



Kimber Resources Inc.
Management's Discussion and Analysis
For the year ended June 30, 2011

The following management's discussion and analysis ("MD&A") of Kimber Resources Inc.'s ("Kimber" or the "Company") financial position is for the year ended June 30, 2011 compared to the year ended June 30, 2010 and covers information up to the date of this MD&A as stated below. This discussion should be read in conjunction with the attached consolidated financial statements which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A may contain certain forward-looking statements about Kimber's future prospects, and Kimber provides no assurance that actual results will meet management's expectations.

All amounts are stated in Canadian dollars unless indicated otherwise. Additional information regarding Kimber is available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov/edgar.com, and on Kimber's website at www.kimberresources.com.

This management's discussion and analysis is dated September 27, 2011.

Introduction

Kimber's strategy is to excel as an exploration and development company specializing in the discovery, definition and development of gold and silver deposits in Mexico, building mineral resources and advancing projects into valuable assets capable of becoming profitable mining operations. Kimber seeks to achieve these goals by focusing activities and cash expenditures on areas that will enhance assets while maintaining safe work conditions, protecting the environment and building strong relationships with local communities and stakeholders.

Kimber's principal asset is the Monterde project, which is 29,296 hectares in size and is located in the prolific Sierra Madre Gold-Silver belt of Northern Mexico. The Monterde project hosts substantial gold-silver mineralization and has three deposits located within two kilometres of each other. Kimber is currently advancing the Monterde project towards a production decision.

An independent updated Preliminary Economic Assessment for Monterde, prepared in accordance with the reporting requirements of National Instrument 43-101, was filed on SEDAR on July 25, 2011 and was filed on EDGAR on July 28, 2011.

The consolidated financial statements for the years ended June 30, 2011 and 2010 are prepared on a going-concern basis, which assumes that Kimber will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Kimber does not generate cash flows from operations and accordingly, Kimber will need to raise additional funds through future issuance of securities. Although Kimber has been successful in raising funds in the past, there can be no assurance Kimber will be able to raise sufficient funds in the future, in which case Kimber may be unable to meet its

obligations as they come due in the normal course of business. If Kimber cannot raise funds, its mining properties may be joint ventured, optioned, sold or abandoned.

Kimber has not determined whether any of its properties contain mineral reserves that are economically recoverable. It is not possible to predict whether financing efforts will be successful or if Kimber will attain profitable level of operations. Since inception, Kimber has incurred cumulative losses of \$22,969,189 (June 30 2010; \$19,995,391) and incurred a net loss of \$2,973,798 for the year ended June 30, 2011 (June 30 2010; \$4,126,614). These factors may cast substantial doubt regarding Kimber's ability to continue as a going concern. Should Kimber be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the balance sheet.

The consolidated financial statements for the years ended June 30, 2011 and 2010 do not include any adjustments to the carrying value of assets and liabilities, and changes to balance sheet classifications that may be necessary should Kimber not continue as a going concern and these adjustments and reclassifications could be material.

Kimber Resources Inc. is based in Vancouver, British Columbia and trades on the NYSE Amex under the symbol "KBX" and on the Toronto Stock Exchange under the symbol "KBR."

Results of Operations

Year ended June 30, 2011

Kimber's net loss for the fiscal year ended June 30, 2011 was \$2,973,798 or \$0.04 per common share compared with a net loss of \$4,126,614 or \$0.06 loss per share for the year ended June 30, 2010. The principal reasons for the decrease in net loss were write downs in the year ended June 30, 2010 of previously capitalized costs for the Pericones and Setago properties.

During the fiscal year ended June 30, 2011 Kimber incurred expenditures of \$6,191,767 on its mineral properties which have been capitalized, \$103,845 for property acquisition and tax payments and exploration and evaluation of \$6,087,922. Exploration and evaluation activity during the year ended June 30, 2011 was focused on the Monterde project.

This compares to expenditures during the fiscal year ended June 30, 2010 of \$3,073,209 on its mineral properties; \$192,187 for property acquisition payments and exploration expenditures of \$2,881,022.

Exploration expenditures on the Monterde project increased in the year ended June 30, 2011 compared to the year ended June 30, 2010 mainly due to a drilling program which started in January 2011, and the related assay, geological and other costs.

A summary of unproven mineral right interests for the current and comparable period is included in the table below:

	Year Ended June 30, 2011	Year Ended June 30, 2010
Unproven mineral right interests		
Property acquisition and taxes	\$ 103,845	\$ 192,187
Exploration and evaluation	6,087,922	2,881,022
Total expenditures	\$ 6,191,767	\$ 3,073,209
Pericones write down	-	(1,245,170)
Setago write down	-	(124,363)
Net capitalized expenditures	\$ 6,191,767	\$ 1,703,676
Exploration and evaluation, by location		
Monterde	\$ 6,087,922	\$ 2,233,905
Pericones	-	620,918
Setago	-	26,199
Total expenditures	\$ 6,087,922	\$ 2,881,022
Monterde expenditures included		
Assays	\$ 482,902	\$ 15,530
Drilling	2,042,686	-
Engineering	809,735	534,456
Field Office	575,186	366,487
Geological, geophysical	998,730	655,748
Supplies	287,170	119,675
Other categories	891,513	542,009
Total Monterde expenditures	\$ 6,087,922	\$ 2,233,905
Total Pericones expenditures	\$ -	\$ 620,918
Total Setago expenditures	\$ -	\$ 26,199

Monterde expenditures

One additional concession covering 30 hectares, the San Francisco concession, was purchased at a cost of \$78,192 (US\$75,000) during the year ended June 30, 2010.

