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28 April 2015

The Trust Company (Australia) Limited,
Attn: Manager, Regulated Fiduciary Services
Level 15, 20 Bond Street,
Sydney NSW 2000

Attention: Alexander Pampel

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 2015 made as of 28 April 2015 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.

On 6 January 2015 holders of the Notes approved amendments to the Trust Deed including to extend the maturity date of the Notes by 6 months to 16 February 2017. Details of these amendments and a commitment by the Borrower to pay interest on the Notes at 12% pa rather than the current 10%pa from the Interest Period beginning on 1 January 2015 are set out in the Company’s announcement on 18 November 2014. On 5 December 2014 Kidman Mining Pty Ltd a wholly owned subsidiary of Kidman Resources Limited (ASX Code KDR) initiated proceedings in the Victorian Supreme Court against the Borrower seeking declarations, inter alia, that the proposed amendments were invalid (“Note Proceedings”). During April 2015 the Note Proceedings were discontinued on the basis that the parties will pay their own costs. Proceedings brought by the Borrower against Kidman to enforce an earlier settlement of the Note Proceedings (“Settlement Proceedings”) has also been discontinued on the basis that Kidman will pay the Borrower’s costs in the Settlement Proceedings.

On 18 December 2014 the Borrower announced that it had commenced proceedings in the NSW Supreme Court against, inter alia, RIKID511 Pty Ltd (a subsidiary of the Borrower’s former lender Capri Trading Pty Ltd) (“RPL”) in relation to disputes arising under a General Security Agreement (GSA) between the Borrower and RPL including allegations that an “Event of Default” had occurred under the GSA. The Court completed the hearing of these disputes on 8 April and it has reserved its decision.

On 16 March 2015, the Borrower repaid \$12.6 million to RPL and received discharges of relevant mortgage securities. The repayment was funded by the first advance under a Metals Purchase Agreement dated 9 March 2015 between the Borrowers subsidiary, Newinco 13347 Limited, the Borrower and Quintana Mineral Hill Streaming Company LLC. ("the MPA"). The Borrower has guaranteed the performance of its subsidiary Newinco 13347 Limited, under the MPA and this guarantee has been secured by mortgage securities over the Borrower's Mineral Hill assets and the Borrowers shares in KBL Sorby Hills Pty Ltd

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, one 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 lends money on an unsecured basis to a related body corporate, KBL Sorby Hills Pty Ltd (KBLSH), to fund contributions of KBLSH to the Sorby Hills Joint Venture.

(i) the total amount so lent to KBLSH during the quarter was Nil; and

(ii) the total amount of money owing to the Borrower by KBLSH as of the end of the quarter was \$12,035,561. This amount is unsecured.

(i) the Borrower has not assumed a liability of a related body corporate during the quarter except in relation to Newinco 13347 Limited as disclosed above.

For and on behalf of
KBL Mining Limited

A handwritten signature in black ink, appearing to read 'Ivo Polovineo', with a stylized flourish at the end.

Ivo Polovineo
Company Secretary
In accordance with a Resolution of the Directors

cc Australian Securities and Investments Commission