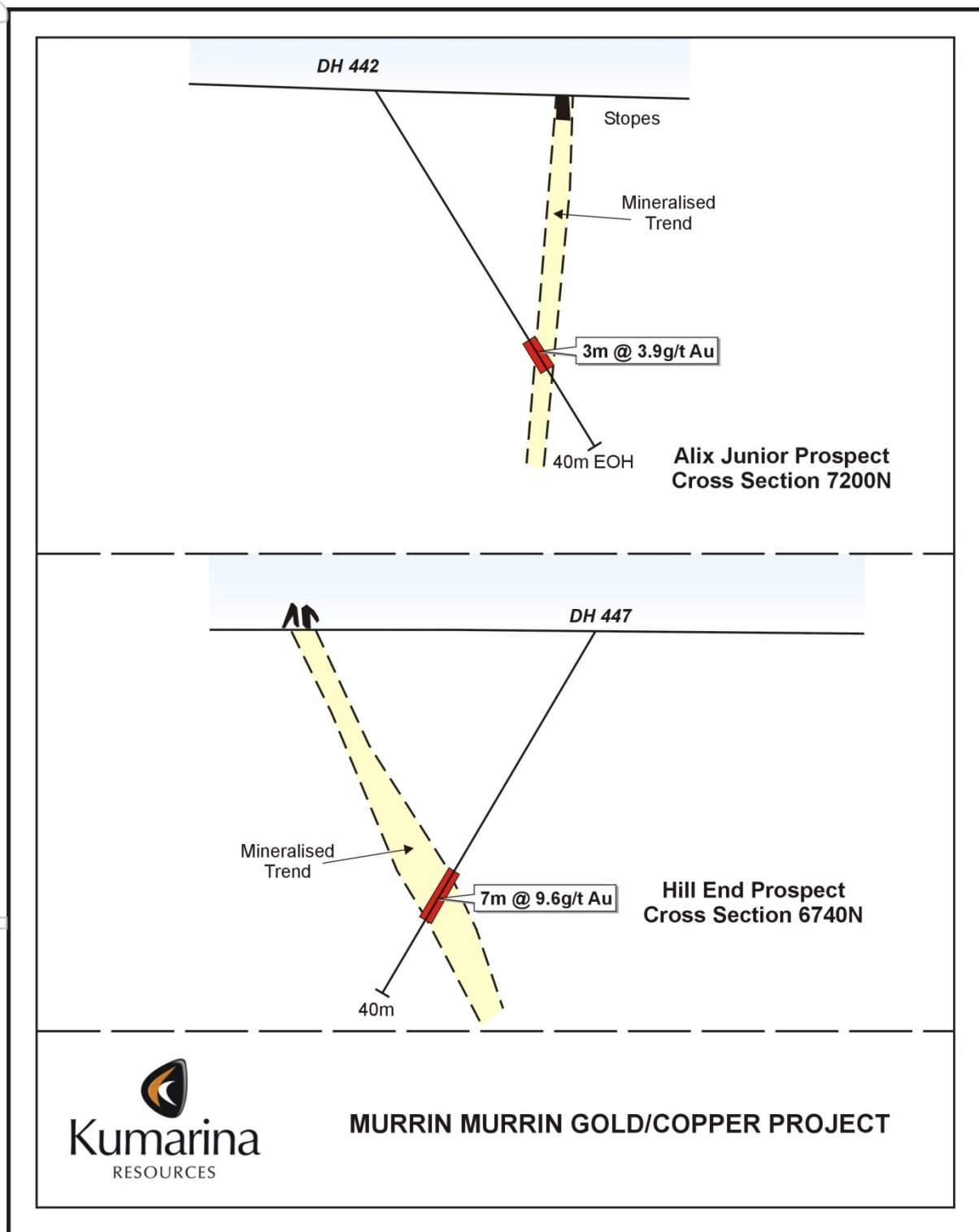


Figure 19:- Drill Hole Cross Sections Showing High Grade Intercepts

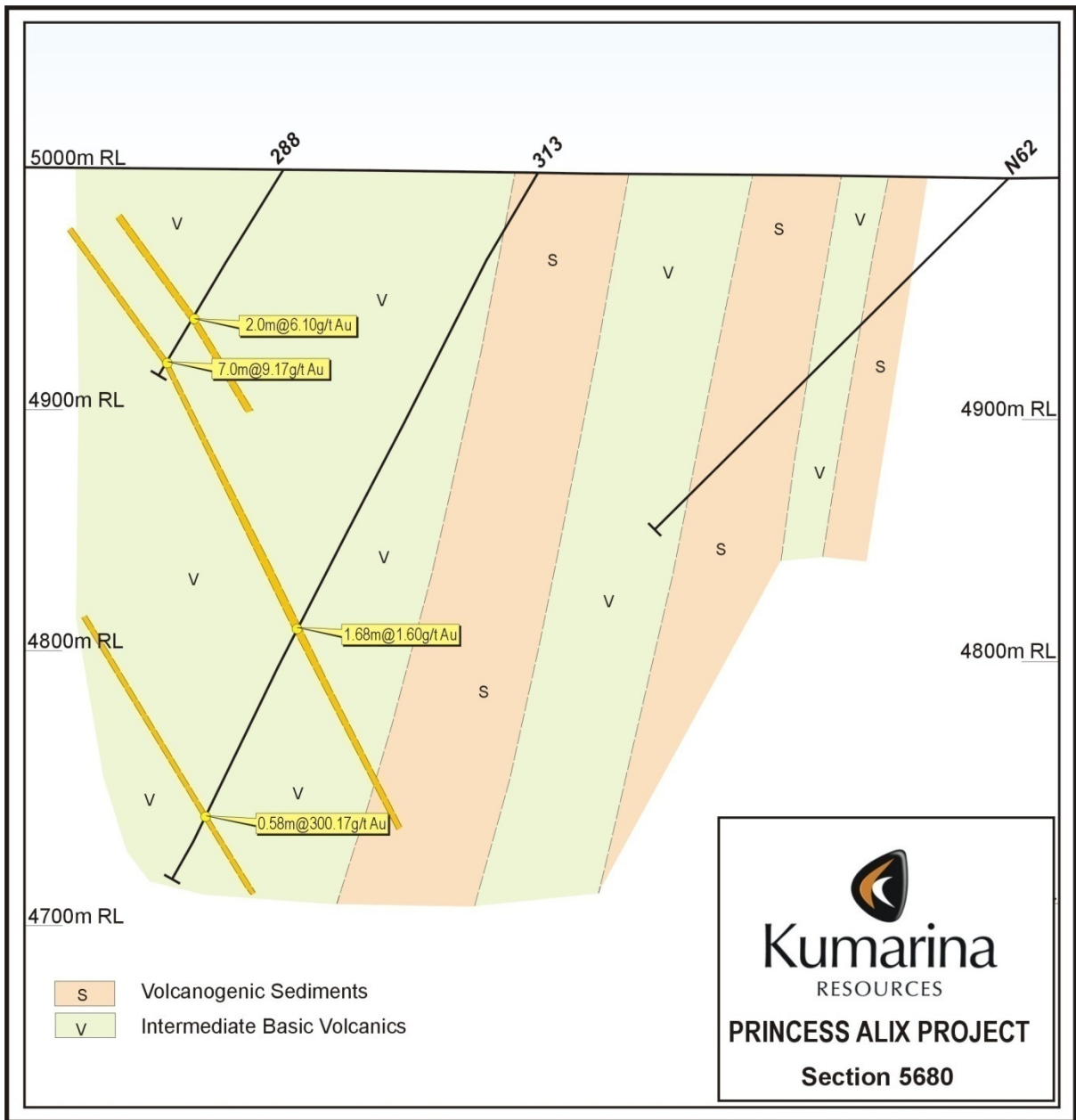


Figure 20:- Cross Section Showing High Grade Gold Intercepts from Previous Drilling Princess Alix Prospect.

In addition, previous RC drilling and records from old mine workings confirms that higher grade mineralisation continues below both the Malcolm and Challenger pits Figure 21.

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4. Independent Geologist Report (Continued)

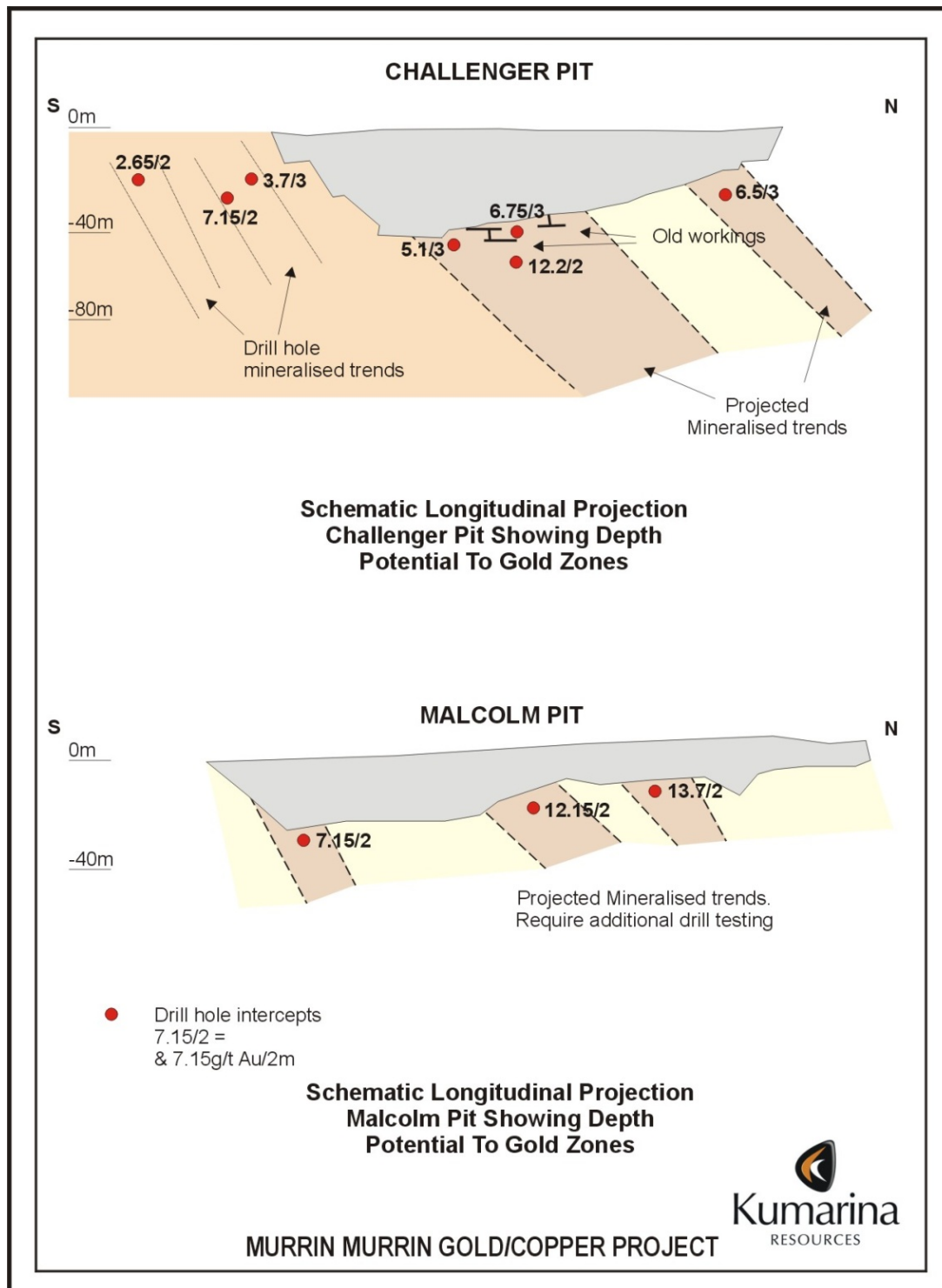


Figure 21:- Schematic Longitudinal Projections Through Malcolm and Challenger Pits Indicating Potential Depth Extension to Gold Mineralisation

Consequently, further deeper drilling will contribute to a potential resource that may be amenable to open pit extraction. There is also potential for small high grade deposits amenable to underground mining in the vicinity of some of the old workings.

AM&A therefore considers the project to be highly prospective for the occurrence of economic base metal and gold mineralisation.