Drilling costs were \$2,042,686 for the year ended June 30, 2011 compared to \$nil for the year ended June 30, 2010. In January 2011, Kimber announced a significant drill program at Monterde. The drill program was designed to expand and upgrade mineral resources at the Carmen and Veta Minitas deposits, to drill test new exploration targets and to gain drill samples for metallurgical and condemnation purposes. This program was initially planned at 30,000 metres but has subsequently been expanded to over 40,000 metres which includes over 38,000 metres of drilling targeted to expand mineral resources and the remainder planned for metallurgical and condemnation drilling.

Assay costs were \$482,902 for the year ended June 30, 2011 compared to \$15,530 for the year ended June 30, 2010. The increase in these costs is a result of the assays associated with the current year's drill program.

Engineering costs increased for the year ended June 30, 2011 as a result of the updated technical reports, including the updated Preliminary Economic Assessment, prepared during 2011 and filed on SEDAR on July 25, 2011 and filed on EDGAR on July 28, 2011.

Geological and geophysical costs increased during the year ended June 30, 2011 as a result of extra costs associated with the drilling program.

The increase in the cost of exploration supplies also increased as a result of the drilling activity.

Pericones expenditures

Towards the end of the year ended June 30, 2010, Kimber made the decision to discontinue exploration activities on the Pericones property in the next twelve months based on Kimber's exploration and development priorities at Monterde. Capitalized expenditures, in the amount of \$1,245,170 were written off during the year ended June 30, 2010. Ongoing property maintenance costs of \$39,296 were incurred and expensed to general exploration costs during the year ended June 30, 2011.

Setago expenditures

During the year ended June 30, 2010, Kimber made the decision to discontinue exploration activities on the Setago property based on Kimber's exploration and development priorities at Monterde. Capitalized expenditures in the amount of \$124,363 were written off during the year ended June 30, 2010. Ongoing property maintenance costs of \$28,527 were incurred and expensed to general exploration costs during the year ended June 30, 2011.

Administration costs

Salary and benefit expenses include stock based compensation charges. Salary and benefit expenses were \$1,474,461 during the year ended June 30, 2011 compared to \$1,346,601 for the year ended June 30, 2010.

- Salary and benefits expenses net of stock based compensation charges were \$779,539 for the year ended June 30, 2011 compared to \$795,495 for the year ended June 30, 2010. Costs were comparable for both years due to consistent management and administrative staffing.
- Non-cash stock based compensation charges were \$694,922 for the year ended June 30, 2011 compared to \$551,106 for the year ended June 30, 2010. Current year charges were higher than the comparable year because of a higher fair value of the annual grant of options made in February 2011

Legal, consulting and audit costs were \$527,730 for the year ended June 30, 2011 compared to \$462,367 in the previous year. The increase in costs was largely attributable to additional consulting work relating to corporate finance activities.

Investor relations and shareholder communications expenses were \$193,203 for the year ended June 30, 2011 compared to \$109,387 for the year ended June 30, 2010. The increase for the current year was attributable to an increase in activity, including the production and airing of a company video clip, increased online advertising and increased news release preparation and dissemination.

Office, insurance and miscellaneous expenses were \$250,437 for the year ended June 30, 2011 compared to \$264,217 for the year ended June 30, 2010. The main component of these costs related to business insurance. Insurance costs included in the above total were \$125,121 for the year ended June 30, 2011 compared to \$148,383 for the year ended June 30, 2010. The decrease was due primarily to a reduction in the annual premium for director's and officer's liability insurance.

Transfer and filing fees were \$139,468 for the year ended June 30, 2011 compared to \$152,575 for the year ended June 30, 2010. Transfer and filing fees includes fees paid to Kimber's transfer agent and annual listing fees paid to the Toronto and NYSE Amex stock exchanges. Fees for the current year are comparable to those incurred during the previous year.

General exploration costs were \$71,038 for the year ended June 30, 2011 compared to \$147,169 for the year ended June 30, 2010. These costs include costs incurred on the Pericones (\$39,296) and Setago properties (\$28,527) during 2011 which are no longer being capitalized in addition to costs associated with investigating new projects (\$3,215). During the previous year, members of Kimber's geology team were more actively engaged in searching for new projects in Mexico. These costs included travel and payroll costs and were expensed as incurred.

Kimber recorded a loss from foreign exchange of \$113,374 during the year ended June 30, 2011 compared to a loss of \$3,766 in the year ended 2010. The loss originates from funds advanced to Mexico during the year that have depreciated in value due to fluctuations in the Mexican peso or United States dollar relative to the Canadian dollar.

Selected Annual Information

The following information is for each of the three fiscal years ended June 30, 2011, 2010 and 2009:

	2011	2010	2009
Investment income	\$40,366	\$7,328	\$74,611
Net loss	\$(2,973,798)	\$(4,126,614)	\$(2,391,005)
Net loss per share – basic and diluted	\$(0.04)	\$(0.06)	\$(0.04)
Total assets	\$58,995,943	\$48,192,238	\$45,309,626
Long-term liabilities	-	-	-
Dividends	-	-	-

Kimber's investment income increased during the current fiscal year due to higher interest rates from short term investments compared to the previous year and the cash and cash equivalents on hand that were available for short-term investment in 2011.

Kimber's net assets have increased over the fiscal periods mainly because of share capital proceeds raised through a public offering, private placements, exercise of warrants and increased unproven mineral right interests expenditures capitalized during the years.

