

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of Entity ABN		Quarter ended:	
		31 December 2010	
Consolidated statement of cash flows		Current Quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	8,057	9,859
1.2	Payments for		
	(a) exploration and evaluation	(560)	(2,317)
	(b) development	(736)	(3,696)
	(c) production	(3,515)	(6,282)
	(d) administration	(1,081)	(1,931)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	18	77
1.5	Interest and other costs of finance paid	(67)	(70)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	205	205
	Net Operating Cash Flows	2,321	(4,155)
Cash flows related to investing activities			
1.8	Payment for purchases of:	-	-
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1,341)	(3,063)
1.9	Proceeds from sale of:	-	-
	(a) prospects	-	-
	(b) equity investments	-	2,149
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	160
	Net investing cash flows	(1,341)	(754)
1.13	Total operating and investing cash flows	980	(4,909)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	668	1,699
1.15	Proceeds from sale of forfeited shares	-	-
1.16a	Intercompany borrowings	-	-
1.16	Proceeds from borrowings	13,000	13,000
1.17	Repayment of borrowings	(2,270)	(2,463)
1.18	Dividends paid	-	-
1.19a	Other (Royalty Settlement)	-	-
1.19b	Other (Repayment of hire purchases)	(98)	(168)
	Net financing cash flows	11,300	12,068
Net increase (decrease) in cash held		12,280	7,159
1.20	Cash at beginning of period/year to date	2,615	7,826
1.21	Exchange rate adjustments to item 1.20	82	(8)
1.22	Cash at end of quarter	14,977	14,977

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors.
Payments to related entities of the entity and associates
of the related entities.**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	103
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil
1.25 Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Repayment of Loan Agreement totalling \$2.2million plus interest was paid in full on 24 December 2010. The Loan Agreement was initially entered into on 23 June 2010 between the Company and the former Note Holders of 11,000,000 Convertible Notes ("Notes"). The terms of repayment were via unsecured three-month loans (repayment was extended a further three months to 31/12/10) bearing an interest rate of 6% per annum.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
Nil		
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,113
4.2 Development	-
4.3 Production	4,664
4.4 Administration	531
Total	7,309

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,938	2,576
5.2 Deposits at call	8,039	39
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	14,977	2,615

Changes in interests in mining tenements

	Tenement reference	Nature of interest (Note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (See Note 3) (\$)	Amount paid up per security (See Note 3) (\$)
7.1	+Preference securities	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	KRM 251,335,560	251,335,560	-	-
7.4	Changes during quarter				
	(a) Increase through exercise of options	KRM 3,165,000	3,165,000	-	-
	(b) Increase through issues	-	-	-	-
	(c) Release from escrow	-	-	-	-
	(d) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities <i>(description)</i>				
	'Convertible Notes, convertible into ordinary shares of 20c each on or before 30 June 2010. Interest of 6% pa paid on unconverted Notes.	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through redemption of securities.	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	Unlisted	Unlisted	<i>Exercise price</i> (\$)	<i>Expiry date</i>
		KRMAA 1,050,000	-	0.39	13/07/2014
		KRMAI 1,600,000	-	0.20	29/12/2014
		KRMAK 75,000.00	-	0.25	31/12/2012
		KRMAM 150,000	-	0.73	8/03/2015
		KRMAO 3,500,000	-	0.25	31/12/2012
		KRMAS 1,000,000	-	0.14	16/02/2014
		KRMAY -	-	0.14	9/04/2014
		KRMAZ 1,125,000	-	0.26	14/05/2014
		8,500,000			
		Listed	Listed		
		KRMO 32,364,470	32,364,470	0.20	31/12/2012
7.8	Issued during quarter	KRMAK 75,000	-	1.59	21/12/2012
7.9	Exercised during quarter	KRMAA (50,000)		0.39	13/07/2014
		KRMAI (400,000)		0.20	29/12/2014
		KRMAO (1,500,000)		0.25	31/12/2012
		KRMO (1,215,000)		0.20	31/12/2012
		(3,165,000)			
7.1	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-	-	-
7.12	Unsecured notes (totals only)	-	-	-	-

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 JANUARY 2011

(Joint Company Secretary)

Print name: TANYA ASHLEY

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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