2.8 Proposed Exploration and Expenditure

Kumarina Resources Limited has provided comprehensive programs and budgets for the initial two years. Planned exploration is to include the following work:-

- Review all previous exploration data and establish geological and mineralised interpretations.
- Construct regional and prospect three dimensional geology and mineralised zones to identify potential targets.
- Undertake systematic geochemical sampling over the Ilgarari Project area.
- Undertake additional ground and airborne geophysical surveys incorporating the latest techniques.
- Further study of existing targets, including re-optimisation of the Challenger and Malcolm pits.
- Conduct additional deeper drilling below the Challenger and Malcolm pits.
- Test the Nangaroo, Crayfish Creek and Rio Tinto deposits for depth and lateral extensions.
- Drill test previous gold mine workings with deeper selected RC drilling.
- Exploration budgets
- Based on two funding scenarios are shown in following table.

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4. Independent Geologist Report (Continued)

\$12,000,000 Raising	Year 1	Year 2
Activity		
Collation of Data	40,000	-
Geophysical Surveys	150,000	180,000
Drilling Assaying Manning	920,000	1,100,000
Metallurgical Test Work	75,000	200,000
Supporting Consultants	75,000	150,000
Total	1,260,000	1,630,000
\$8,000,000 Raising	Year 1	Year 2
Activity		
Collation of Data	40,000	-
Geophysical Surveys	75,000	120,000
Drilling Assaying Manning	640,000	710,000
Metallurgical Test Work	50,000	100,000
Supporting Consultants	75,000	100,000
Total	880,000	1,030,000

Table 10- Murrin Murrin Project Proposed Exploration and Expenditure.

3.0 References

Kumarina Resources has acquired an extensive library of published and past exploration reports relating to the Murrin Murrin Project. Given the extensive nature of these reports, AM&A has chosen not to include an extensive reference list, but to include general references that may lead a researcher to additional information and relevance to the project.

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4.0 Glossary and Abbreviations

4.1 Glossary

Aeromagnetic Survey	A survey made from the air for the purpose of recording magnetic characteristics of rocks.
Alteration Zone	Zone within which rock forming minerals have been chemically changed.
Anomaly	Value higher or lower than the expected or norm.
Anomalous	Outlining a zone of potential exploration interest but not necessarily of commercial significance.
Anticline	Upward arching fold or rock strata (antonym = syncline).
Axial plane	A plane which joins the hinge lines of successive beds in a fold.
Axis	Hinge-line of a fold.
Basalt	A fine grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals.
Batholith	A very large, usually granitic intrusion.
Bedding	A rock surface parallel to the surface of deposition.
Cleavage	The tendency of a rock and minerals to split along closely spaced, parallel planes.
Country rock	A general term applied to rock surrounding or penetrated by mineral veins.
Dip	The angle at which a rock layer, fault or any other planar structure is inclined from the horizontal.
Domain	The areal extent of given lithology or environment.
Dyke	A tabular intrusive body of igneous rock that cuts across bedding at a high angle.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Felsic	Descriptive of an igneous rock which is predominantly of light coloured minerals (antonym: of mafic).

4. Independent Geologist Report (Continued)

Fold	A bend in the rock strata or planar structure.
Foliation	The laminated structure resulting from the parallel arrangement of different minerals.
Footwall	Rocks underlying mineralisation .
Geophysics	Study of the earth by quantitative physical methods.
Granitoid	A general field term for coarse grained rocks containing quartz and feldspars.
Hangingwall	Rocks overlying mineralisation.
Igneous	Formed by solidification from a molten or partly molten state.
Inferred Resource	A resource inferred from geoscientific evidence, drillholes, underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.
Isocline	An anticline or syncline so closely folded that the two sides have the same dip.
JORC Code	Joint Ore Reserves Committee –Australasian Code for Reporting of Identified Resources and Ore Reserves.
Lamination	The finest bedding, often found in shales and fine grained sandstones.
Lineament	A naturally occurring major linear feature in the earth's crust, often associated with mineral deposits.
Lode	A deposit of potentially valuable material or minerals between definite boundaries.
Mafic	A loosely used group name for silicate minerals that are rich in iron and magnesium, and for rocks in which these minerals are abundant.
Metamorphism	The mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals. Rocks so altered are prefixed "meta" as in "metabasalt".
Mineral Resource	A tonnage or volume of rock or mineralisation of economic interest.
Mineralisation	In economic geology, the introduction of valuable elements into a rock body.

Opencut	Descriptive of a mine worked open from the surface.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Orebody	A continuous, well defined mass of ore.
Outcrop	The surface expression of a rock layer (verb: to crop out).
Plunge	Angle of the axis of folding with a horizontal plane.
Porphyry	A rock with conspicuous crystals in a fine-grained ground mass.
Primary mineralisation	Mineralisation which has not been affected by near surface oxidising process.
RAB	Rotary Air Blast (as related to drilling) —A drilling technique in which the sample is returned to the surface outside the rod string by compressed air.
RC	Reverse Circulation (as relating to drilling) —A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Reverse Fault	A fracture in rocks in which the strata above the fracture have been displaced up the fracture plane relative to the strata below the fracture.
Shear (zone)	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
Silicified	Containing a high proportion of silicon dioxide.
Soil sampling	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Strike slipfault	Faults parallel to the strike of the rock strata.
Stringer	A narrow vein or irregular filament of mineral traversing a rock mass.

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4. Independent Geologist Report (Continued)

Subcrop	The surface expression of a mostly concealed rock layer.
Syncline	A fold where the rock strata dip inwards towards the axis (antonym: anticline).
Unconformity	Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation.
Vein	A narrow intrusive mineral body.

4.2 Abbreviations

Ag	Silver
As	Arsenic
Au	Gold
Cu	Copper
g	gram
kg	kilogram
km	kilometre
km²	square kilometre
m	metre
m²	square metre
m³	cubic metre
mm	millimetre
MMI	Mobile Ions
Pb	Lead
t	tonne
oz	troy ounce, equivalent to 31.103477g.
ppb	parts per billion
ppm	parts per million
Zn	Zinc

5. Independent Accountant's Report



Accountants | Business and Financial Advisers

11 October 2011

The Directors
Kumarina Resources Limited
Suite 8, 7 The Esplanade
MT PLEASANT WA 6153

Dear Sirs

Independent Accountant's Report

Introduction

This Independent Accountant's Report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 12 October 2011 ("Prospectus") for the issue by Kumarina Resources Limited (the "Company") of up to 48,000,000 ordinary shares at an issue price of 25 cents each to raise a total of up to \$12,000,000 before the expenses of the issue. The minimum subscription under the Prospectus is \$8,000,000.

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of Kumarina Resources Limited.

Structure of Report

This Report has been divided into the following sections:

1. Background information;
2. Scope of Report;
3. Financial information;

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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5. Independent Accountant's Report (Continued)

4. Subsequent events;
5. Statements; and
6. Declaration.

1. Background Information

The Company was registered in Australia on 24 March 2010. On 5 August 2010, the Company converted to a public company. The current directors of the Company are Mr Peter Sullivan, Mr James Sullivan, Mr Geoffrey Motteram and Mr Peter Hutchinson. Mr Mark Pitts acts as the Company Secretary.

Since that time the Company has acquired the Ilgarari Project located 130km south of Newman and entered into an agreement to purchase the Murrin Murrin Project near Leonora.

As at the date of this Report, the issued share capital of the Company is 23,900,100 ordinary fully paid shares. The following table summarises share capital movements since registration.

Date		Number Issued	Issue Price	\$
24 March 2010	Issued on registration	100	\$0.01	1
1 July 2010	Seed capital	13,000,000	\$0.00001	130
21 October 2010	Seed capital	10,000,000	\$0.05	500,000
Shares on issue at 30 June 2011		23,000,100		500,131
14 July 2011	Shares issued	900,000	\$0.05	45,000
Shares on issue at the date of this Report		23,900,100		545,131

The Company has no options on issue at the date of this Report:

The Company's main objectives are the:

- exploration and development of its Projects; and
- actively pursue further acquisitions which complement its initial Projects.

2. Scope of Report

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

- (a) the historical financial information of the Company, comprising the historical Statement of Financial Position as at 30 June 2011 and the historical Statement of Comprehensive Income,

Statement of Changes in Equity and Statement of Cash Flows for the period from registration to 30 June 2011 as set out in Appendix 1 to this Report; and

- (b) the proforma financial information for the Company, comprising the proforma Statement of Financial Position as at 30 June 2011 and the proforma Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended. This information is presented under the following two scenarios:
- \$8,000,000 capital raising (minimum subscription), and
 - \$12,000,000 capital raising (full subscription).

The Directors have prepared and are responsible for the historical and proforma information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

We performed a review of the historical financial information and the proforma financial information of the Company as at 30 June 2011 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

Our review of the historical financial information and the proforma information of the Company was carried out in accordance with Australian Auditing Standard ASRE 2410 "Review of an Interim Financial Report performed by the Independent Auditor of the Entity" and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Independent Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical financial information and proforma information included in this Report or elsewhere in the Prospectus.

The financial report for the year ended 30 June 2011 was issued on 5 September 2011.

In relation to the information presented in this Report:

- (a) support by another person, corporation or an unrelated entity has not been assumed;
- (b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- (c) the going concern basis of accounting has been adopted.

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5. Independent Accountant's Report (Continued)

3. Financial Information

Set out in Appendix 1 (attached) are:

- (a) The Statement of Financial Position of the Company as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended; and
- (b) The proforma Statement of Financial Position of the Company as at 30 June 2011 and proforma Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 30 June 2011:
- (i) the issue by the Company pursuant to the Prospectus of 48,000,000 ordinary shares at an issue price of 25 cents each, raising \$12,000,000 (full subscription), together with a comparison on the basis of the minimum subscription noted below;
 - (ii) the payment of \$25,000 pursuant to the Ilgarari Project Sale Agreement ("Ilgarari Project");
 - (iii) the issue of 900,000 ordinary fully paid shares at an issue price of 5 cents each pursuant to the Ilgarari Project;
 - (iv) the payment of \$500,000 and issue of 5,800,000 ordinary fully paid shares at a deemed value of 25 cents each and 1,000,000 options exercisable at 25 cents expiring 3 years from the date of issue at a deemed value of \$76,500 (refer Appendix 2) as consideration for the acquisition of the Murrin Murrin Project ("Murrin Murrin Project"); and
 - (v) the write off to the issued capital account of the cash costs of the Prospectus being an estimated 760,000, as detailed below based on achieving the full subscription:

	Minimum Subscription (\$)	Full Subscription (\$)
ASIC Fees	1,066	1,066
ASX Listing Fee	46,691	49,881
Broker Commissions	400,000	600,000
Legal Fees	20,000	20,000
Independent Geologist's Fees	30,000	30,000
Independent Accountant's Fees	7,000	7,000
Printing and Distribution	12,500	12,500
Miscellaneous	42,743	39,553
	560,000	760,000

This information is presented under the following two scenarios:

- \$8,000,000 capital raising (minimum subscription) – on this basis the total costs of the Prospectus will decrease by \$200,000 to \$560,000
- \$12,000,000 capital raising (full subscription).

(c) Notes to the historical financial information and proforma information.

4. Subsequent Events

In our opinion, there have been no material items, transactions or events subsequent to 30 June 2011 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. Statements

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- (a) the historical financial information of Kumarina Resources Limited as at 30 June 2011 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period then ended; and
- (b) the proforma information of Kumarina Resources Limited as at 30 June 2011 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period then ended, as if the transactions referred to in Section 3 (b) of this Report had occurred during that period.

6. Declaration

- (a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$7,000).
- (b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.

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5. Independent Accountant's Report (Continued)

- (c) Neither HLB, nor any of its employees or associated persons has any interest in Kumarina Resources Limited or the promotion of the Company.
- (d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- (e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully
HLB MANN JUDD



N G NEILL
Partner

Appendix 1

Statement of Financial Position as at 30 June 2011

	Notes	Audited \$	Proforma \$8M Raising \$	Proforma \$12M Raising \$
Current Assets				
Cash and cash equivalents	2	313,801	7,228,801	11,028,801
Receivables		4,302	4,302	4,302
Total Current Assets		318,103	7,233,103	11,033,103
Non Current Assets				
Deferred exploration and evaluation expenditure	3	245,850	2,272,350	2,272,350
Other		2,320	2,320	2,320
Total Non-Current Assets		248,170	2,274,670	2,274,670
Total Assets		566,273	9,507,773	13,307,773
Current Liabilities				
Trade and other creditors	4	88,786	18,786	18,786
Total Current Liabilities		88,786	18,786	18,786
Total Liabilities		88,786	18,786	18,786
Net Assets		477,487	9,488,987	13,288,987
Equity				
Issued capital	5	500,131	9,435,131	13,235,131
Reserves	6	-	76,500	76,500
Accumulated losses		(22,644)	(22,644)	(22,644)
Total Equity		477,487	9,488,987	13,288,987

This statement should be read in conjunction with the accompanying notes.

