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30 July 2015

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

Attention: Ankit Shah

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 30 June 2015 made as of 30 July 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 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 on 8 May handed down its decision in favour of KBL as set out in the Company’s announcement released to the ASX on the same day.

On 9 June 2015 the Borrower and the Trustee executed a Convertible Note Amendment Deed to formalise the amendments to the terms of the Convertible Notes which were approved by Noteholders at the adjourned General Meeting held on 6 January 2015. The approved changes are as follows:

- The Convertible Note Maturity Date was extended to 16 February 2017; and
- The interest rate was increased to 12% per annum commencing on 1 January 2015 and ending on 17 February 2017 being the new Maturity Date.

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 \$160,000; and
- (ii) the total amount of money owing to the Borrower by KBLSH as of the end of the quarter was \$12,195,561. This amount is unsecured.

For and on behalf of



KBL Mining Limited

Ivo Polovineo

Company Secretary

In accordance with a Resolution of the Directors

cc Australian Securities and Investments Commission