
Highlights

- **Three diamond drill holes completed at the Pearse Project Mineral Hill confirmed high grade gold and silver mineralisation with intersections of:**
 - **40.6m @ 8.0g/t Au and 74g/t Ag from 42.4m in KMHDD001**
 - **37.8m @ 10.8g/t Au and 135g/t Ag from 38.2m in KMHDD002A**
 - **32.6m @ 11.5g/t Au and 156g/t Ag from 51.4m in KMHDD003**

- **Reverse circulation drilling at Pearse North has confirmed potential for near surface mineralisation to add to the Pearse Project with intersections of:**
 - **4m @ 9.3g/t Au and 17g/t Ag from 25m in KMHRC092**
 - **8m @ 5.7g/t Au and 34g/t Ag from 28m in KMHRC097**

- **Tender documents under review for refurbishment of the Mineral Hill Plant to treat Pearse ore.**

- **Conditional Agreement signed in April with Henan Yuguang Gold & Lead Co. Ltd for a \$5 million farm-in for 25% of the Sorby Hills Project and a \$5.06 million share placement at 25 cents per share for a 15% interest in Kimberley.**
 - **Foreign Investment Review Board approval received in July.**
 - **Kimberley shareholder meeting to be held on Tuesday 10 August 2010 to approve 15% share placement.**

PROJECTS

MINERAL HILL, NSW

Gold, Silver, Copper, Lead, Zinc

The Mineral Hill Project is located in central NSW, 65 kilometres north of Condobolin. Modern mining operations commenced on the Mineral Hill orebodies in 1989 and ceased in 2005 due to low prices and limited underground high grade ore reserves. The 200,000 tonnes per annum flotation and CIL concentration plant has been kept on care and maintenance.

Kimberley Metals Ltd ("Kimberley", "the Company") acquired the project in 2008 and has undertaken drilling programmes at the Parkers Hill Cu, Ag, Pb, Zn deposit and the Pearse Au-Ag structure with a view to a returning Mineral Hill to production by mid-2011.

Pearse Project

The shallow, high grade gold mineralisation at Pearse is located within an 800 metre long Au in soil geochemical anomaly that defines a previously unmined gold-silver lode structure located 1 kilometre northwest of the processing plant (refer Figure 2). A Measured and Indicated Resource of 298,000 tonnes @ 6.5 g/t Au and 80 g/t Ag has been defined for 62,000 ozs Au and 762,000 ozs Ag (see Appendix 1).

During the Quarter, three diamond drill holes were completed at the Pearse Deposit for a total of 345.7 metres. The drill program confirmed the previous results from RC drilling with broad, high grade gold and silver intersections. Visible gold was evident in three separate high grade intersections. The diamond drilling has also provided geotechnical information and core for additional metallurgical test work.

Table 1: Diamond Drillhole Results – Pearse Deposit

Hole Name	Interval (m)	Au (g/t)	Ag (g/t)	From (m)	Drill Hole Details			
					Grid East	Grid North	Azimuth	Dip
KMHDD001	40.6	8.0	74	42.4	174	1886	090°	-51°
<i>includes</i>	<i>6.93</i>	<i>15.5</i>	<i>330</i>	<i>63</i>				
KMHDD002A	37.8	10.8	135	38.2	248	1886	270°	-67°
<i>includes</i>	<i>14.3</i>	<i>19.8</i>	<i>230</i>	<i>39.7</i>				
KMHDD003	32.6	11.5	156	51.4	145	1850	090°	-55°
<i>includes</i>	<i>10.5</i>	<i>28.2</i>	<i>328</i>	<i>78</i>				
	6.1	9	380	87.5				
	2	6.2	40	98				

QUARTERLY ACTIVITIES REPORT
For the 3 months ending 30 June 2010



Pearse North

At Pearse North, 745 metres of Reverse Circulation (RC) drilling was completed in nine drill holes. The program achieved 25 metre section spacing across the ore body and has confirmed complexity of structure and controls of mineralisation. Six of the holes returned significant intersections (>2 metres @ 1 g/t Au) as shown in Table 2 below.

The results confirm the potential for Pearse North mineralisation to provide additional ore feed to the process plant.