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5. Independent Accountant's Report (Continued)

Statement of Comprehensive Income for the Period from Registration to 30 June 2011

	Audited	Proforma	
	\$	\$8M Raising \$	\$12M Raising \$
Income from ordinary activities	-	-	-
Other expenses	(22,644)	(22,644)	(22,644)
Other income	-	-	-
Profit/(loss) from ordinary activities	(22,644)	(22,644)	(22,644)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	(22,644)	(22,644)	(22,644)

This statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the Period from Registration to 30 June 2011

	Audited	Proforma	
	\$	\$8M Raising \$	\$12M Raising \$
Cash Flows From Operating Activities			
Payments in the course of operations	(16,728)	(16,728)	(16,728)
Net Cash Used in Operating Activities	(16,728)	(16,728)	(16,728)
Cash Flows From Investing Activities			
Exploration and evaluation expenditure	(169,892)	(694,892)	(694,892)
Other	(2,320)	(2,320)	(2,320)
Net Cash Used in Investing Activities	(172,212)	(697,212)	(697,212)
Cash Flows From Financing Activities			
Proceeds from issue of shares	500,131	8,500,131	12,500,131
Loans from related entities	2,610	2,610	2,610
Issue costs paid	-	(560,000)	(760,000)
Net Cash Provided by Financing Activities	502,741	7,942,741	11,622,741
Net increase in Cash Held	313,801	7,228,801	11,028,801
Cash at the beginning of the financial period	-	-	-
Cash at the End of the Financial Period	313,801	7,228,801	11,028,801

This statement should be read in conjunction with the accompanying notes.

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5. Independent Accountant's Report (Continued)

Statement of Changes in Equity for the Period from Registration to 30 June 2011

	Issued capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Shares issued during the period	500,131	-	-	500,131
Share issue expenses	-	-	-	-
Options issued during the period	-	-	-	-
Comprehensive loss for the period	-	-	(22,644)	(22,644)
As at 30 June 2011	500,131	-	(22,644)	477,487
\$8M raising Proforma adjustments:				
Shares issued pursuant to Prospectus	8,000,000	-	-	8,000,000
Shares issued pursuant to the Ilgarari Project	45,000	-	-	45,000
Shares and options issued pursuant to the Murrin Murrin Project	1,450,000	76,500	-	1,526,500
Issue expenses – cash	(560,000)	-	-	(560,000)
\$8M raising Proforma total	9,435,131	76,500	(22,644)	9,488,987
\$12M raising Proforma adjustments:				
Increased number of shares issued pursuant to Prospectus	4,000,000	-	-	4,000,000
Increased issue expenses – cash	(200,000)	-	-	(20,000)
\$12M raising Proforma total	13,235,131	76,500	(22,644)	13,288,987

This statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Period from Registration to 30 June 2011

1. Summary of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are shown below.

(a) Basis of Preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Compliance with IFRS

The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with measurement requirements but not all of the disclosure requirements of the International Financial Reporting Standards.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary

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5. Independent Accountant's Report (Continued)

difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of financial performance.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) Exploration Expenditure and Mining Tenements

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 1(d)).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(d) Impairment of Assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Exploration, evaluation and development expenditure incurred is accumulated in respect of each area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

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5. Independent Accountant's Report (Continued)

(e) Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (ie cost) and are subsequently measured at cost less provision for impairment.

At the end of each reporting period, carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(f) Trade Payables

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms and do not bear interest.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(i) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest Income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(l) Share-based Payment Transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Kumarina Resources Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

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5. Independent Accountant's Report (Continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Cash settled transactions:

The Company also provides benefits to employees in its electronics segment in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Kumarina Resources Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each Statement of Financial Position date up to and including the settlement date with changes in fair value recognised in profit or loss.

(m) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Proforma Transactions

The proforma Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been derived from the historical financial information as at 30 June 2011 adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 30 June 2011:

- (i) the issue by the Company pursuant to the Prospectus of 48,000,000 ordinary shares at an issue price of 25 cents each, raising \$12,000,000 (full subscription), together with a comparison on the basis of the minimum subscription noted below;
- (ii) the payment of \$25,000 pursuant to the Ilgarari Copper Project Sale Agreement;
- (iii) the issue of 900,000 ordinary fully paid shares at an issue price of 5 cents each pursuant to the Ilgarari Project;

- (iv) the payment of \$500,000 and issue of 5,800,000 ordinary fully paid shares at a deemed value of 25 cents each and 1,000,000 options exercisable at 25 cents expiring 3 years from the date of issue at a deemed value of \$76,500 (refer Appendix 2) as consideration for the acquisition of the Murrin Murrin Project; and
- (v) the write off to the issued capital account of the cash costs of the Prospectus being an estimated \$760,000.

This information is presented under the following two scenarios:

- \$8,000,000 capital raising (minimum subscription) – on this basis the total costs of the Prospectus will decrease by \$200,000 to \$560,000;
- \$12,000,000 capital raising (full subscription).

	Audited	Proforma	
	\$	\$8M Raising \$	\$12M Raising \$
2. Cash and Cash Equivalents			
Balance as at 30 June 2011	313,801	313,801	313,801
Cash raised pursuant to Prospectus	-	8,000,000	12,000,000
Share issue costs	-	(560,000)	(760,000)
Payment pursuant to Ilgarari Project agreement	-	(25,000)	(25,000)
Acquisition of Murrin Murrin Project	-	(500,000)	(500,000)
	313,801	7,288,801	11,028,801

3. Deferred Exploration and Evaluation Expenditure

Balance as at 30 June 2011	245,850	245,850	245,850
Acquisition of Murrin Murrin Project	-	2,026,500	2,026,500
	245,850	2,272,350	2,272,350

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5. Independent Accountant's Report (Continued)

	Audited	Proforma	
	\$	\$8M Raising \$	\$12M Raising \$
4. Trade and Other Payables			
Trade payables	18,786	18,786	18,786
Amounts due under Ilgarari Project Agreement	70,000	-	-
	88,786	18,786	18,786

5. Issued Capital

Issued and paid up share capital

Shares issued during the period	500,131	500,131	500,131
Prospectus issue	-	8,000,000	12,000,000
Share issue costs – cash	-	(560,000)	(760,000)
Shares issued pursuant to Ilgarari Project Agreement	-	45,000	45,000
Shares issued pursuant to Murrin Murrin Project acquisition	-	1,450,000	1,450,000
Balance at end of period	500,131	9,435,131	13,235,131

	\$8M Raising		\$12M Raising	
	Number	\$	Number	\$
Movements in number of fully paid ordinary shares since 30 June 2011:				
Shares on issue at 30 June 2011	23,000,100	500,131	23,000,100	500,131
Proforma adjustments:				
Prospectus issue	32,000,000	8,000,000	48,000,000	12,000,000
Share issue costs – cash	-	(560,000)	-	(760,000)
Shares issued pursuant to Ilgarari Project agreement	900,000	45,000	900,000	45,000
Shares issued as part consideration for Murrin Murrin Project	5,800,000	1,450,000	5,800,000	1,450,000
Proforma total	61,700,100	9,435,131	77,700,100	13,235,131

	Audited	Proforma	
	\$	\$8M Raising \$	\$12M Raising \$
6. Reserves			
Options issued over ordinary shares of the Company			
1,000,000 options issued, exercisable at 25 cents on or before 3 years from issue, as part consideration for the acquisition of the Murrin Murrin Project			
	-	76,500	76,500
Balance at end of period	-	76,500	76,500

7. Contingencies and Commitments

Details of planned expenditure commitments are outlined in the Prospectus and include commitments in relation to the:

- Services agreement with the executive director as outlined in the section titled 'Material Contracts'

The Directors are not aware of any other contingencies.

8. Related Party Transactions

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in the section of the Prospectus titled 'Additional Information'.

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5. Independent Accountant's Report (Continued)

Appendix 2

The indicative value for the options as outlined in Section 3 has been determined using the Black and Scholes Option Pricing Model. The model describes the value of an option as being a function of five variables:

- (i) Value of the underlying share;
- (ii) The risk free rate of return;
- (iii) The variance (or volatility) of the share price;
- (iv) The exercise price of the option; and
- (v) The remaining time to maturity.

(A) Options Proposed to be Issued

Set out below is our understanding of the options proposed to be issued. The options are not transferable and no application will be made to the ASX for quotation of the options.

Total Number of Options:	1,000,000
Exercise Price:	25 Cents
Expiry Date:	3 years from date of issue

(B) Valuation Calculation

The calculation of the value of each option has been performed based on the following assumptions:

- (i) The underlying value of each share in the Company on the fair market value per share determined for this purpose to be the offer price - 25 cents;
- (ii) Risk free rate of return – 4.5% (estimated, based on the 3 year bond indicator rate); and
- (iii) A volatility of the share price of 60%.

(C) Valuation

Based on the above factors, the Black and Scholes Option Pricing Model attributes a theoretical value to each option of 10.9 cents. After factoring in a discount for early exercise and non-negotiability, the options have an indicative value of 7.65 cents per option.

The value of the options is determined to be:

Options to be issued – 1,000,000 at 7.65 cents \$76,500.

6. Solicitor's Report on Mining Tenements

HARDY ♦ BOWEN

LAWYERS

Our Ref: SDG:AJD:100189
Email: sgibson@hardybowen.com

11 October 2011

The Directors
Kumarina Resources Limited
Suite 7, 8 The Esplanade
MOUNT PLEASANT WA 6153

Kumarina Resources Limited Solicitor's Report – Mining Tenements

This report (**Report**) has been prepared for inclusion in a prospectus to be issued by Kumarina Resources Limited (ACN 142 774 150) (**Kumarina**) dated on or about 19 October 2011 for the offer of up to 48,000,000 shares at an issue price of 25 cents each to raise up to \$12,000,000 (**Prospectus**).

1. Scope

We have been requested to report on certain mining tenements for which Kumarina has acquired an interest through various acquisition agreements.

The mining tenements are located in Western Australia and comprise the Murrin Murrin Project and the Ilgarari Project (together, the **Projects**). Details of the tenements comprising the Projects are set out in the Schedule attached to this Report.

This Report covers:

- (a) Summary of material contracts in respect of the Projects;
- (b) Details of searches made in respect of the Projects;

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6. Solicitor's Report on Mining Tenements (Continued)

- (c) Qualifications and Assumptions;
- (d) General information about mining tenements in Western Australia;
- (e) Overview of native title and cultural heritage issues relevant to the Projects in Western Australia;
- (f) Aboriginal Heritage; and
- (g) Details of the Projects as set out in the Schedule.

2. Opinion

As a result of our searches and enquiries, subject to the assumptions, qualifications and exceptions set out in this Report, we are of the opinion that:

- (a) the information included in this report is an accurate statement as to the status of the Tenements and the details of the registered holders as at 29 September 2011;
- (b) all applicable rents due under the Mining Act 1978 (WA) (**Mining Act**) in respect of the Projects have been paid;
- (c) all expenditure requirements in respect of the Projects under the Mining Act have been complied with, subject to the following:
 - (i) With respect to M39/397 and M39/398 expenditure reporting for 2011 has not been submitted yet, but is not required to be submitted until 9 December 2011; and
 - (ii) With respect to M39/1068, although the expenditure requirement for 2011 has been met, the technical report was not submitted in the required format and as a result forfeiture was initiated on 30 August 2011. The Department of Mines and Petroleum subsequently granted the Company an extension to submit the information in the required format which has now been done. The Company has been advised that the Department of Mines and Petroleum will recommend a fine for non compliance by the current holder of the tenement for lodging information in the incorrect format, in lieu of forfeiture.
- (d) the rights to explore and mine the Projects are subject to the various conditions as noted in the Schedule;
- (e) all applications for determination of native title which affect the Projects are noted in this Report and in the Schedule.