Summary of Quarterly Results September 30, 2009 to June 30, 2011

	Q4 Jun30/11	Q3 Mar31/11	Q2 Dec31/10	Q1 Sep30/10
Interest income	\$15,883	\$18,980	\$3,415	\$2,088
Total Loss	\$(778,567)	\$(937,767)	\$(636,114)	\$(621,350)
Loss per share – basic and diluted	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)

	Q4 Jun30/10	Q3 Mar31/10	Q2 Dec31/09	Q1 Sep30/09
Interest income	\$1,037	\$2,408	\$979	\$2,904
Total Loss	\$(1,998,619)	\$(1,048,227)	\$(541,303)	\$(538,465)
Loss per share – basic and diluted	\$(0.03)	\$(0.02)	\$(0.01)	\$(0.01)

The loss of \$1,998,619 for the quarter ended June 30, 2010 includes a charge of \$1,245,170 incurred to write down Pericones expenditures previously capitalized, \$74,073 for general exploration costs, and \$151,107 for a stock based compensation charge.

The loss of \$1,048,227 for the quarter ended March 31, 2010 includes a charge of \$124,363 incurred to write down Setago expenditures previously capitalized, \$73,096 for general exploration costs, \$303,187 for a stock based compensation charge for the annual option grant which was granted during the quarter, and an foreign exchange loss of \$76,078.

Kimber is in the exploration stage, and therefore, variances in its quarterly losses are not affected by sales or production-related factors. Increases in expenditures are generally attributed to growth in operations and success in financing activities which allow Kimber to undertake further development and exploration on its properties.

Kimber's income is derived from interest and gains received on cash or short-term investments (currently low-risk Canadian and U.S. government treasury bills) classified as cash. Interest income fluctuates according to the amounts of funds held in deposit and interest rates offered during the period. Kimber does not have revenues from mining operations and does not expect to have revenues in the near future other than interest earned on cash balances.

Financial Condition

At June 30, 2011, Kimber had working capital of \$7,692,715 (2010 - \$4,505,290). Kimber has no long-term debt or long-term obligations. The change in working capital for the year ended June 30, 2011 is the result of an increase in cash to \$8,401,429 (2010 – \$4,560,493) an increase in amounts receivable to \$1,078,794 from \$355,471 offset by an increase in current liabilities to \$1,915,016 as at June 30, 2011 compared to \$541,627 as at June 30, 2010. Cash increased as a result of the financing in December 2010. The increase in amounts receivable is the result of greater amount of IVA receivable due to higher expenses in Mexico and the increase in accounts payable and accrued liabilities is the result of the current drilling program in Monterde.

Cash Flows

Kimber has generated cash inflows from selling its shares either through financings or the exercise of outstanding stock options and warrants. There is a risk that these financings will not be possible and that options and warrants may not be exercised if Kimber's share price falls below the exercise price.

Amounts receivable were \$1,078,794 at June 30, 2011 compared to \$355,471 at June 30, 2010. The increase was due to a greater amount of IVA (value added) Tax receivable from the Government of Mexico. Receivables for IVA, which is currently charged at 16% of expenditures in Mexico, was \$1,009,003 at June 30, 2011 compared to \$328,203 as at June 30, 2010. The amount of IVA receivable has increased because of the increase in costs associated with the drilling program.

Kimber has been experiencing delay in obtaining IVA refunds. Subsequent to June 30, 2011, Kimber has received refunds of \$105,809 relating to amounts outstanding for more than nine months.

As at June 30, 2011, IVA of \$180,910 (June 30, 2010; \$19,656) has been outstanding for more than one year. All other amounts receivable are aged within one year. At the date of this MD&A management believes that the full amount of the IVA is recoverable.

Prepaid expenses were \$127,508 at June 30, 2011 compared to \$130,953 at June 30, 2010. Prepaid expenses include amounts for annual insurance premiums, annual stock exchange listing fees and annual software licensing fees. The current amounts are comparable to the previous year.

Kimber made equipment purchases of \$157,493 during the year ended June 30, 2011 compared to \$15,562 for the year ended June 30, 2010. The main components of the additions were for an upgrade of the camp in Mexico (\$67,231) and purchase of trucks in Mexico (\$59,890).

Property acquisition costs of \$103,845 were incurred for concession taxes for the year ended June 30, 2011. For the year ended June 30, 2010 property acquisition costs totaled \$192,187 and included the purchase of a new concession on the Monterde Property. Future acquisition expenditures on these staked concessions should be minimal as there are no further property purchase payments required.

Share capital increased cash inflows during the fiscal year ended June 30, 2011, by an aggregate of \$11,709,192, \$12,719,000 through the issuance of 9,085,000 common shares issued by a public offering at a cost of \$1.40 per share, \$57,075 from 79,500 shares issued on exercise of stock options, \$18,000 from 10,000 shares issued on the exercise of warrants, partially offset by share issuance costs of \$1,084,883.

Financings

On July 26, 2011, Kimber announced that it had closed a bought deal private placement of 5,060,000 common shares that were issued at a price of \$1.60 per share for gross proceeds of \$8,096,000. The underwriters were paid a cash commission of 6.5% of the gross proceeds.