Table 2: Reverse Circulation Drill Results – Pearse North Deposit

Hole Name	Interval (m)	Au (g/t)	Ag (g/t)	From (m)	Drill Hole Details			
					Grid East	Grid North	Azimuth	Dip
KMHRC090	2	3.0	4	2	95	2150	090°	-60°
KMHR091	2	1.2	7	11	87	2176	090°	-60°
	2	1.6	23	25				
	2	1.7	43	71				
KMHR092	4	9.3	17	25	67	2200	090°	-60°
	3	4.7	17	34				
KMHR094	2	2.5	11	24	78	2225	090°	-60°
KMHR095	4	1.6	4	40	28	2250	090°	-60°
KMHR097	7	2.1	9	8	45	2125	090°	-60°
	8	5.7	34	28				

Pearse Regional

A detailed soil geochemistry survey (see Figure 1) was completed over the Pearse mineralised structure on a 25m x 25m spacing during May – June 2010 over the full 700m of strike length. A strong coincident gold, arsenic and antimony anomaly was found on a cross trend that extends for 150m to the north-east of the Pearse North mineralisation. A weaker anomalous zone was also identified west of the Pearse deposit. An additional drill program to test the new target areas has been scheduled for late August 2010. The program will also include some diamond drilling for geotechnical information to finalise open pit design at Pearse.

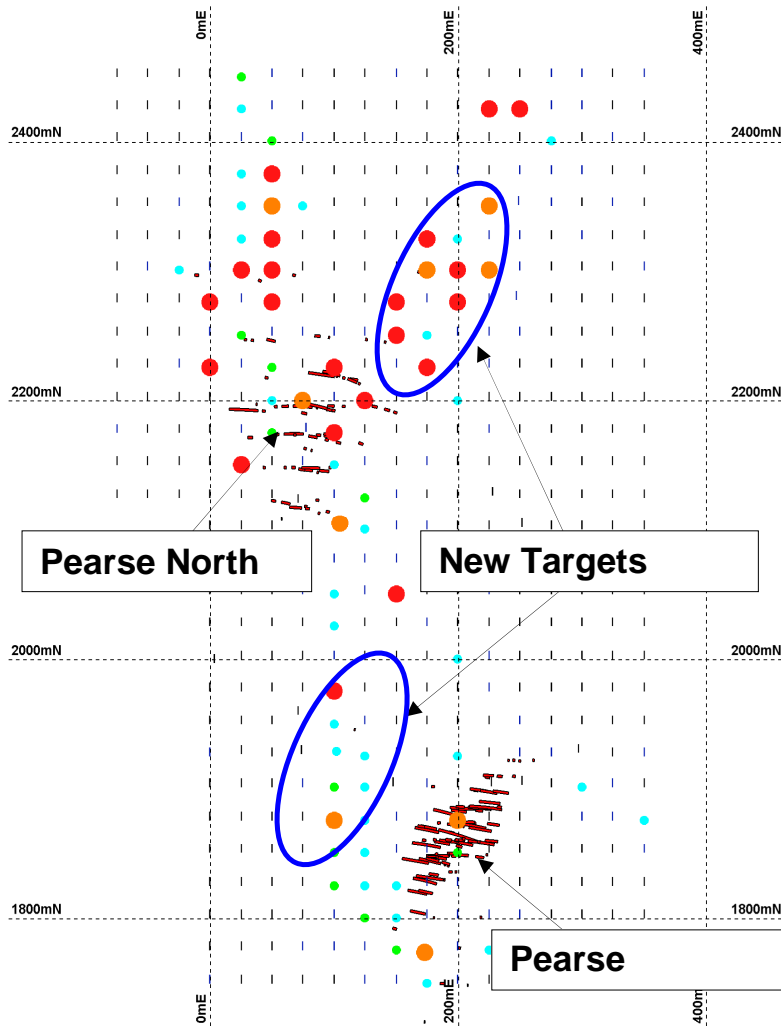


Figure 1 – Pearse Area, Soil Geochemistry Program Area showing Anomalous Gold Results and New Target Locations

Process Plant Refurbishment

Preliminary mechanical inspections and repair of minor pumps and motors has commenced at the Mineral Hill process plant. Bids have been received for a major structural, mechanical, and piping contract for plant refurbishment and the contract will be awarded in August. Electrical contract tender documents are in preparation. The schedule for completion of plant refurbishment is end-May 2011 in line with the strategic plan to return Mineral Hill to production status by mid-2011.

The regulatory approvals process for a recommencement of mining operations for Mineral Hill has commenced.