3. Key Highlights of the Tenements

There are ten (10) mining tenements in which Kumarina has or will acquire an interest, namely:

- (a) M39/397 granted 10 September 1999 and expiring 9 September 2020, 100% owned by Aumex Mining Pty Ltd (**Aumex**) and subject to Native Title claim WAD385/10 Kurrku;
- (b) M39/398 granted 10 September 1999 and expiring 9 September 2020, 100% owned by Aumex and subject to Native Title claim WAD385/10 Kurrku;
- (c) M39/399 granted 23 November 2007 and expiring 22 November 2028, 100% owned by Aumex and subject to Native Title claim WAD385/10 Kurrku;
- (d) M39/400 granted 23 November 2007 and expiring 22 November 2028, 100% owned by Aumex and subject to Native Title claim WAD385/10 Kurrku;
- (e) M39/1068 granted 1 April 2010 and expiring 31 March 2031, 100% owned by Aumex and subject to Native Title claim WAD385/10 Kurrku;

(collectively, the **Murrin Murrin Tenements**)

- (f) M39/371 granted 26 July 1996 and expiring 25 July 2017, jointly held by Murrin Murrin Holdings Pty Ltd (**Murrin**) as to 60% and Glenmurrin Pty Ltd (**Glenmurrin**) as to 40% and subject to Native Title claim WAD385/10 Kurrku;
- (g) M39/372 granted 26 July 1996 and expiring 25 July 2017, jointly held by Murrin as to 60% and Glenmurrin as to 40% and subject to Native Title claim WAD385/10 Kurrku,

(together, the **Anaconda Tenements**)

(collectively, the Murrin Murrin Tenements and the Anaconda Tenements form the **Murrin Murrin Project**);

- (h) E52/2274 granted 5 February 2010 and expiring 4 February 2015, 100% owned by Kumarina Resources Limited and subject to Native Title claim WAD78/05 Ngarlawangga (**Ilgarari Tenement**);
- (i) ELA52/2632 lodged 13 October 2010 by Kumarina Resources Limited and still pending and subject to Native Title claim WAD87/05 Ngarlawangga, WAD72/98 Nharnuwangga and WIA2000/001; and
- (j) ELA52/2663 lodged 28 January 2011 by Kumarina Resources Limited and still pending and subject to Native Title claim WAD6002/03 Gingirana, WAD72/98 Nharnuwangga and WIA2000/001,

(together, the **Ilgarari ELAs**)

(collectively, the Ilgarari Tenement and the Ilgarai ELAs form the **Ilgarari Project**).

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6. Solicitor's Report on Mining Tenements (Continued)

4. Summary of Material Contracts

(a) Heads of Agreement – Nickel Rights and Gold and Sulfides Rights (Heads of Agreement)

(i) Parties:

Equinox Resources NL (**Equinox**).

Samson Exploration NL (**Samson**).

Anaconda Nickel NL (**Anaconda**).

(ii) Date:

27 October 1994.

(iii) Overview:

The Heads of Agreement provides for the grant of:

(A) The right (**Nickel Right**) for Anaconda to explore for, develop and mine, all nickeliferous laterite and if associated with it, cobalt chrome and magnesium (**Nickel**) on the Murrin Murrin Tenements; and

(B) The right (**Gold and Sulphide Right**) for Equinox and Samson to explore for, develop and mine, all gold, copper, zinc, lead, silver and other base metals and sulphide compounds (**Gold and Sulphide**) on the Anaconda Tenements.

(iv) Relevant Provisions:

(A) Equinox and Samson must pay all outgoings in respect of the Murrin Murrin Tenements and maintain the Murrin Murrin Tenements in good standing. Anaconda must pay all outgoings in respect of the Anaconda Tenements and maintain the Anaconda Tenements in good standing.

(B) Each party must allow the other parties on request to inspect all information obtained in respect of its exploration or operations and allow the other parties to collect samples from any drilling, exploration and excavation programs.

(C) The parties must consult and co-operate to ensure that each parties exploration programs and operations do not cause unreasonable delays to the other parties.

(D) If Gold and Sulphide resources are identified by Equinox and Samson within or below Nickel resources, priority in respect of the development of a mine in respect of such resources shall be determined by the resource with the greatest recoverable value.

- (E) Any party can assign their rights under the Heads of Agreement provided that the assignee covenants in writing that it will observe and perform all obligations of the assigning party under the Heads of Agreement.
- (F) The parties have indemnified each other in respect of all loss and damage, costs, expenses, claims, demands and fines of whatsoever nature arising as a result of a breach or non-observance of their obligations under the Heads of Agreement or relevant legislation.
- (G) If a party wishes to surrender or otherwise not maintain an interest in a tenement then it must consult with the other party and transfer the tenement to that party at that parties option and cost.
- (H) If either Equinox or Samson withdraws from the joint venture between them, the rights and obligations of Equinox and Samson will be imposed on, and exercised by, the remaining party.

(b) **Sale and Purchase Agreement – Murrin Murrin Tenements and Anaconda Tenements (Aumex Sale Agreement)**

(i) Parties

Equinox Resources NL (**Equinox**).

Samson Exploration NL (**Samson**).

Aumex Mining Pty Ltd (**Aumex**).

(ii) Date

13 March 2006.

(iii) Overview

Pursuant to the Aumex Sale Agreement, Equinox and Samson agreed to sell, and Aumex agreed to purchase, Equinox and Samson's interest in the Murrin Murrin Tenements and Anaconda Tenements.

(iv) Relevant Provisions

(A) Equinox and Samson transferred the Murrin Murrin Tenements and assigned their interest in the Anaconda Tenements to Aumex. Aumex has provided a covenant to Anaconda (now Minara Resources Limited (**Minara**), Equinox and Samson that it will observe and perform all obligations of Equinox and Samson under the Heads of Agreement.

(B) Equinox and Samson have a right of first refusal if Aumex proposes to sell, transfer, assign or otherwise dispose of its interests in the Anaconda Tenements

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6. Solicitor's Report on Mining Tenements (Continued)

or Murrin Murrin Tenements. We have reviewed the letters received from each of Equinox and Samson waiving their pre-emptive rights.

- (C) Aumex must pay Equinox and Samson a royalty equal to 3.5% of the net smelter returns received by Aumex on all Gold and Sulphides mined and processed from the Anaconda Tenements and the Murrin Murrin Tenements.
- (D) Aumex may assign its rights and obligations under the Aumex Sale Agreement, but the proposed assignee must covenant in writing:
 - (1) to Equinox and Samson that it will observe and perform all of the obligations of Aumex under the Aumex Sale Agreement; and
 - (2) to Minara, Equinox and Samson that it will observe and perform all of the obligations of Aumex under the Heads of Agreement.

(c) Mining Property Sale Agreement – Murrin Murrin Tenements (Kumarina Sale Agreement)

(i) Parties

Aumex Mining Pty Ltd (**Aumex**).

Kumarina Resources Limited (**Kumarina**).

(ii) Date

October 2011.

(iii) Overview

Aumex is the legal and beneficial owner of the Murrin Murrin Tenements and the holder of 100% of the mineral rights to all minerals other than laterite nickel (**Mineral Rights**) in the Anaconda Tenements. The rights to laterite nickel on the Murrin Murrin Tenements are held by Glenmurrin Pty Ltd ("**Glenmurrin**").

(iv) Relevant Provisions

(A) Kumarina is to pay Aumex (or its nominee) a non-refundable deposit of \$50,000.

(B) The parties obligations to complete the sale and purchase of the Murrin Murrin Tenements is conditional on:

- (1) Kumarina receiving conditional listing approval from the ASX for the quotation of Kumarina's shares to the official list of ASX;
- (2) Kumarina receiving Ministerial consent for the transfer of the Murrin Murrin Tenements from Aumex to Kumarina; and

- (C) Kumarina may extend the Condition Date on a month by month basis to a maximum of three (3) months and shall be required to pay a non-refundable extension fee of \$10,000 for each month so extended.
- (D) The Kumarina Sale Agreement shall terminate if the conditions precedent are not satisfied or waived by 10 March 2012.
- (E) At completion, Kumarina shall:
- (1) pay the amount of \$500,000 to Aumex (or its nominee);
 - (2) issue Aumex (or its nominees) 5,800,000 fully paid ordinary shares in the capital of Kumarina;
 - (3) grant Aumex (or its nominees) 1,000,000 options exercisable at \$0.25 each on or before the date which is three (3) years from the date of grant;
 - (4) deliver a duly executed deed of covenant in favour of Equinox and Samson, that Kumarina will observe and perform all of the obligations of Aumex under the Heads of Agreement;
 - (5) deliver a deed of assignment accepting Aumex's obligations pursuant to its sale agreement with Equinox and Samson in respect of the Aumex Sale Agreement (pursuant to which Aumex agreed to pay a royalty equal to 3.5% of the net smelter returns received by Aumex on all gold and sulphides mined and processed from the Murrin Murrin Tenements and the Anaconda Tenements); and
 - (6) deliver to Aumex a deed of assignment accepting Aumex's interests in the Anaconda Tenements and the obligations with respect to the Murrin Murrin Tenements pursuant to the Heads of Agreement.
- (F) The Kumarina Sale Agreement otherwise contains terms and conditions that are considered standard in an agreement of that type.

5. Searches

For the purposes of this Report, we have conducted the following searches in respect of the Tenements:

(a) Title searches

Searches of the register maintained by the Western Australian Department of Mines and Petroleum (DMP) pursuant to the Mining Act for the Tenements in Western Australia and a Minerals Titles Online Searches dated 29 September 2011.

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6. Solicitor's Report on Mining Tenements (Continued)

(b) Native title searches

- (i) Searches of the register of Native Title Claims ('RNTC') maintained by the NNTT provided on 28 September 2011, including extracts from the RNTC.
- (ii) Reviewed online 'application summary' at www.nntt.gov.au from a schedule of native title applications maintained by the NNTT in respect of each native title claim not appearing on the RNTC.
- (iii) Reviewed online information at www.nntt.gov.au derived from the Register of Indigenous Land Use Agreements maintained by the NNTT under the *Native Title Act 1993 (Cth)* ('NTA' or 'Native Title Act').
- (iv) Searches revealed that there are registered Native Title sites within the Tenements, further details of which are set out in section 10.

(c) Aboriginal Heritage Searches

- (i) Searches of the online register of Aboriginal heritage sites maintained by the Department of Indigenous Affairs ('DIA') in Western Australia to search for any Aboriginal sites on that register established under the *Aboriginal Heritage Act 1972 (WA)* on 20 April 2010.
- (ii) Searches reveal that there are registered Aboriginal heritage sites in the areas covered by the Tenements, further details of which are set out in section 11.

(d) Documents and Reports

Information regarding the interests of Aumex, Murrin and Glenmurrin in the Tenements and the contracts that they have with other parties in relation to the Tenements was gathered from documents, reports and agreements supplied by Kumarina.

6. Qualifications and Assumptions

This Report is based on, and subject to, the following assumptions and qualifications:

- (a) We have relied upon information provided by third parties, including various departments, in response to searches made, or caused to be made, and enquiries by us and have relied upon that information, including the results of searches, being accurate, current and complete as at the date of its receipt by us.
- (b) We have relied upon details of agreements which have been disclosed by Kumarina. Those details may not have been fully or accurately disclosed and there may be other agreements of which we are not aware that may materially affect the information in this Report.
- (c) References in the Schedule are taken from details shown on the searches we have obtained from the relevant departments referred to in section 5 above. We have not undertaken

independent surveys of the land the subject of the Tenements to verify the accuracy of Tenement areas or the areas of the relevant native title claims.

- (d) Statements made in respect of the standing of the Tenements are based only on the information contained in the relevant search on the instrument of title for the Tenements.
- (e) As far as we are aware there have been no material changes in the standing of the Tenements since the date of our investigations.
- (f) Where compliance with the terms and conditions of the Tenements and all applicable provisions of the mining legislation and regulations in Western Australia and all other relevant legislation and regulations, or a possible claim in relation to the Tenements is not disclosed on the face of the searches referred to above, we express no opinion as to such compliance or claim.
- (g) Native title may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain what native title claims, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the NTA contains no sunset provisions and it is possible that additional native title claims could be made in the future.
- (h) Aboriginal heritage sites or objects (as defined in the *Aboriginal Heritage Act (WA) 1972* or under the *Aboriginal and Torres Strait Islander Heritage Protection Act (Cth) 1984*) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the *WA Heritage Act* or is the subject of a declaration under the *Commonwealth Heritage Act*. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.
- (i) The information for the material contracts was obtained from agreements supplied by Kumarina.