On December 23, 2010, Kimber announced that it had closed an offering of 9,085,000 units that were issued at a price of \$1.40 per unit for gross proceeds of \$12,719,000. Each unit consisted of one common share of Kimber and one-half of one common share purchase warrant. Each whole

warrant entitles the holder to purchase one common share of Kimber for a period of two years following the closing at a price of \$1.80. In addition, 544,050 Underwriter warrants were issued. Each Underwriter warrant entitles the holder to purchase one common share of Kimber for a period of two years following the closing at a price of \$1.40.

Share issue costs of this financing were \$1,084,833, plus non-cash costs of \$146,081 relating to broker's warrants, for net proceeds of \$11,634,117.

During the year ended June 30, 2011 stock options were exercised for proceeds of \$57,075 (June 30, 2010; \$2,166) and warrants were exercised for proceeds of \$18,000 (June 30, 2010; \$2,884,167).

Contractual Obligations

Kimber has no long-term debt and does not anticipate that it will require debt financing for current planned expenditures. Kimber has no future contractual obligations to property vendors for the Monterde, Setago or Pericones Properties.

Kimber leases its premises under an operating lease which expires on June 30, 2012. Kimber is obligated to make basic rent payments under its operating lease in the fiscal year ended June 30, 2012 totalling \$111,367. In addition, under the lease Kimber has the obligation to pay its proportionate share of operating costs and taxes for the building.

Capital Resources and Liquidity

Capital resources of Kimber consist primarily of cash and liquid short-term investments. As at August 31, 2011 Kimber had cash and Canadian and U.S. government treasury bills totaling approximately \$13,562,000, approximately \$1,100,000 in amounts receivable and an estimated \$2,100,000 in accounts payable and accrued liabilities.

Based on the current cash resources, management believes that it has sufficient cash to continue operations for more than twelve months. Management will be reviewing cash expenditures on an ongoing basis, and may be seeking to obtain additional financing. There can be no assurance that Kimber will succeed in obtaining additional financing, now or in the future. The current market conditions could make it difficult or impossible for Kimber to raise necessary funds to meet its capital requirements. Failure to raise additional financing on a timely basis could cause Kimber to suspend its operations and eventually to forfeit or sell its interest in its properties. In the past, Kimber has been successful at raising funds to continue work on its mining properties. However, there is no certainty that Kimber will be able to raise additional funding on reasonable terms if at all, in which case the property may be joint ventured, sold or abandoned.

Kimber has no plans for debt financing at this time.

Kimber does not anticipate the payment of dividends in the foreseeable future.

Related Party Transactions

There were no related party transactions during the period.

Mineral Properties

The Monterde property, located in the Sierra Madre region of south-western Chihuahua State, Mexico, is Kimber's principal asset. As at June 30, 2011, the Monterde property is comprised of 35 mineral concessions covering 29,296 hectares and which extend 37 kilometres along the trend of mineralization.

Kimber holds 100% of the Monterde property, free of royalties, through its wholly-owned Mexican subsidiary, Minera Monterde, S. de R.L. de C.V. Three zones of gold-silver mineralization have been extensively drilled at Monterde, including Carmen, Veta Minitas and Carotare. Details of this work are listed in the Form 20-F Annual Report, filed on SEDAR and EDGAR, are displayed on Kimber's website, and have been described in previous news releases. The designated Qualified Persons responsible for each of the mineral resource statements are stated in the Form 20-F Annual Report.

Kimber has announced results from the ongoing drilling program at Monterde in a number of news releases throughout the year.

Monterde – Carmen

The Carmen deposit is the main deposit located to date on the Monterde property. The Carmen deposit has been exploited in historic underground workings. Kimber has completed a number of exploration programs on the deposit. The current mineral resource estimate defined a high grade gold-silver mineral resource with improved metallurgical recoveries, which lies within an overall larger lower grade mineral resource. This latest mineral resource estimate was based on 587 drill holes and 329 metallurgical tests after thorough geological and metallurgical reviews.

Monterde - Veta Minitas

Veta Minitas is located approximately 250 metres south-west of the Carmen gold-silver deposit. The current mineral resource estimate defined a high grade gold-silver mineral resource which lies within an overall larger lower grade mineral resource. This mineral resource estimate was based on 64 drill holes and 17 metallurgical tests after a thorough geological review.

Monterde – Carotare

The Carotare zone of mineralization is located 2 kilometres west of the Carmen Deposit. The current mineral resource estimate for the Carotare deposit was based on 60 drill holes and 18 metallurgical samples after a thorough geological review.

Monterde – Preliminary Economic Assessment

An updated Preliminary Economic Assessment for the Carmen and Veta Minitas Deposits at the Monterde property is described in the Kimber Resources news release of June 8, 2011, and a technical report prepared by Micon International Limited, with assistance by Kirkham Geosystems Ltd., Knight Piésold Consulting Ltd. and other consultants employed directly by Kimber, was filed on SEDAR on July 25, 2011 and on EDGAR on July 28, 2011.

Kimber holds mineral rights to the Pericones property in the State of Estado de Mexico, Mexico and holds mineral rights to the Setago property in the State of Chihuahua, Mexico. All expenditures on these two properties have been written off or expensed previously.

Pericones

Pericones is located approximately 160 kilometres southwest of Mexico City in a belt that is well known for silver veins, some of which have been mined. The 100% owned Pericones property covers 11,890 hectares.

Setago

The 100% owned Setago Property, which consists of 3 concessions totalling 10,069 hectares, lies approximately 24 kilometres to the west of Monterde.