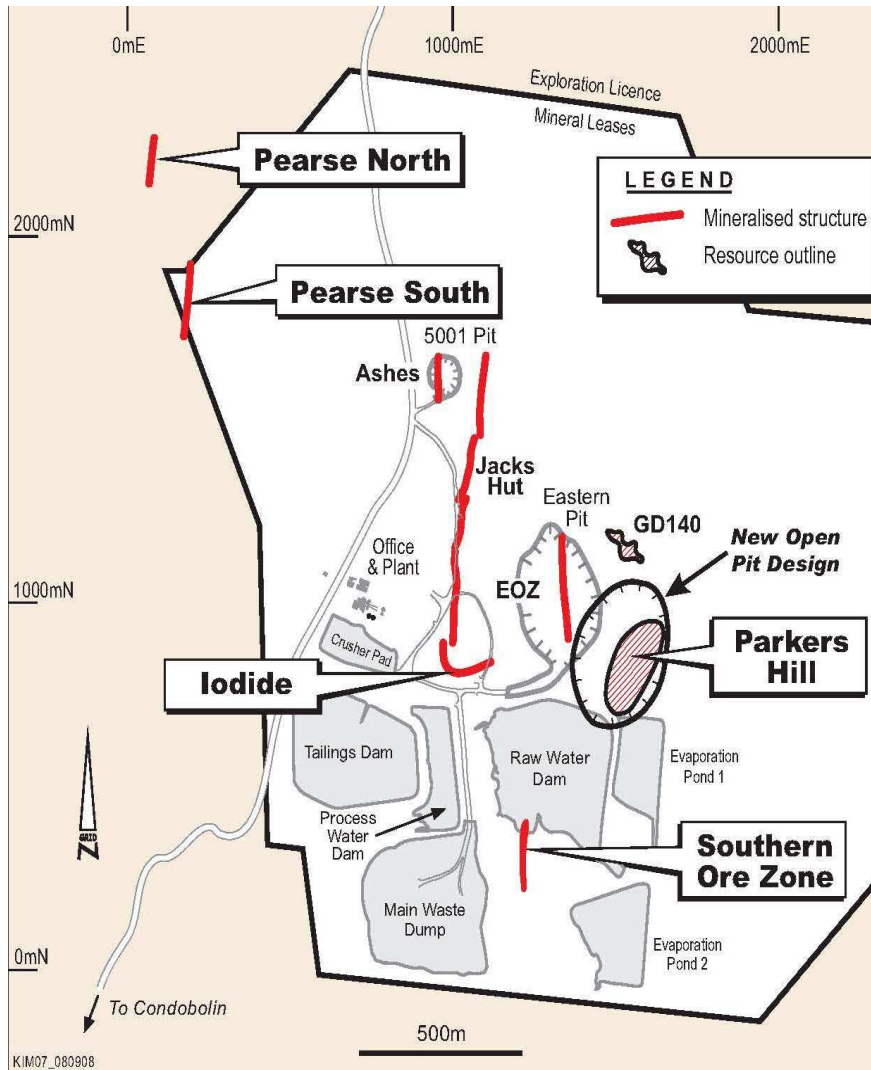


Figure 2 – Mineral Hill Site Plan

Metallurgical test work has continued during the quarter. Test work was completed on composite samples from 19 reverse circulation drill holes on 6 cross sections representing oxide, transition and primary ore. Gold recoveries by cyanide leach (CIL) were 96% for the oxide sample, 78% from the transition sample and 54% for the primary sample. The oxide and transition ore represents approximately 20% of the resource. Flotation testwork has also been completed on the primary and transition samples that yielded gold recoveries in concentrate of 71% and 69% respectively.

Further testwork on core from the recently completed diamond drill holes will be aimed at optimising the crushing and grinding, and recovery of gold in the primary and transition zones by a combination of flotation and CIL. The existing plant at Mineral Hill has the capability for both flotation and CIL allowing maximised recovery from the high grade resource.

Parkers Hill

Lead, Silver, Zinc, Copper

The Parkers Hill deposit is an unmined polymetallic deposit hosted in breccia zones to the east of the previously mined Eastern Ore Zone (refer Figure 2). It is copper dominant in the primary zone and lead-silver dominant in the oxidised zone.

The Parkers Hill Indicated and Inferred Mineral Resource totals are unchanged for the quarter.

Sulphide² : 1.9 Mt @ 1.3% Cu, 1.2% Pb, 1.4% Zn and 30 g/t Ag
Oxide³ : 1.1 Mt @ 3.3% Pb, 0.6% Cu and 61 g/t Ag

Each of the sulphide and oxide resources contains higher grade components.