7. General Information about Mining Leases in Western Australia Applicable to the Tenements

(a) Tenement applications (ELA)

The rights attaching to the grant of a tenement (outlined below) do not attach to a tenement application.

Applicants for a right over a mining tenement do not acquire any title to the land the subject of the application unless and until the application is granted. If the Minister (on the recommendation of the Mining Registrar or the Warden) refuses to grant the application, there is no avenue of appeal (except for the right to judicial review of the decision under administrative law).

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6. Solicitor's Report on Mining Tenements (Continued)

Lodging the tenement application, however, does grant the right of priority to the consideration of the applications to the holder. Priority in this case is based on the time of the lodgement of a valid application.

(b) Exploration licences (E)

(i) Licence area

Exploration licences are described by graticular blocks, which range in area from approximately 2.8km² to 3.3km² depending on where the block is located in the State. The holder of an exploration licence is permitted to carry out certain exploratory activities with respect to its area, subject to any conditions imposed on the grant of the licence. Exploration licences may be granted for areas not exceeding 70 blocks unless the Minister has designated areas of the State that may be made the subject of applications for exploration licences up to 200 blocks.

(ii) Duration of licence

An exploration licence applied for on or after the 11 February 2006, remains in force for 5 years and a possibility of renewal by the Minister in certain circumstances for a period of 5 years and then a further period or periods of 2 years.

(iii) Compulsory statutory reduction of licence area

The holder of an exploration licence applied for on or after the 11 February 2006 must lodge a compulsory surrender of 40% of the number of blocks that are the subject of the licence at the end of the 5th year of the term. There are grounds for obtaining a one year deferral from compulsory partial surrender for exploration licences applied for after 11 February 2006.

(iv) Retention Status

The holder of an exploration licence applied for after 11 February 2006 may apply for retention status for the whole or part of the land the subject of the exploration licence which may be approved if there is an identified mineral resource located in the land and mining of that identified mineral resource is impractical for economic or marketing reasons or if there are political, environmental or other difficulties in obtaining requisite approvals. On approval of retention status the holder of an exploration licence may have to comply with a specified programme of work. The Minister may ask the holder of an exploration licence with retention status to show cause why a mining lease or leases should not be applied for over the land.

(v) Right to apply for mining leases

The *WA Mining Act* confers on the holder of an exploration licence which is in force, the right to apply for and, subject to the *WA Mining Act*, have granted one or more mining leases over any part of the land the subject of that licence. The Mining Act Amendments will limit the ability to apply for mining leases to instances where the Director,

Geological Survey is satisfied that significant mineralisation exists or where a mining proposal has been prepared. Significant mineralisation is defined in the Mining Act Amendments as a deposit of minerals where there is a reasonable prospect of those minerals being obtained by mining operations. A mining proposal is a document which sets out in detail the mining operations proposed to be carried out on the area of the application.

(vi) First Year of licence

Under the *Mining Act*, an exploration licence, or an interest therein, may not, during the first year of the term of the licence, be assigned, transferred, sublet or made the subject of any trust or other dealing, whether directly or indirectly, without the written consent of the Minister, and any such transaction entered into without such consent will be void.

(c) **Mining Leases (M)**

(i) Application for a mining lease

The holder of an exploration licence has, subject to the Mining Act, the right to apply for and have granted a mining lease over the land the subject of the exploration licence. The grant of mining leases under the Mining Act lies with the Minister on recommendation of the Mining Registrar or Warden. Applications for mining leases are not transferable, except when a mining lease application wholly within the area of the exploration licence, is transferred and the mining lease application then continues in the name of the transferee if the transferee was the applicant.

(ii) No Assignment

It is a covenant and condition of a mining lease that the lessee not assign, underlet or part with possession of any part of a mining lease without the prior approval of the Minister or an officer of the relevant department acting on the authority of the Minister.

(iii) Duration and rights of a mining lease

A mining lease remains in force for up to 21 years from the date of grant. The maximum area over which a mining lease may be granted before 11 February 2006 was 10 square kilometres, since 11 February 2006 the area is unrestricted. The holder has an option to renew for a further 21 years and then for a further 21 years with Ministerial consent. A mining lease entitles the holder to exclusive possession of the land for the purposes of mining. The holder may work and mine the land for any minerals, extract and dispose of such minerals and do all acts and things necessary in order to carry out mining operations on the land the subject of that mining lease, conditional on a Programme of Work being approved by DMP.

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6. Solicitor's Report on Mining Tenements (Continued)

(d) Other Obligations

The Mining Act also imposes obligations upon the holder of a mining tenement in relation to entry to and use of land, notice requirements and compensation to the landholder. The tenement holder must give written notice to landholders of the relevant land (including native title holders), before entering the land for exploration or mining purposes, and access arrangements are to be entered into in accordance with the requirements of the Mining Act. The holder of a mining tenement is also required to compensate every person having an interest in any land upon which mining operations are carried out in pursuance of the Mining Act, and this includes persons holding native title in the relevant land. Compensation may be by agreement or determined by the Court. Obligations are also imposed in relation to compliance with environmental, conservation and heritage obligations and rehabilitation requirements.

(e) Conditions of Tenements

Mining tenements in Western Australia are granted subject to various conditions prescribed by the Mining Act including payment of rent, expenditure and reporting requirements and standard environmental conditions, as well as any conditions that may be imposed by the Minister in respect of a particular mining tenement. The rent and expenditure obligations and current status of these for the Tenements are set out in the Schedule along with the Endorsements and conditions affecting the Tenements. Failure to comply with a condition, to which the tenement is subject, such as the payment of rent or compliance with prescribed expenditure conditions, will render the tenement liable to forfeiture by the Minister (or alternatively the Minister may impose a penalty of up to \$50,000). Further, where the expenditure conditions have not been complied with (or relieved by the grant of an exemption) any person may apply to the mining warden for the forfeiture of the licence. The warden may only recommend forfeiture where the non-compliance is of sufficient gravity to justify forfeiture and alternatively may impose a penalty of up to \$10,000.

(f) Other Statutory Requirements

Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including but not limited to the *Aboriginal Heritage Act 1972*, *Environmental Protection Act 1986*, *Rights in Water and Irrigation Act 1914* and *Conservation and Land Management Act 1984*.

8. Native Title – Overview

(a) Recognition of Native Title

In June 1992 the High Court of Australia delivered judgement in *Mabo v Queensland (No.2)* and for the first time the common law of Australia recognised the continuing existence of Aboriginal native title rights to their traditional land and waters following the colonisation of Australia by European settlement.

Generally, these native title rights to land and water will be recognised if:

- (i) the claimants can establish that they have maintained a continuous connection with the land in accordance with traditional laws and customs since British settlement in 1788; and
- (ii) the native title rights have not been lawfully extinguished.

The High Court held that native title could be extinguished by the valid exercise of governmental powers provided there was a clear and plain intention to do so. Further, in order for extinguishment to be lawful it must comply with the obligations imposed by the *Racial Discrimination Act (Cth) 1975*.

After the *Mabo* case, considerable uncertainty existed surrounding the validity of proprietary rights in Australia, including mining tenements, and as a consequence the NTA was enacted by the Commonwealth Parliament and came into operation on 1 January 1994. The Native Title Act was substantially amended in 1998 in response to the decision of the High Court in *Wik People v Queensland* which recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease.

In summary, the Native Title Act:

- (i) provides for recognition and protection of native title;
- (ii) establishes a regime by which claims for native title and compensation can be determined by the Federal Court of Australia;
- (iii) provides procedures by which any future act affecting native title (such as the grant of a mining tenement) may be validly undertaken and by which registered claimants may be afforded certain procedural rights including the 'right to negotiate';
- (iv) makes valid certain 'past acts' which would otherwise be invalidated because of native title;
- (v) extinguishes native title by the grant of private freehold title and exclusive possession tenures such as freeholding leases. The grant of a freehold interest in land is considered so inconsistent with the continued enjoyment of native title rights that it extinguishes native title and once extinguished native title cannot be revived;
- (vi) establishes the position of a Native Title Registrar with responsibility to consider whether claims filed pass the requirements of the 'registration test', maintain registers of native title claims, proven native title and Indigenous Land Use Agreements, and provide mediation services to parties to native title applications; and
- (vii) establishes the National Native Title Tribunal, with responsibility to assist the Native Title Registrar and provide services and support to parties to native title claims.

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6. Solicitor's Report on Mining Tenements (Continued)

(b) Native Title Claims

The NTA provides for procedures whereby a claimant may lodge an application for a determination of native title with the Federal Court. Once a native title claim has been lodged, the Federal Court will refer the claim to the Native Title Registrar who must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA ('Registration Test').

If the Native Title Registrar is satisfied that the claim meets the Registration Test, the claim will be entered on the Register of Native Title Claims maintained by the NNTT. If a claim fails to meet the Registration Test it may still be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Both registered and unregistered native title claims proceed through the mediation and determination process in the Federal Court. However, claimants of unregistered claims are not usually afforded certain procedural rights under the NTA, including rights of notification and rights to negotiate in relation to activities such as the grant of mining tenements on the land the subject of their unregistered claim.

(c) The 'right to negotiate' and the Future Act Regime

The NTA provides procedures for the benefit of registered native title claimants that are collectively known as the future act regime. After registration of their native title claim, claimants will be entitled to the 'right to negotiate' with respect to certain proposed future acts that may affect native title. The granting of a mining tenement in the Northern Territory constitutes an act that may affect native title.

Generally, in relation to exploration licences and prospecting licences, the State issues a notice including a statement that the tenement should be granted under the expedited procedure. This means the tenement will be granted without negotiations with any native title claimants. Registered claimants may lodge an objection to this within four (4) months after the notification date. If there are no objections lodged within the four (4) month period, the NNTT does not become involved and the State may proceed to grant the tenement in accordance with the Mining Act procedures. If one or more objections are lodged the matter is referred to the NNTT. The parties may negotiate, agree that the proposed future act is an act attracting the expedited procedure and consent to a determination that the expedited procedure applies. In such cases, the State will proceed to grant under the Mining Act.

If the parties do not reach agreement, the NNTT must determine the matter. If the NNTT decides that the expedited procedure does apply, the State may proceed to grant the tenements. Alternatively, if the NNTT determines that the expedited procedure does not apply, the process for grant of the tenement must comply with the 'right to negotiate' provisions of the NTA. Under the NTA, the expedited procedure will not apply if the grant of the exploration licence or prospecting licence is likely to interfere with the community or social activities on the land, areas or sites of particular significance, or involve major disturbance to any land or waters.

The right to negotiate provisions of the NTA require the parties (i.e. the State, the tenement applicant and the registered native title claimants) to negotiate in good faith for a period of not less than six (6) months following the publication of the State's notice that it intends to grant the tenement. If no agreement is reached within that time, the matter may be referred to the NNTT for determination as to whether, under the NTA, the tenement may be granted. If it determines that the tenement may be granted, the NNTT may impose conditions on the grant additional to those imposed under the Mining Act.

If the right to negotiate procedure applies in relation to a future act but is not complied with, the act will be invalid to the extent that it affects native title.

(d) **Proving a Native Title Claim**

Whether a native title claim is registered or unregistered, the native title claimants must prove that their claimed native title rights exist in the Federal Court, in order to have their claimed native title rights formally recognised. Native title claims may be resolved through a full trial or may be the subject of a consent determination following a successful mediation process. If a native title claim is successfully proved, the then current holder of any mining tenement may be liable for compensation for any effect of the grant of that tenement on the native title proved to have existed. As yet, there has not been any determination of a compensation claim of this kind in Australia.

9. Native Title – Western Australia

(a) **Current Policy**

As at the date of this Report, the Western Australian government's current policy in respect of the assessment of applications for the grant of exploration licences and prospecting licences engages the operation of the future act regime where the grant of such tenements may affect native title.

