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30 April 2013

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

Attention: Sten Silavecky / Alexander Pampel

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 quarterly report for the quarter ended 31 March 2013 made as of 30 April 2013 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 advises on that on 6 March 2013 the Borrower agreed to create a charge in respect of its Mining Leases and Exploration Licence at Mineral Hill, NSW , agreed to a PPSA security interest in respect of its assets at the Mineral Hill Mine, NSW and agreed to grant a mortgage over all its shares in its wholly owned subsidiary, KBL Sorby Hills Pty Ltd which, subject to registration of transfers of the relevant Mining Leases, will hold the Borrower’s 75% Joint Venture Interest in the Sorby Hills silver lead project. These securities are in favour of Capri Trading Pty Limited (as trustee of the Capri Family Trust) to secure a loan of \$10,000,000 .Further details of this loan are contained in the Borrower’s announcement to the Australian Securities Exchange on 7 March 2013. Securities in favour of an offtake counterparty to secure certain advances made by the offtake counterparty to the Borrower pursuant to a copper concentrates sales agreement made in December 2012 have been discharged..

The Borrower reports, subject to the foregoing:

(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..
- (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