Sulphide⁴ : 550,000 t @ 2.9% Cu, 1.7% Pb, 1.7% Zn and 61 g/t Ag and 0.7 g/t Au
Oxide⁵ : 160,000 t @ 4.7% Pb, 1.2% Cu and 208 g/t Ag

More than 90% of these resources are in the Indicated category and are all within 130 metres of the surface. Both open pit and underground mining options are being assessed with existing underground development in place on three levels. The Parkers Hill deposit is within 500 metres of the existing Mineral Hill process plant. Some additional process test work is ongoing as part of assessment of development options for the resource.

SORBY HILLS, WA

Lead, Silver, Zinc

The Sorby Hills Project is located in the northern Kimberley region of Western Australia, approximately 50 kilometres by road from the regional centre of Kununurra. The project consists of a series of mineralised lenses that make up an 8 kilometre long trend of Pb, Ag, and Zn deposits (Figure 3).

A number of drilling and development studies have been undertaken since the discovery of mineralisation in 1971. The most recent drilling programme was by CBH Resources Limited in 2008 following which a new Inferred Resource was estimated as follows:

17 Mt @ 4.6% Pb, 56 g/t Ag, 0.7% Zn

The resource estimate was unchanged during the quarter.

During the Quarter, Kimberley completed design of a 10,300 metre infill drill program targeting an upgrade of resource classification for three mineralised near surface (<100m deep) ore pods. This will commence in the September Quarter and provide the basis for Ore Reserve estimates and mine planning for these three pods. A drilling contractor has been sourced for the work and logistics for the program are at an advanced stage.

Preliminary airlift testing on some of the proposed drill holes is planned to advance the hydrology modelling of the project area. More detailed and specific groundwater drilling, testing and modelling is scheduled for 2011.

Kimberley is assessing the regulatory and approvals framework for the Sorby Hills Project. A number of project development studies have been commissioned for inputs into an Environmental Impact Assessment. A full Feasibility Study is targeted for completion within two years.

Henan Yuguang, the largest lead smelter operator in China, has agreed to acquire a 25% interest in a Joint Venture over the Sorby Hills Project and tenement package, subject to certain conditions (refer Corporate below), by committing \$5 million for the Bankable Feasibility Study for the project.

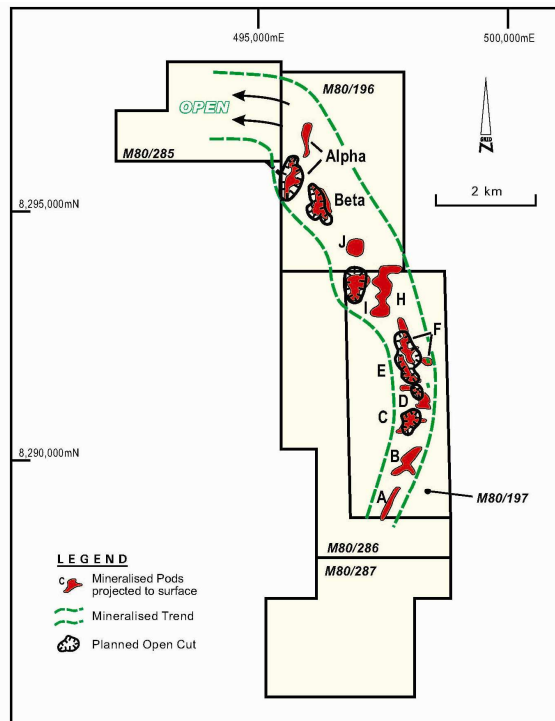


Figure 3 – Sorby Hills Mineral Deposits

CONSTANCE RANGE, QLD ***Iron***

The Company holds a 30% joint venture interest in the Constance Range Iron Project.

Development options including infrastructure are being reviewed with the Queensland Government. Work completed during the quarter included initial government consultation and discussion on regulatory and planning related to the project area.

**QUARTERLY ACTIVITIES REPORT
For the 3 months ending 30 June 2010**



CORPORATE

The Company currently holds cash of \$7.8 million which is invested in short term deposits with maturity dates less than 3 months. Expenditure for the quarter was \$0.7 million with \$0.3 million spent on exploration and evaluation expenditure.

There has been no change to the capital structure of the Company during the quarter.

On 19 April 2010, the Company announced a Strategic Cooperation Agreement with China's largest lead producer, **Henan Yuguang Gold and Lead Co. Ltd ("Yuguang")**. Through this agreement Yuguang will acquire a 15% interest in the Company at 25 cents per share (approximately \$5.06 million) and will acquire a direct 25% interest in the Sorby Hills Project by funding a \$5 million feasibility study. In July the Australian Government Foreign Investment Review Board advised Yuguang that it had no objections to the proposed arrangements with Kimberley.