Under the present guidelines, the applicant for the grant of a tenement may provide evidence to the DMP, in the manner required by the guidelines, that it has executed a standard form heritage agreement or an alternative heritage agreement is in place with a native title representative body ('NTRB') or with native title parties not represented by a NTRB. In those circumstances, the WA government, in giving notification of the application for the grant of a prospecting or exploration licence required under section 29 of the NTA, will apply the expedited procedures set out in section 32 of the NTA. Provided that objection is not lodged by an interested native title claimant or party, and provided that a heritage agreement of the type above referred is executed by the NTRB or relevant claimants or parties, the application may proceed to grant without further consideration of native title issues. If an executed heritage agreement is not signed by the parties, the NTA right to negotiate regime will be engaged and the applicant for the licence will need to negotiate in good faith together with the State and the native title claimant to progress the application to grant.

(b) There are ten (10) current native title claims affecting the Projects as specified in section 3 (and detailed in the Schedule).

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6. Solicitor's Report on Mining Tenements (Continued)

(c) Validity of Granted Tenements

(i) Tenements granted prior to 1 January 1994

Under the NTA, tenements granted in Western Australia prior to 1 January 1994 are deemed to be valid and native title (if any exists) has been suspended by their grant.

According to our DMP searches, none of the Tenements were granted prior to 1 January 1994.

(ii) Tenements granted after 1 January 1994

Unless native title had previously been extinguished in respect of the land upon which the Tenements were granted, these Tenements would necessarily attract the operation of the future act provisions of the NTA and engage the right to negotiate procedures to the extent that the grant of those Tenements might affect native title.

Accordingly, the granted Tenements will be valid provided that the future act regime under the NTA was followed by the relevant parties.

10. Native Title Claims

The following Native Title claims exist in relation to the Projects:

- (a) in relation to the Murrin Murrin Project, WAD385 of 2010 exists over 100% of all tenement areas; and
- (b) in relation to the Ilgarari Project:
 - (i) WAD78 of 2005 exists over 100% of the tenement area of the Ilgarari Tenement;
 - (ii) WAD78 of 2005, WAD72 of 1998 and WIA2000/001 exist over the tenement area of ELA52/2632; and
 - (iii) WAD72 of 1998, WAD6002 of 2003 and WIA2000/001 exist over the tenement area of ELA52/2663.

11. Aboriginal Heritage

Both Commonwealth and State legislation protect and provide for the preservation of places, areas, and objects of significance to Aboriginal people in accordance with Aboriginal traditions. *The Commonwealth Aboriginal and Torres Strait Islander Heritage Protection Act 1984* provides the Commonwealth Minister with power to make declarations for the protection and preservation of an area or object that is of Aboriginal significance.

In Western Australia, the *Aboriginal Heritage Act 1972* (AHA) protects all Aboriginal sites and objects of significance to Aboriginal persons on or under an Aboriginal site whether or not those sites are registered on the Register of Aboriginal Sites established by that Act.

Searches reveal that there are five (5) registered Aboriginal heritage sites located within the Murrin Murrin Tenements.

The AHA does not provide a mechanism for determining the existence of Aboriginal sites, although the register enables some sites to be identified. Accordingly, to ensure that all sites in a target area are avoided, the practice has developed for mineral explorers and miners to undertake Aboriginal heritage surveys with Aboriginal traditional owners to identify ethnographic sites and to undertake archaeological surveys to identify archaeological sites.

12. Risk Factors

- (a) As at the date of this report, Kumarina does not have legal title to the Murrin Murrin Tenements and there is no guarantee it will obtain legal title to the tenements comprising the Murrin Murrin Project. Whilst every effort will be made by Kumarina to ensure the legal interest in the Murrin Murrin Tenements is secured, approval of legal transfer of the Murrin Murrin Tenements is beyond the control of Kumarina.
- (b) All of the Tenements carry with them annual expenditure and reporting commitments and will be subject to standard applications for renewal, the success of which cannot be guaranteed. If a tenement is not renewed, Kumarina may suffer significant damage through loss of opportunity to exploit any mineral resources on that tenement.
- (c) The Ilgarari Applications are pending applications. There is no guarantee that these applications will be granted to the Company and if they are not Kumarina may suffer significant damage through loss of opportunity to exploit any mineral resources on these tenements.
- (d) The existence of native title and/or native title claims in relation to the land the subject of the Tenements may have an adverse impact on the Kumarina's activities and its ability to fund those activities.
- (e) The right to negotiate process can take a number of years and can incur considerable cost. Further, if the parties to the right to negotiate process cannot reach agreement the matter may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or only granted on conditions unacceptable to Kumarina.
- (f) There is a risk that Aboriginal sites and objects may exist on the land the subject of the Projects, the existence of which sites and objects may preclude or limit mining activities in certain areas of the Projects. Further, the disturbance of such sites and objects is likely to be an offence under the applicable legislation, exposing Kumarina to fines and other penalties.
- (g) With respect to M39/1068, although the expenditure requirement for 2011 has been met, the technical report was not submitted in the required format and as a result forfeiture was

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6. Solicitor's Report on Mining Tenements (Continued)

initiated on 30 August 2011. The Department of Mines and Petroleum subsequently granted the Company an extension to submit the information in the required format which has now been done. The Company has been advised that the Department of Mines and Petroleum will recommend a fine for non compliance by the current holder of the tenement for lodging information in the incorrect format, in lieu of forfeiture.

13. Tenement Obligations

The rent and expenditure obligations, endorsements, conditions and dealings for and affecting the Tenements are set out in the Schedule.

14. Litigation

We have not been provided with any documents which indicate that there is any litigation, either threatened or on foot, which affects the tenements.

15. Conclusion

This Report has been prepared for the purposes of the Prospectus only. We consider that the information contained within this Report provides an accurate statement as to the status of the Tenements as at 29 September 2011.

Yours faithfully



Hardy Bowen

Schedule 1 – Tenement Summary

Tenement	Status	Holders	Application or Grant Date	Expiry Date	Area	Annual Rent	Minimum Expenditure	E & C	Native Title & Land Rights matters
M39/397	Live	Aumex Mining Pty Ltd	10/09/1999	09/09/2020	95.0 HA	\$1,515.25 (paid in full)	No expenditure lodged. ¹ Current year commitment \$10,000.00	(a) and (d)	WAD385/10 Kurrku
M39/398	Live	Aumex Mining Pty Ltd	10/09/1999	09/09/2020	604.2 HA	\$9,649.75 (paid in full)	No expenditure lodged. ¹ Current year commitment \$60,500.00	(a) – (e)	WAD385/10 Kurrku
M39/399	Live	Aumex Mining Pty Ltd	23/11/2007	22/11/2028	587.0 HA	\$9,362.65 (paid in full)	2010 (expended in full). Current year commitment \$58,700.00	(a), (c), (e) and (f)	WAD385/10 Kurrku
M39/400	Live	Aumex Mining Pty Ltd	23/11/2007	22/11/2028	849.0 HA	\$13,541.55 (paid in full)	2010 (expended in full). Current year commitment \$84,900.00	(a), (c) and (f)	WAD385/10 Kurrku
M39/1068	Live	Aumex Mining Pty Ltd	01/04/2010	31/03/2031	99.0 HA	\$1,579.05 (paid in full)	2011 (expended in full). Current year commitment \$10,000.00 ²	(a)	WAD385/10 Kurrku

1. Not required until 9 December 2011
2. Although expended in full, the technical report was initially submitted in an incorrect format, which has now been rectified. See Section 2(c)(ii).

Tenement	Status	Holders	Application or Grant Date	Expiry Date	Area	Annual Rent	Minimum Expenditure	E & C	Native Title & Land Rights matters
M39/371	Live	Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd	26/07/1996	25/07/2017	242.15 HA	\$3,875.85 (paid in full)	2011 (expended in full). Current year commitment \$24,300.00	(a), (e), (g) and (h)	WAD385/10 Kurrku
M39/372	Live	Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd	26/07/1996	25/07/2017	883.75 HA	\$14,099.80 (paid in full)	2011 (expended in full). Current year commitment \$88,400.00	(a), (e), (g), (h), (i) and (j)	WAD385/10 Kurrku
E52/2274	Live	Kumarina Resources Limited	05/02/2010	04/02/2015	20.0BL	\$2,270.00 (paid in full)	2011 (expended in full) Current year commitment \$20,000.00	(k)	WAD78/05 Ngarlawangga
ELA52/2663	Pending	Kumarina Resources Limited	28/01/2011	N/A	135.0BL	N/A	N/A	N/A	WAD6002/03 Gingirana, WAD72/98 Nharnuwangga & WIA2000/01
ELA52/2632	Pending	Kumarina Resources Limited	31/10/2010	N/A	5.0BL	N/A	N/A	N/A	WAD78/05 Ngarlawangga, WAD72/98 Nharnuwangga & WIA2000/01

Notes:

The tenements have standard endorsements and conditions except as follows:

- (a) Mining on any road, road verge or road reserve being confined to below a depth of 15 metres from the natural surface.
- (b) No mining on Cemetery Reserve 4089 and mining within a distance of 140 metres laterally from the Reserve being confined to below a depth of 50 metres from the lowest part of the surface of the land with the rights of ingress to and egress from the said Reserve being at all times preserved to the public.
- (c) No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.
- (d) If the grantee party gives notice to the Aboriginal Cultural Material Committee under Section 18 of the Aboriginal Heritage Act 1972 (WA) it must forthwith serve a copy of that notice on the registered native title claimants and the Government party, advising the Government party that any decision to consent or not to consent to Section 18 must be notified to the registered native title claimants.
- (e) The construction and operation of the project and measures to protect the environment to be carried out generally in accordance with numerous Notice of Intent documents.
- (f) If the Goldfields Land and Sea Council (GLSC) sends a request by pre-paid post to the Lessee's address within 90 days after the grant of the Lease, the Lessee shall within 30 days of the request execute in favour of the GLSC the revised GLSC Wongatha Interim Standard Heritage Agreement.
- (g) Any lonely grave site in close proximity to the road reserves being protected.
- (h) Any clearing that is consistent with the Notice of Intent documents, but beyond that indicated in the Murrin Murrin AER 2002, requires the prior approval of the General Manager Environment.
- (i) The prior written consent of the Minister for Mines being obtained before commencing mining on Sanitary Depot Reserve 10961.
- (j) Placement of waste material must be such that the final footprint after rehabilitation will not be impacted upon by pit wall subsidence.
- (k) No interference with Geodetic Survey Station NMF 715 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.

7. Material Contracts

7.1 Murrin Murrin Mining Property Sale Agreement

The Company has entered into the Murrin Murrin Mining Property Sale Agreement with Aumex Mining Pty Ltd (**Aumex**).

Aumex is the legal and beneficial owner of the Murrin Murrin Mining Tenements (other than the mineral rights to laterite nickel) and the holder of 100% of the mineral rights to all minerals other than laterite nickel (**Mineral Rights**) in the Anaconda Tenements. The rights to laterite nickel on the Murrin Murrin Tenements are held by Glenmurrin.

Aumex has agreed to sell and Kumarina agreed to purchase, Aumex's interest in the Murrin Murrin Tenements and the Mineral Rights.

The parties' obligations to complete the sale and purchase of the Murrin Murrin Tenements and the Mineral Rights is conditional on:

- (a) Kumarina receiving conditional listing approval from the ASX for the quotation of Kumarina's shares to the official list of ASX; and
- (b) Kumarina receiving any Ministerial consents required.

The sale and purchase agreement shall terminate if the conditions precedent are not satisfied or waived by 10 March 2012. Kumarina has already paid a non-refundable deposit of \$50,000.

At completion, Kumarina shall:

- (a) pay the amount of \$500,000 to Aumex (or its nominee);
- (b) issue 5,800,000 fully paid ordinary shares in the capital of Kumarina to Aumex (or its nominees);
- (c) grant 1,000,000 options exercisable at \$0.25 each on or before the date which is 3 years from the date of grant, to Aumex (or its nominees);
- (d) deliver a duly executed deed of covenant in favour of Equinox Resources NL (**Equinox**) and Samson Exploration NL (**Samson**) that Kumarina will observe and perform all of the obligations of Aumex under the original agreement between Equinox, Samson and Anaconda Nickel NL (**Anaconda**) (**Minara Agreement**) See Section 4(a) of the Solicitor's Report. Under the Minara Agreement, it was agreed that Samson and Equinox were entitled 100% of the mineral rights to all minerals other than laterite nickel in respect of the Anaconda Tenements, and Anaconda was entitled to the laterite nickel rights in respect of the Murrin Tenements;
- (e) deliver a deed of assignment accepting Aumex's obligations pursuant to its sale agreement with Equinox and Samson in respect of the Murrin Murrin Tenements and the Mineral Rights (**Equinox and Samson Sale Agreement**, see Section 4(b) of the Solicitor's Report), pursuant to

which Aumex agreed to pay a royalty equal to 3.5% of the net smelter returns received by Aumex on all gold and sulphides mined and processed from the Murrin Murrin Tenements and the Anaconda Tenements); and

- (f) deliver to Aumex a deed of assignment accepting Aumex's interests in the Anaconda Tenements and the obligations with respect to the Murrin Murrin Tenements pursuant to the Minara Agreement.