Technical Information and Qualified Persons

Unless otherwise indicated, Kimber has prepared the technical information in this MD&A (“Technical Information”) based on information contained in the technical reports and news releases (collectively the “Disclosure Documents”) available under Kimber’s company profile on SEDAR at www.sedar.com and on Kimber’s website. Each Disclosure Document was prepared by or under the supervision of a qualified person (a “Qualified Person”) as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (“NI 43-101”). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The disclosure in this MD&A of technical information has been prepared under the supervision of Petrus (Marius) Mare, Professional Geologist, Vice President Exploration of Kimber, a Qualified Person under NI 43-101.

Safety

Kimber continues to encourage a safe work environment. Safety meetings have been held and first aid instruction given. Protective equipment is mandatory in the vicinity of heavy machinery and underground. There were no lost time incidents during the year ended June 30, 2011.

Off-Balance Sheet Arrangements

Kimber has no off-balance sheet arrangements or transactions and none are contemplated.

Capital Management

The capital structure of Kimber consists of equity attributable to common shareholders comprising issued capital, contributed surplus and deficit. Total capital as at June 30, 2011 was \$57,080,927 (June 30, 2010; \$47,650,611). Kimber has no externally imposed capital requirements.

Kimber’s objectives when managing capital are to ensure there are adequate capital resources to safeguard Kimber’s ability to continue as a going concern, maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties, maintain investor, creditor and market confidence to sustain future development of the business, and provide returns to shareholders and benefits for other stakeholders.

Fair value of Financial Instruments

Kimber has designated its cash and cash equivalents as held for trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these financial instruments approximate fair values due to the short-term nature of these instruments.

Kimber manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, credit risk and equity price risk in accordance with its risk management framework.

(a) Fair value

Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.

Level 3 – Prices or valuation techniques that require inputs that are both significant to fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth Kimber's financial assets that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at June 30, 2011, those financial assets are classified in their entirety based on the level of input that is significant to the fair value measurement.

	Total	Level 1
Financial Assets		
Cash and cash equivalents	\$ 8,401,429	\$ 8,401,429

Financial Risk Exposure and Risk Management

Kimber is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. Kimber does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions.

The types of risk exposures and the way in which such exposures are managed are as follows:

Concentration Risk

Concentration risks exist in cash and cash equivalents because significant balances are maintained with one financial institution. As at June 30, 2011, over 99% (2010; 98%) of cash and cash equivalents were invested with one financial institution in cash and Canadian and U.S. Government Treasury Bills with maturities of less than 90 days.

Credit Risk

Credit risk primarily arises from Kimber's cash and cash equivalents and amounts receivable. The maximum risk exposure is limited to their carrying amounts at the balance sheet date. Cash and cash equivalents are held as cash deposits or invested in Treasury bills with various maturity dates. Kimber does not invest in asset-backed securities and does not expect any credit losses. Kimber periodically assesses the quality of its deposits.

Amounts receivable consists primarily of paid value added tax recoverable ("IVA") from the Mexican Government for Mexican expenditures. Kimber regularly reviews the collectability of its amounts receivable. IVA refunds for some periods have been received in July 2011 and August 2011.

Liquidity Risk

Liquidity risk is the risk that Kimber may not be able to meet its financial obligations as they become due. Kimber ensures that there is sufficient cash and cash equivalents to meet its business requirements on a timely basis. Kimber prepares regular budgets which are approved by the Board of Directors and also prepares cash flow forecasts on a regular basis.

The following table details Kimber's expected remaining contractual maturities for its financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which Kimber can be required to satisfy the liabilities.

	Less than 1 month	1-3 months	Total
At June 30, 2011			
Accounts payable	\$1,631,757	-	\$1,631,757
Accrued liabilities	-	\$283,259	\$283,259
At June 30, 2010			
Accounts payable	\$348,627	-	\$348,627
Accrued liabilities	-	\$193,000	\$193,000

Currency Risk

The operating results and financial position of Kimber are reported in Canadian dollars. Certain of Kimber's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of Kimber's operations are subject to currency transaction and translation risk.

Kimber's exploration and some administration costs are incurred in Mexico and are denominated in Mexican pesos or US dollars. The fluctuation of the US dollar and Mexican peso in relation to the Canadian dollar will consequently impact Kimber's operating results and may affect the value

of Kimber's assets and the amount of the shareholders' equity. Kimber does not currently hedge its exposure to foreign exchange movements.

The majority (2011; 88%, 2010; 60%) of Kimber's monetary assets are held in Canadian dollars. A 5% change in the US dollar and Mexican peso will affect Kimber as is indicated in the following table.

	<u>2011</u>	<u>2010</u>
Change in Loss		
United States dollars	\$ 59,115	\$ 79,409
Mexican pesos	\$ 12,486	\$ 11,595

Legal Proceedings

Kimber and its subsidiaries are not parties to any legal proceedings and have no material contingent liabilities as at June 30, 2011.

Critical accounting policies and estimates

A comprehensive discussion of Kimber's significant accounting policies is contained in Note 2 to the consolidated financial statements. There have been no changes in accounting policies during the year ended June 30, 2011.

Certain of these policies are recognized as critical because in applying these policies management is required to make judgements, assumptions and estimates that have a significant impact on the financial results of Kimber. The estimates used in applying these critical accounting policies have been discussed with the Audit Committee of our Board of Directors and are discussed below.

Measurement Uncertainties

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of expenses incurred during the reporting period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations, stock-based compensation, impairment of unproven mineral right interests and amortization. Actual results could differ from those estimates.

