



Level 3, 2 Elizabeth Plaza, NORTH SYDNEY NSW 2060
PO Box 98, NORTH SYDNEY NSW 2059
Tel: +61 2 9927 2002
Fax: +61 2 9927 2050

ACN 129 954 365

9 January 2012

The Trust Company (Australia) Limited,
Attn: Head of Structured Finance Services
Level 3, 530 Collins Street,
Melbourne Vic 3000

Attention: Sten Silavecky/Lee Renouf

Dear Sir

Convertible Note Trust Deed between Kimberley Metals Limited now KBL Mining Limited (“the Borrower”) and The Trust Company (Australia) Limited (“the Trustee”) dated 21 July 2011 as amended and restated on 1 August 2011 (“Trust Deed”) in respect of Convertible Notes (ASX code: KBLGA)(“the Notes”).

As required by Section 283BF of the Corporations Act 2001 (“the Act”), we provide below the first quarterly report for the quarter ended 31 December 2011 made as of 9 January 2012 in respect of the Notes issued by the Borrower. It is noted that there is no guarantor in respect of the obligations of the Borrower under the Notes and that no security or charge is created by the Notes or the Trust Deed.

The Borrower reports:

(a) there has been no failure by the Borrower to comply with the terms of the Notes or the provisions of the Trust Deed or Chapter 2L of the Act during the quarter.

(b) no event has happened during the quarter that has caused, or could cause, 1 or more of the following:

(i) any amount deposited or lent under the Notes to become immediately payable;

(ii) the Notes to become immediately enforceable;

(iii) any other right or remedy under the terms of the Notes or provisions of the Trust Deed to become immediately enforceable.

(c) no circumstances have occurred during the quarter that materially prejudice the Borrower or any of its subsidiaries.

(d) no substantial change in the nature of the business of the Borrower or any of its subsidiaries has occurred during the quarter other than the Borrower commencing export sales of copper concentrates from its Mineral Hill Mine.

(e) none of the following events has happened in the quarter:

- (i) the appointment of a guarantor;
- (ii) the cessation of liability of a guarantor body for the payment of the whole or part of the money for which it was liable under the guarantee;
- (iii) a change of name of a guarantor;

(f) the Borrower has not created a charge where:

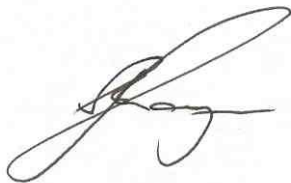
- (i) the total amount to be advanced on the security of the charge is indeterminate; and
- (ii) the advances are merged in a current account with bankers, trade creditors or anyone else.

(g) there are no other matters that may materially prejudice the interests of the holders of the Notes.

(h) the Borrower has not deposited money with, or lent money to, a related body corporate during the quarter.

(i) the Borrower has not assumed a liability of a related body corporate during the quarter.

For and on behalf of
KBL Mining Limited



Stephen J Lonergan
Company Secretary
In accordance with a Resolution of the Directors

cc Australian Securities and Investments Commission