The agreement otherwise contains terms and conditions that are considered standard in an agreement of that type.

7.2 Executive Service Agreement – Jamie Sullivan

The Company has entered into an employment services agreement with Mr Sullivan, the Company's Managing Director. The material terms of the employment services agreement are as follows:

- (a) The employment will commence on 1 November 2011 and continues (subject to provisions for earlier termination) for a period of 2 years.
- (b) Mr Sullivan is responsible for performing the duties of a managing director as assigned or vested by the Board.
- (c) Mr Sullivan will be paid a remuneration package of \$218,000 per annum inclusive of compulsory superannuation. The package may be made available in the combination of cash salary, superannuation and other non-cash benefits as agreed between Mr Sullivan and the Company from time to time.
- (d) Mr Sullivan will receive, within 5 days of his appointment, a sum of \$15,000 as payment for services to the Company since its incorporation.
- (e) Sickness and annual leave provisions are the statutory entitlement.
- (f) Standard confidentiality provisions apply.
- (g) While Mr Sullivan is employed by the Company, he must not be engaged or interested in any other competing business (except for a shareholding of up to 5% in a listed company that operates a competing business) without the Company's prior written consent.
- (h) The employment services agreement may be determined by either party giving 3 months written notice. If the Company gives notice, it may elect to pay Mr Sullivan an amount equal to the portion of the remuneration package in lieu of part or all of the notice period. Mr Sullivan may be summarily dismissed as a result of willful or fraudulent misconduct or other just cause whereupon he will receive his employment entitlements up to his date of dismissal.
- (i) In the event that the Company seeks to materially amend Mr Sullivan position, Mr Sullivan will be entitled to terminate the employment services agreement by giving 3 months written

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7. Material Contracts (Continued)

notice and if he elects to terminate then he will be entitled to payment by the Company of an amount equal to 12 months remuneration package.

7.3 Azure Capital Engagement

The Company has an agreement with Azure Capital to act as Lead Manager to the Offer. In this role, Azure Capital will take responsibility promoting the Offer to its sophisticated investor network.

Azure will be entitled to receive a selling and lodgement fee of 5% on any funds that it raises under the Offer, which includes a 1.5% management fee and 3.5% share placement fee and is payable in cash.

Azure Capital may pay fees to supporting brokers and/or licensed investment advisors on applications bearing their stamp.

Azure will be reimbursed for all agreed out-of-pocket expenses.

The fees outlined above are exclusive of GST.

7.4 Deeds of Access, Indemnity and Insurance

The Company has entered into Deeds of Access, Indemnity and Insurance (**Deeds**), with each Director which require:

- (a) the Company to indemnify each Director during the period of his or her directorship and after the cessation of his directorship, in respect of certain claims made against that director in his or her capacity as a director of the Company to the extent allowable under the Corporations Act;
- (b) the Company to use its reasonable endeavours (subject to cost and availability) to maintain an insurance policy and pay the premiums of insurance as assessed at market rates applicable from time to time, to the extent available under the Corporations Act, for each Director in respect of certain claims made against him or her in his or her capacity as a director of the Company and to continue to pay those premiums for a period of up to 7 years following the termination of his directorship;
- (c) that if the Company cannot procure an insurance policy for a Director at a reasonable cost it shall advise such Director who may refer the matter to an expert (whose decision shall be final and binding on the parties) for determination that the Company has not used its reasonable endeavours and the expert may direct the Company to obtain an insurance policy on the best available terms; and
- (d) the Company to provide each Director with access, upon ceasing for any reason to be a director of the Company and for a period of up to 7 years following that cessation, to any the Company records which are either prepared or provided to the Director during the period during which the person was a director of the Company.

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The Deed of Access, Indemnity and Insurance will also require each Director to maintain confidentiality and to protect the Company's intellectual property.

Where the Company is required by the Corporations Act, or is otherwise required by law, to seek the approval of its shareholders to any terms of the Deeds, the provisions of the Deeds which would contravene the Corporations Act or other law but for such approval, will not become operative until such approval has been obtained.

8. Risk Factors

Any investment in the Company should be considered speculative.

The activities of the Company are subject to a number of risks and other factors, which may impact its future performance. Prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.1 Risks Specific to the Company

(a) The Ilgarari Applications are pending applications

The Ilgarari Applications are pending applications. There is no guarantee that these applications will be granted to the Company and if they are not Kumarina may suffer significant damage through loss of opportunity to exploit any mineral resources on these tenements.

(b) Transfer of legal title

There is no guarantee that the Company will obtain legal title to the Murrin Murrin Tenements.

On completion of the Murrin Murrin Mining Property Sale Agreement, the Company should acquire legal title to the Murrin Murrin Tenements and the Mineral Rights in respect of the Anaconda Tenements (see Section 7.1).

Whilst every effort will be made by the Company to ensure the legal interest in the Murrin Murrin Tenements is secured, approval of legal transfer of the Murrin Murrin Tenements is beyond the control of the Company.

The Company has contractual rights and protections (including trust arrangements) in relation to the Murrin Murrin Tenements and the Mineral Rights in respect of the Anaconda Tenements as detailed in Section 7.1.

(c) Future capital requirements

The Company's growth through its proposed and future drilling and exploration campaigns will require substantial expenditure. There can be no guarantees that the Company's cash reserves together with the funds raised by the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or if at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse affect on the Company's activities.

(d) Commodity price volatility and foreign exchange risk on revenues and expenses

The revenue the Company may derive through the sale of commodities exposes the income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities as well as general global economic conditions. These factors may have an adverse effect on the price the Company receives for its commodities.

Furthermore, the price of commodities is denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) Resource estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(f) Limited operating history of Kumarina

The Company has limited operating history on which an evaluation of its prospects can be made.

The prospects of the Company must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

(g) Securityholders' margin lending arrangements

Securityholders may, from time to time, enter into margin lending arrangements for the purchase of Securities in the Company on terms and conditions not known to the Company.

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8. Risk Factors (Continued)

The Directors are unable to predict the risk of financial failure or default by a Securityholder who has entered into such an arrangement or insolvency or other managerial failure by any party who may have provided such an arrangement to the Securityholder. Such an event may lead to parcels of Securities being made available for sale which may impact negatively on the price of the Company's Securities.

8.2 Mining Industry Risks

(a) Exploration and development risks

Potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

The cost of the proposed exploration programme of the Company described in the IGR and Section 1 of the Prospectus are based on certain estimates and assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Operational risks

The operations of the Company may be affected by various factors which are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(c) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) Identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) Developing an economic process route to produce a metal and/or concentrate; and
- (iii) Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) Native Title

The *Native Title Act* recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the *Native Title Act*.

For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the *Native Title Act* must be complied with.

The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(e) Environmental risks

The Company's projects are subject to Western Australian and Federal Australian Government regulations regarding environmental matters. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

8. Risk Factors (Continued)

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(f) Tenement title

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of licences. Each licence is granted for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently the Company could lose title to, or its interest in, the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

All of the Tenements in which the Company has, or may acquire, an interest in will be subject to applications for renewal or exemption from expenditure (as the case may be). The renewal or exemption from expenditure application for a Tenement is usually determined at the discretion of the relevant government authority.

If a Tenement is not renewed or granted the exemption from expenditure, the Company may suffer significant damage through loss of the opportunity to develop and discover any minerals on that Tenement.

All expenditure requirements in respect of the Projects under the Mining Act have been complied with, subject to the following:

- (i) With respect to M39/397 and M39/398 expenditure reporting for 2011 has not been submitted yet, but is not required to be submitted until 9 December 2011; and
- (ii) With respect to M39/1068, although the expenditure requirement for 2011 has been met, the technical report was not submitted in the required format and as a result forfeiture was initiated on 30 August 2011. The Department of Mines and Petroleum subsequently granted the Company an extension to submit the information in the required format which has now been done. The Company has been advised that the Department of Mines and Petroleum will recommend a fine for non compliance by the

current holder of the tenement for lodging information in the incorrect format, in lieu of forfeiture.

For further information on the Tenements, refer to the Tenement Summary in Section 6.0.

(g) Reliance on key personnel

The Company is reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

8.3 General Risks

(a) Security investments

Applicants should be aware that there are risks associated with any investment in securities. The prices at which the Shares trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Securities, regardless of the Company's operational performance.

(b) Share market conditions

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Economic risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

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8. Risk Factors (Continued)

(d) Global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

8.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

9. Additional Information

9.1 Company History, Tax Status and Financial Year

Kumarina was incorporated on 24 March 2010 and is an Australian public company.

The Company's financial year ends on 30 June annually and the Directors expect the Company will be taxed in Australia as a public company.

9.2 Continuous Disclosure

The Company is subject to regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

Further, the Company will adopt a continuous disclosure policy so as to comply with its continuous disclosure obligations once listed on ASX.

Those obligations include being required to notify ASX immediately of any information concerning the Company of which it is, or becomes aware of, and which a reasonable person would expect to have a material effect on the price or value of the Company's Shares. Exceptions apply for certain information which does not have to be disclosed.

Other documents that are required to be lodged include:

- (a) quarterly activities and cashflow reports, to be provided to ASX within a specified time at the end of each quarter;
- (b) half yearly reports and preliminary financial statements, to be provided to ASX within a specified time of the end of each half and full year accounting period respectively; and
- (c) financial statements, to be lodged with ASX within a specified time after the end of each accounting period.

9.3 Privacy Disclosure

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's securityholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

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9. Additional Information (Continued)

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholder) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

9.4 Taxation Implications

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

9.5 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus the Company is not involved in any legal proceedings, nor so far as the Directors are aware, are any legal proceedings pending or threatened against the Company, the outcome of which will have a material adverse effect on the business or financial position of the Company.

9.6 Directors' Interests

(a) Directors' interest in Securities

The Directors and their related entities have the following interests in the Shares of the Company as at the date of this Prospectus:

Director	No of Shares
James Noel Sullivan	¹ 7,000,100
Peter Ross Sullivan	² 4,000,000
Geoffery Mayfield Motteram	³ 1,000,000
Peter Hutchinson	⁴ 1,000,000

Notes

1. 6,300,100 held directly. 700,000 held by family members.
2. Registered in the name of Hardrock Capital Pty Ltd
3. Registered in the name of Geomett Pty Ltd
4. Registered in the name of Molonglo Pty Ltd

The Directors are not required to hold any Shares in the Company under the Constitution.

(b) Directors participation in the Offer

Directors may participate in the Offer up to a maximum of 2,000,000 Shares (\$500,000) in aggregate.

(c) Remuneration of Directors

The Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors.

The Directors have fixed the aggregate payments to non-executive Directors at \$300,000 per annum which will need to be approved by the Company in general meeting.

It is currently resolved that the Chairman will receive fees of \$48,000 per annum and non executive Directors will receive fees of \$36,000 to commence from the date the Company is admitted to the official list of ASX.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services other than acting as a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Except as disclosed in this Prospectus, no Director holds, or during the last two years has held, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (iii) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Directors have not received any fees from the Company since its incorporation

(d) Employment Contract James Sullivan

Mr Sullivan has an executive services agreement with the Company, the details of which are set out in Section 7.2.

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9. Additional Information (Continued)

(e) Consideration Received By James Sullivan for the Ilgarari Project

Mr Sullivan (or his nominees) received 900,000 Shares as consideration for purchase by the Company of the Ilgarari Project, of which he was a 50% owner.

(f) Other Interests

The Company has entered into a deed of indemnity and access with each of its Directors and the Company Secretary. Under the terms of the Deeds, the Company indemnifies each officer to the extent permitted by the Corporations Act against any liability as a result of the Officer acting as an officer of the Company. The Company is required under the Deeds to use its best endeavours to obtain and maintain insurance policies for the benefit of the relevant officer for the term of the appointment and for a period of seven (7) years after retirement, termination or resignation, except to the extent that such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company. The Deeds also provide for the Officer to have a right of access to Board papers and minutes.