Unproven Mineral Right Interests

Mineral right acquisition costs, exploration and direct field costs are deferred until the rights to which they relate are placed into production, at which time these deferred costs will be amortized over the estimated useful life of the rights upon commissioning the property, or written-off if the rights are disposed of, impaired or abandoned. Management reviews the carrying amounts of mineral rights on a periodic basis and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights. Management's assessment of the mineral right's fair value is also based upon a review of other mineral right transactions that have occurred in the same geographic area as that of the rights under review. Administration costs and other exploration costs that do not relate to a specific mineral right are expensed as incurred.

Costs include the cash consideration and the fair value of shares issued on the acquisition of mineral rights. Rights acquired under option or joint venture agreements, whereby payments are made at the sole discretion of Kimber, are recorded in the accounts when the payments are made. Proceeds from property option payments received by Kimber would be netted against the deferred costs of the related mineral rights, with any excess being included in operations. No option payments were received during the years ended June 30, 2011 and 2010.

Adoption of new accounting standards

Effective July 1, 2010, Kimber adopted the following new accounting framework issued by the Canadian Institute of Chartered Accountants (“CICA”):

CICA Handbook Section 1582, “*Business Combinations*”, Section 1601, “*Consolidated Financial Statements*”, and Section 1602, “*Non Controlling Interests*”.

In January 2009, the CICA issued Section 1582, “*Business Combinations*”, Section 1601, “*Consolidated Financial Statements*”, and Section 1602, “*Non Controlling Interests*” to replace Section 1581 and Section 1600. These sections shall be applied prospectively to business combinations on or after the beginning of the first annual reporting period beginning after January 1, 2011 with earlier application permitted. The new handbook sections establish updated standards on the recognition, measurement criteria and presentation for acquisitions, the accounting for assets and liabilities assumed and non-controlling interests. Kimber has adopted these standards effective July 1, 2010. There has been no impact on Kimber’s consolidated financial statements on adoption of these standards.

Effective July 1, 2011, Kimber will adopt the following new accounting framework issued by the Canadian Institute of Chartered Accountants (“CICA”):

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to Kimber’s reporting effective July 1, 2011, with restatement of comparative information presented. Kimber will be required to begin reporting under IFRS for the quarter ending September 30, 2011 and will be required to present an opening balance sheet that conforms to IFRS at the transition date of July 1, 2010. The conversion to IFRS will impact Kimber’s accounting policies, internal control over financial reporting (“ICFR”), and disclosure controls and procedures (“DC&P”). Kimber has developed an IFRS transition plan and anticipates there will be changes in accounting policies but the full impact has not been determined at this time. Over the next quarter, Kimber’s key activities will be the completion of the opening balance sheet for July 1, 2010, drafting financial statements for both the first annual and interim periods, training and communication programs, assessing the impact on information systems, education and training and performing an assessment of internal controls on financial reporting impacted by the transition.

The three phases of Kimber’s transition plan to IFRS are as follows: scoping and planning (“phase one”), detailed assessment (“phase two”), and implementation and review (“phase three”).

Phase One: Scoping and Planning, which involved project planning and identification of differences between current Canadian GAAP and IFRS. The resulting preliminary analysis identified areas with the highest potential impact to Kimber, based on existing IFRS. These areas are property and equipment, share-based payments, foreign currencies, provisions and contingent liabilities, impairment of assets, exploration and evaluation expenditures, income taxes, and the adoption of IFRS under the provisions of IFRS 1 First-Time Adoption of IFRS. Kimber has completed phase one of the IFRS conversion.

Phases Two and Three: Detailed assessment involves detailed diagnostics and evaluation of the financial impacts of various options and alternative methodologies provided for under IFRS; identification and design of operational and financial business processes; initial staff training; analysis of IFRS 1; summarization of 2011 IFRS disclosure requirements; and development of required solutions to address identified issues. Kimber has substantially completed this analysis and expects to complete phases two and three in time for the filing of its financial statements in accordance with IFRS for the quarter ended September 30, 2011.

Kimber's management meets regularly with the Audit Committee and will keep the Audit Committee informed of management's decisions on accounting policy choices under IFRS.

IFRS 1, First-Time Adoption of International Financial Reporting Standards, sets forth guidance for a first-time adopter with the objective to ensure that an entity's first IFRS financial statements contain high quality information that: is transparent for users and comparable over all periods presented; provides a suitable starting point for accounting in accordance with IFRS; and can be generated at a cost that does not exceed the benefits.

Under IFRS 1, transition to IFRS requires retrospective application of IFRS with all adjustments applied from the date of Kimber's inception, unless certain exemptions are applied. In absence of an exemption, all such adjustments to assets and liabilities are taken to retained earnings. Kimber is currently assessing the appropriateness of the exemptions available at the transition date.

Canadian GAAP and IFRS Differences

Significant differences exist in certain areas of recognition, measurement and disclosure between IFRS and Canadian GAAP ('GAAP'). Accordingly, Kimber has currently identified the following differences between IFRS and GAAP which may result in changes to their accounting policies upon adoption of IFRS:

- Property Plant and Equipment - IFRS requires all significant components of property, plant and equipment ("PPE") to be amortized according to their individual useful lives as determined in accordance with IFRS. Kimber is currently evaluating the impact of this difference. Though International Accounting Standard ("IAS") 16 permits the revaluation of PPE to fair value, Kimber has selected the historical costs accounting method for its PPE. Kimber does not currently expect that this will have a material impact on its IFRS financial statements.
- Impairment of Assets - IFRS requires the assessment of asset impairment to be based on comparing the carrying amount to the recoverable amount using discounted cash flows while GAAP only requires discounting if the carrying value of assets exceeds the undiscounted cash flows. IFRS also requires the reversal of any previous asset impairments, excluding goodwill, where circumstances have changed. GAAP prohibits

the reversal of impairment losses. For assets for which commercial reserves have not been established through the completion of evaluation and exploration activities, the assets are reviewed for impairment whenever facts or circumstances indicate that the cost capitalized may not be recoverable. If and when there are no future plans for activity in that field, the exploration assets are determined to be impaired and the carrying amount is charged to income. Kimber does not currently anticipate that this will have a material impact on its IFRS financial statements.