On 8 July 2010 shareholders were sent a Notice of General Meeting of the Company which is to be held at 10am on Tuesday 10 August 2010. Shareholders will be asked to consider and, if thought fit, to approve the issue to Henan Yuguang Lead & Gold Ltd., Co, of 20,725,390 Shares, i.e. 15% interest, each at a subscription price of AUD \$0.25 per Share.

Yours faithfully

KIMBERLEY METALS LIMITED

A handwritten signature in black ink, appearing to read 'Jim Wall', is written over a light blue horizontal line.

Jim Wall
Executive Chairman

For further information, please contact:

Jim Wall
Executive Chairman
Kimberley Metals Limited
Telephone: 02 9927 2005

Stuart Mathews
Chief Operating Officer
Kimberley Metals Limited
Telephone: 02 9927 2003

QUARTERLY ACTIVITIES REPORT
For the 3 months ending 30 June 2010



Notes

- ¹ Rounding errors may be present in resource tables
² Mineral Resource based on Lead + Zinc + 2Copper > 2% cut-off grade
³ Mineral Resource based on Lead > 2% or Silver > 100 g/t cut-off grade
⁴ Mineral Resource based on Copper > 2% cut-off grade
⁵ Mineral Resource based on Silver >100 g/t cut-off grade

Competent Person's Statements

The information in this report that relates to Exploration Results and Mineral Resources has been compiled by Mr Stuart Mathews, MSc (Hons), who is a Member of the Australasian Institute of Mining and Metallurgy and who is employed by Kimberley Metals Limited. He has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that is being undertaken 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 Mathews consents to the inclusion in the report of the matters based on his information in the form and context that the information appears.

Information relating to Mineral Resources at Mineral Hill is based on estimates prepared by Mr Colin Lutherborrow, who is an employee of Zilloc Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that is being undertaken 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. He consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Appendix 1

Pearse South - Resource in Oxide Zone Rock @ 1g/t gold cut off grade

Category	K Tonnes	Grade		Contained Metal	
		Gold g/t	Silver g/t	Gold K.ozs	Silver K.ozs
Measured	36	6.5	16	8	19
Indicated	18	4.4	14	3	8
Total	54	5.8	16	10	27

Pearse South - Resource in Fresh Rock @ 2g/t gold cut off grade

Category	K Tonnes	Grade		Contained Metal	
		Gold g/t	Silver g/t	Gold K.ozs	Silver K.ozs
Measured	190	6.7	97	41	593
Indicated	53	6.2	85	11	145
Total	243	6.6	94	52	735

Pearse South - Total Resource

Category	K Tonnes	Grade		Contained Metal	
		Gold g/t	Silver g/t	Gold K.ozs	Silver K.ozs
Measured	226	6.7	84	49	611
Indicated	71	5.7	67	13	154
Total	298	6.5	80	62	762

A 1 g/t gold cut off grade has been applied for the oxidised zone. However a more conservative 2 g/t gold cut off grade has been used for the primary zone as mining deepens and an expected additional process treatment cost.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

KIMBERLEY METALS LIMITED

ABN

38 129 954 365

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	66
1.2 Payments for (a) exploration and evaluation	(326)	(1094)
(b) development		
(c) production		
(d) administration	(396)	(1,488)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	90	180
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(632)	(2,366)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(88)	(88)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	(15)	(15)
Net investing cash flows	(103)	(103)
1.13 Total operating and investing cash flows (carried forward)	(735)	(2,439)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)		
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	11,326	11,326
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings – refund of overpayment of Mineral Hill Contingent Payment	100	(1,000)
1.18	Dividends paid		
1.19	Other –costs associated with the capital raising	(40)	(937)
	Net financing cash flows	9,491	9,329
	Net increase (decrease) in cash held	(675)	6,950
1.20	Cash at beginning of quarter/year to date	8,472	847
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,797	7,797

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	193
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes Directors' fees for the 9 months to March 2010 for Messrs Besley & Lonergan.

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

Nil

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	Nil
Total	

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	29	72
5.2 Deposits at call & short term deposits less than 3 months	7,768	8,400
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,797	8,472

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.

Appendix 5B
Mining exploration entity quarterly report

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) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	117,943,880	94,490,816		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	500,000 250,000		<i>Exercise price</i> \$0.42 \$0.20	<i>Expiry date</i> 27/08/13 31/12/11
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 28 July 2010.....
(Company secretary)

Print name: Stephen J Lonergan

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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