9.7 Expenses of the Offer

The total expenses of the Offer payable by the Company are estimated at approximately \$760,000 if the Offer is fully subscribed. If only the minimum subscription is received costs are estimated to be approximately \$560,000. These expenses include broker fees, expert fees, accounting fees, legal fees, ASX and ASIC fees, the cost of printing and distributing this Prospectus and other miscellaneous expenses.

These expenses have been paid or will be payable by the Company.

9.8 Major Shareholders

As at the date of the Prospectus the major Shareholders of the Company are:

Name of Shareholder	No of Shares Held
James Noel Sullivan	6,300,100
Wayne Craig Van Blitterswyk	6,500,000
ALCF Pty Ltd	4,000,000
Hardrock Capital Pty Ltd (CGLW Superfund Acct)	2,000,000
Hardrock Capital Pty Ltd	2,000,000
Molonglo Pty Ltd	1,000,000
Geomett Pty Ltd	1,000,000
Gail Sullivan	500,000

Based on their present shareholdings James Noel Sullivan will have an interest of 8.3%, Wayne Craig Van Blitterswyk will have an interest of 8.3%, Mr Peter Ross Sullivan will have an interest of 5.1% and ALCF Pty Ltd will have an interest of 5.1% respectively in the issued Shares following completion of the Offer and listing on ASX.

9.9 Interests of Promoters, Experts and Advisors

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus that has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or in the past two years has held, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Hardy Bowen Lawyers acts as solicitors to the Company and in that capacity have been involved in providing legal advice to the Company in relation to the Offer. The Company has or will pay approximately \$25,000 to Hardy Bowen Lawyers for these services.

Al Maynard & Associates Pty Ltd has prepared the Independent Geologist Report included in Section 4 of this Prospectus. The Company will pay approximately \$30,000 to Al Maynard & Associates Pty Ltd for these services.

HLB Mann Judd has prepared the Independent Accountant's Report included in Section of 5 this Prospectus. The Company will pay approximately \$7,000 to HLB Mann Judd for these services.

HLB Mann Judd are auditors of the Company and are paid for these services on standard industry terms and conditions estimated to be approximately \$23,000 per annum.

Azure Capital is the Lead Manager for the Offer. Fees payable to Azure Capital are detailed in Section 7.3.

Security Transfer Registrars Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and are paid for these services based on a schedule of fees consistent for the provision of these services.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

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9. Additional Information (Continued)

9.10 Consents

Each of the parties referred to in this Section:

- (a) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (b) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that party; and
- (c) has given and has not, before the date of lodgement of this Prospectus, with ASIC, withdrawn its written consent:
 - (i) to be named in this Prospectus in the form and context which it is named; and
 - (ii) to the inclusion in this Prospectus of the statement(s) and/or report(s) (if any) by that person in the form and context in which it appears in this Prospectus.

Name	Role	Statement/Report
Al Maynard & Associates Pty Ltd	Independent Geologist	Independent Geologist Report
HLB Mann Judd	Independent Accountant	Independent Accountant's Report
HLB Mann Judd	Auditors	Nil
Hardy Bowen Lawyers	Lawyers	Solicitor's Report
Security Transfer Registrars Pty Ltd	Share Registry	Nil
Azure Capital	Lead Manager	Nil
CSA Global	Technical Consultants	Nil

10. Rights Attaching to Securities

10.1 Rights and Restrictions Attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

The Shares to be issued under this Prospectus will rank equally with the existing Shares.

This summary assumes that the Company is admitted to the Official List of ASX. See Section 3.9 for details.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

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10. Rights Attaching to Securities (Continued)

(d) Variation of rights

At present, the Company has on issue one class of shares only, namely Shares.

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and ASX Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASTIC Business Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASTC Business Rules) where permitted to do so under ASX Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by ASX Listing Rules or by the ASTC Business Rules.

(f) Partly paid Shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and ASX Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) Winding up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) Dividend reinvestment and Share plans

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) Directors

The Constitution states that the minimum number of Directors is 3.

(k) Powers of the Board

Except as otherwise required by the *Corporations Act*, any other law, ASX Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) Share buy backs

Subject to the provisions of the *Corporations Act* and ASX Listing Rules, the Company may buy back shares in itself on the terms and at times determined by Directors.

(m) Unmarketable parcels

The Company's constitution permits the Board to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the Shareholder notice of the intended sale.

If a Shareholder does not want his Shares sold, he may notify the Company accordingly.

(n) Capitalisation of profits

The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) Capital reduction

Subject to the *Corporations Act* and ASX Listing Rules, the Company may reduce its share capital.

10. Rights Attaching to Securities (Continued)

(p) Preference Shares

The Company may issue preference shares including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

10.2 Terms and Conditions of Options

(a) Entitlement

The Options entitle the holder to subscribe for one Share upon exercise of each Option.

(b) Exercise price

The exercise price of each Option is \$0.25.

(c) Expiry date

3 years from date of grant

(d) Exercise period

The Options are only exercisable during the exercise period (being from the date of issue to the expiry date set out above).

(e) Notice of exercise

The Options may be exercised by notice in writing to the Company. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Timing of issue of Shares

After an Option is validly exercised, the Company must, within 20 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (i) issue and allot the Share; and
- (ii) do all such acts matters and things to obtain the grant of Official Quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

(g) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

(h) Official Quotation of Shares on exercise

Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Options.

(i) Official Quotation of Options

Application for Official Quotation of the Options will not be made by the Company.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(k) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(l) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

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10. Rights Attaching to Securities (Continued)

(m) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders will be varied to comply with ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) Options transferable

The Options are non transferable.

(o) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Share Registry

11. Authorisation

This Prospectus is authorised by each of the Directors of Kumarina and each has consented to the lodgement of this Prospectus in accordance with section 720 of the *Corporations Act 2001*.

This Prospectus is signed for and on behalf of Kumarina by:



James Sullivan
Managing Director
Dated: 19 October 2011

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12. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Terms used in the Independent Geologist Report in Section 4 have the same meaning throughout this Prospectus unless otherwise defined.

\$	Australian Dollars
Allotment Date	The date, as determined by the Directors, on which the Shares offered under this Prospectus are allotted which is anticipated to be the date identified in the Indicative Timetable.
Application Form(s) or Form(s)	An application form attached to or provided with this Prospectus for the Shares offered pursuant to this Prospectus.
Applicant	A person who submits an Application Form.
Application	A valid application for Shares or Options made pursuant to an Application Form.
Application Monies	Application monies for Shares received and banked by the Company.
Anaconda Tenements	The tenements defined in Section 1.3.
Azure Capital	Azure Capital Limited ACN 107 416 106
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporations Pty Ltd ACN 008 504 532.
ASTC Operating Rules	Operating rules of ASTC, except to the extent of any relief given by ASTC.
ASX	ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	The Directors of the Company as at the date of this Prospectus.
Business Day	A day on which ASX is open for trading.

CHESS	Clearing House Electronic Subregistry System.
Closing Date	The date specified as the closing date in the Indicative Timetable of the Offer.
Company or Kumarina	Kumarina Resources Limited ACN 142 774 150
Constitution	The current constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Cu	Copper
Directors	The directors of the Company as at the date of this Prospectus.
Fe	Iron
GST	Goods and Services Tax.
Independent Accountant	HLB Mann Judd
Independent Accountant's Report	The report prepared by the Independent Accountant in Section 5
Independent Geologist	Al Maynard and Associates Pty Ltd
Independent Geologist Report or IGR	The report prepared by the Independent Geologist in Section 4.
Indicative Timetable	The indicative timetable set out in this Prospectus.
Ilgarari Applications	ELA52/2632 and ELA52/2663.
Ilgarari copper Project	The area covering the Ilgarari Tenements and the Ilgarari Applications.
Ilgarari Joint Venture	The joint venture between West Australian Metals NL, previously Southwest Gold Mines Limited, the operator and Gold and Mineral Exploration Limited.
Ilgarari Tenement	E52/2274.
JORC	Joint Ore Reserves Committee.

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12. Glossary of Terms (Continued)

Listing Rules	The official listing rules of ASX and any other rules of ASX which are applicable while any Securities are admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Mn	Manganese
Murrin Murrin Project	The area covering seven granted Mining Leases totalling 2,570 hectares being M39/371-M39/372, M39/398-M39/400, M39/1068 and M39/397.
Murrin Murrin Mining Property Sale Agreement	The Agreement summarised in Section 7.1.
Murrin Murrin Tenements	The tenements defined in Section 1.3.
Offer	The Offer made under section 3.1 of this Prospectus including the Icon Priority Offer and the Public Offer.
Offer Closing Date	The date specified as the closing date for the Public Offer in the Indicative Timetable of the Offer.
Offer Period	The period from the Opening Date up to and including the Closing Dates.
Official List	The official list of ASX.
Official Quotation	Official quotation of the Shares on the Official List.
Opening Date	The date specified as the opening date in the Indicative Timetable of the Offer.
Options	An option granted by the Company to subscribe for one Share on the terms and conditions set out in Section 10.2.
Optionholder	Any person holding Options.
Project or Projects	The Ilgarari Project and the Murrin Murrin Project either individually or together where the context permits.
Prospectus	This replacement prospectus that the Company has issued with the date in Section 11.
Schedule of Mining Tenements	The schedule of Tenements in section 6.
Section	A section of this Prospectus.

Securities	A Share or Option issued or granted (as the case may be) by the Company.
Securityholder	Any person holding Securities.
Share or Shares	Ordinary fully paid voting Shares in the capital of the Company.
Share Registry	Security Transfer Registrars Pty Ltd
Shareholder	Any person holding Shares.
Lead Manager	Azure Capital
Tenements	The tenements referred to in Tenement Summary.
Tenement Summary	The tenement summary that appears in Section 6.
WST	Western Standard Time, being the time in Perth, Western Australia.
Zn	Zinc

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KUMARINA RESOURCES LIMITED

APPLICATION FORM

Please read all instructions on reserve of this form

A Number of Shares applied for **B** Total amount payable
Cheque(s) to equal this amount

<input type="text"/>	at \$0.25 each =	A\$ <input type="text"/>
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you may be allocated all of the Shares above or a lesser number

C Full name details title, given name(s) (no initials) and surname or company name

Name of applicant 1

Name of joint applicant 2 or <account name>

Name of joint applicant 3 or <account name>

E Full postal address

Number/Street

Suburb/town

G CHESS HIN (if applicable)

H Cheque payment details

Please fill out your cheque details and make your cheque payable to "Kumarina Resources Limited – Subscription Account"

Drawer	Cheque number	BSB number	Account number	Total amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

I Return of the Application Form with your cheque for the Application monies will constitute your offer to subscribe for Shares in the Company. I/We declare that:

- this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and
- I/we have received personally a copy of the Prospectus accompanying the Application Form, before applying for Shares.

No signature is required.

The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares

You should read the Prospectus dated 19 October 2011 carefully before completing this Application Form. The *Corporations Act 2001* (Cth) prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

Share Registrars use only	
Broker reference – stamp only	
Broker Code	Adviser Code

D Tax file number(s)
Or exemption category

Applicant 1/company

Joint applicant 2/trust

Joint applicant 3/exemption

F Contact details

Contact name

Contact daytime telephone number

Contact email address

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Guide to Kumarina Resources Limited Application Form

This Application Form relates to the Offer of up to 48,000,000 Shares in Kumarina Resources Limited at \$0.25 per Shares pursuant to the Prospectus dated 19 October 2011. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shares you wish to apply for.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.25.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of the company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Official Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited.
If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to section 3.11 of the Prospectus.
- H** Please complete cheque details as requested:
Make your cheque payable to "**Kumarina Resources Limited – Subscription Account**" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.
- Privacy** – Please refer to Section 9.3 of the Prospectus for details about the collection, holding and use of your personal information. If you do not provide the information required on this Application Form, the Company may not be able to accept or process your Application.
- Correct form of Registrable Title**
Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult; do not use the name of a minor	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Return your completed Application Form to:

By Post to:

Kumarina Resources Limited
Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

Or Delivered to:

Kumarina Resources Limited
Security Transfer Registrars Pty Ltd
Suite 1, 770 Canning Highway
Applecross WA 6153

Application Forms must be received no later than 5.00 pm WST time on the Closing Date.

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www.kumarina.com