- Decommissioning Liabilities - Differences include the basis of estimation for decommissioning liabilities undiscounted cashflows, the discount rate used, the frequency of liability remeasurement, and recognition of a liability when a constructive obligation exists. Kimber does not currently expect that this will have a material impact on its IFRS financial statements.
- Income Taxes - Recognition and measurement criteria for deferred tax assets and liabilities may differ. Kimber does not currently anticipate that this will have a material impact on its IFRS financial statements.
- Functional Currency - IAS 21 requires Kimber to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS. Kimber is currently evaluating the impact of the guidance of IAS 21 on its accounting for its foreign operations in accordance with IFRS but does not currently expect this standard to have a material impact on the financial statements.
- Stock Based Compensation - Under Canadian GAAP, Kimber recognizes share-based compensation as a single pool and the fair value is amortized on a straight-line basis over the vesting period. Under IFRS, Kimber will treat each instalment of share-based compensation with a different vesting period as a separate arrangement with its own distinct fair value measurement and will also estimate forfeitures at grant date. At July 1, 2010 the impact of this difference is approximately \$63,000.
- Borrowing Costs - IAS 23 does not allow the expensing of borrowing costs, to the extent they are directly attributable to acquisition, production and construction of a qualifying asset. Kimber does not currently anticipate that this will have a material impact on its IFRS financial statements.

Kimber is currently finalizing the impact that these and other differences may have on its opening IFRS balance sheet at July 1, 2010 and on the consolidated financial statements for the year ended June 30, 2011 as Kimber completes phases two and three of the conversion project. Also, IFRS requires significantly more disclosure than Canadian GAAP for certain standards, and Kimber is examining the impact of these increased disclosures on its interim and annual consolidated financial statements.

The International Accounting Standards Board (IASB”) continues to amend and add to current IFRS standards with several projects underway. Kimber’s transition plan includes monitoring actual and anticipated changes to IFRS and related rules and regulations and assessing the impacts of these changes on Kimber and its financial statements, including expected dates of when such impacts are effective.

Internal Control Over Financial Reporting

Kimber’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act Rule 13a-15(f)

and in National Instrument 52-109 of the Canadian Securities Administrators. Kimber's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in Canada and in the United States. Kimber's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of Kimber's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Kimber's management, including its Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of Kimber's internal control over financial reporting as of June 30, 2011. In making its assessment of internal control over financial reporting, Kimber's management used the criteria established in Internal Control an Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, Kimber's management concluded that Kimber's internal control over financial reporting was effective as at June 30, 2011 and no material weaknesses were identified. Kimber has certified the above in its annual filings with both the US Securities Exchange on Form 20-F, and with the Canadian Securities Administrators.

Deloitte & Touche LLP, Kimber's Independent Registered Chartered Accountants, have audited the consolidated financial statements of Kimber for the year ended June 30, 2011 and have issued a report on the internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States).

This management report and the auditor attestation report shall be deemed not to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section.

There has been no change in Kimber's internal control over financial reporting during the financial year ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, Kimber's internal control over financial reporting.

Disclosure Controls and Procedures

Kimber, under the supervision and with the participation of Kimber's management, including its Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the United States Securities Exchange Act of 1934), and in National Instrument 52-109 of the Canadian Securities Administrators, as of June 30, 2011.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act and under National Instrument 52-109 of the Canadian Securities Administrators is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Act and in National Instrument 52-109 of the Canadian Securities Administrators rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act and under National Instrument 52-109 of the Canadian Securities Administrators is accumulated and communicated to management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2011.

Outstanding Share Data

Kimber has one class of shares and at June 30, 2011 and at August 31, 2011. At June 30, 2011 Kimber had 77,185,086 shares issued and 89,725,420 outstanding on a diluted basis. At August 31, 2011 Kimber had 82,333,687 shares issued and 94,631,670 outstanding on a diluted basis.

Kimber has a stock option plan and at June 30, 2011 there were 5,466,325 options to purchase shares outstanding. Of the 5,466,325 options to purchase shares granted to employees, directors and consultants, options to purchase 4,287,992 shares had vested.

Kimber had 7,074,009 warrants to purchase shares outstanding as at June 30, 2011. Out of this total 1,997,459 warrants with an exercise price of \$1.80 expire on September 24, 2011, 4,532,500 warrants with an exercise price of \$1.80 expire on December 23, 2012 and 544,050 warrants with an exercise price of \$1.40 expire on December 23, 2012.

Subsequent event

On July 18, 2011, 150,000 Kimber stock options with an exercise price of \$2.40 expired.

On July 26, 2011 Kimber announced the closing of a bought deal private placement. Kimber issued 5,060,000 common shares at a price of \$1.60 per share for gross proceeds of \$8,096,000. The underwriters were paid a cash commission of 6.5% of the gross proceeds. The net proceeds of the offering will be used for exploration and development of the Monterde property, including a pre-feasibility study and continued drilling, and for general corporate and working capital purposes.

On September 24, 2011, 1,997,459 Kimber warrants with an exercise price of \$1.80 expired.

Risk and Uncertainties

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking, such statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

Kimber is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed in the notes to financial statements and in the Form 20-F.

Kimber's financial success is subject to general market conditions, which affect mining and exploration companies. The value of Kimber's mineral resources and future operating profit and loss may be affected by fluctuations in precious metal prices, over which Kimber has no control, although it may choose to hedge some of its future production. The cost of exploration and future capital and operating costs are affected by foreign exchange rates for the Canadian dollar, United States dollar and Mexican peso. Kimber can mitigate the effects of these rate fluctuations, to some extent, through forward purchases. Because of its limited operating record and history of losses, it may not be able to hedge future risk to the extent it feels is warranted. Kimber also competes with other mining companies, which are larger and have more economic resources to acquire prospective exploration properties or producing mines.

Kimber also faces certain risks and uncertainties specific to its circumstances. Kimber's ability to obtain financing to explore for mineral deposits and to continue and complete the development of those properties it has classified as assets is not assured; nor is there assurance that the expenditure of funds will result in the discovery of an economic mineral deposit. Kimber has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined. While Kimber has used its best efforts to secure title to all its properties and secured access to surface rights, these titles or rights may be disputed.

For a more complete, but not exhaustive, list of potential risk factors which could affect Kimber please refer to Kimber's current Form 20-F filed on SEDAR and EDGAR and our current Form 20-F is also available on Kimber's website.

Below is a brief summary of some of Kimber's risks and uncertainties. Each of these risks is more fully described in our 20-F (our Annual Information Form), along with other risks and uncertainties.

Industry Risks

- Mineral resource exploration and development is a high risk, speculative business.
- Mineral exploration is subject to numerous industry operating hazards and risks, many of which are beyond Kimber's control and any one of which may have an adverse effect on its financial condition and operations.
- Metal prices have fluctuated widely in the past and are expected to continue to do so in the future which may adversely affect the amount of revenues derived from production of mineral reserves.
- Exploration activities are subject to geologic uncertainty and inherent variability.
- The quantification of mineral resources is based on estimates and is subject to great uncertainty.
- The recent unprecedented events in global financial markets have had a profound impact on the global economy, in general and on the mining industry in particular. These events may negatively impact Kimber.

- Increased operating and capital costs may adversely affect the viability of existing and proposed mining projects.

Company Risks

- Kimber faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources and may not be able to effectively compete which would have an adverse effect on Kimber's financial condition and operations.
- Kimber's exploration efforts may be unsuccessful in locating viable mineral resources.
- If Kimber is unable to develop acceptable overall gold and silver recovery levels, the Carmen deposit may not be a viable project and Kimber will have to continue to explore for a viable deposit or cease operations.
- If Kimber's mineral resource estimates are not indicative of the actual gold and silver that can be mined, the mineable gold and silver that can be recovered from the Carmen deposit may be less than the mineral resource estimate and the Carmen deposit may not be a viable project.
- Kimber has a limited history as an exploration company and does not have any experience in putting a mining project into production.
- Kimber expects to continue to incur losses and may never achieve profitability, which in turn may harm the future operating performance and may cause the market price of Kimber's common shares to decline.
- Kimber's title to its mineral properties and its validity may be disputed in the future by others claiming title to all or part of such properties.
- Kimber's properties are located in Mexico, which can lead to difficulty with changes in political conditions and regulations, currency exchange, in obtaining financing, finding and hiring qualified people or obtaining all necessary services for Kimber's operations in Mexico.
- Kimber originally contemplated an open pit mining operation on the Carmen deposit, however it is currently contemplating the possibility of a combined open pit and underground mining operation, the effect of which, if it were to proceed to production, would expose Kimber to increased costs, potential time delays and risks to underground workers.
- Kimber is subject to numerous government regulations which could cause delays in carrying out its operations, and increase costs related to its business.
- Kimber has not completed an environmental impact statement, nor has it received the necessary permits for water or explosives to conduct mining operations.
- The Monterde Property is located in the Sierra Madre Mountains of Mexico which have been subject to episodes of unusually high rainfall in past years resulting in washouts and erosion of soil. Continuing increased rainfall may result in increased costs and delays in operations.
- Kimber depends on key personnel for critical management decisions and industry contacts but does not maintain key person insurance.

- Kimber does not have a full staff of technical people and relies upon outside consultants to provide critical services.
- Certain Kimber directors also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.
- Kimber will need to raise additional capital through the sale of its securities, resulting in dilution to the existing shareholders, and if such funding is not available, Kimber's operations would be adversely affected.
- Future sales of Kimber's common shares into the public market by holders of Kimber options and warrants may lower the market price, which may result in losses to Kimber's shareholders.
- Kimber has no history of paying dividends, does not expect to pay dividends in the immediate future and may never pay dividends.
- Kimber's business involves risks for which Kimber may not be adequately insured, if it is insured at all.
- Kimber's activities are subject to environmental liability, which would have an adverse effect on its financial condition and operations.
- A shortage of supplies and equipment could adversely affect Kimber's ability to operate its business.

Cautionary Note to U.S. Investors – The United States Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms in this document, such as “measured,” “indicated,” and “inferred,” “resources,” which the SEC guidelines strictly prohibit U.S. registered companies from including in their filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F which may be secured from us, or from the SEC's website at <http://www.sec.gov/edgar.shtml>.