

Mineral Hill Update

Broad copper intersections encountered in infill drilling at Parkers Hill, including:

- **27 metres at 1.8% Cu, 0.2% Pb, 0.3% Zn & 25g/t Ag (KMHDD006)**
- **56 metres at 1.8% Cu, 1.2% Pb, 1.0% Zn & 58g/t Ag (KMHDD007)**

Operations underway at Parkers Hill underground mine with mining contractor Pybar

Pearse Project Environmental Impact Statement to be submitted early February

Process Plant refurbishment on target for commissioning and production mid-2011

Kimberley Metals Ltd (ASX: KBL, "Kimberley", "the Company") is pleased to provide an update on activities at its Mineral Hill mine redevelopment project. The Mineral Hill mine is located approximately 50 kilometres north of Condobolin in central Western New South Wales.

Metallurgical Drilling Results – Parkers Hill

Kimberley has received assay results from diamond drilling at the Parkers Hill Deposit, at Mineral Hill, conducted in late 2010. The drilling was undertaken following a decision by the Company's Board to adopt a dual track development approach at Mineral Hill as announced to the market in November 2010. The program consisted of two diamond drill holes approximately 50 metres apart for a total of 303.9 metres in the central and northern portions of the deposit.

The Company has previously established Indicated sulphide resources for the Parkers Hill Deposit of 1.2 million tonnes at 1.9% Cu, 1.2% Pb, 1.2% Zn and 35g/t Ag (0.6% Cu cut-off grade). The most recent program was designed to provide samples for grinding and metallurgical test work.

Hole KMHDD006 targeted volcanics-hosted sulphide mineralisation towards the northern end of the deposit, and both oxide and sulphide base metal mineralisation was encountered for nearly the full length of the drill hole (see Table below). Best results include **27 metres at 1.8% Cu, 0.2% Pb, 0.3% Zn and 25g/t Ag** from 103 metres, and **14 metres at 1.8% Cu, 0.7% Pb, 0.8% Zn and 8g/t Ag** from 134 metres.

Hole KMHDD007 targeted predominantly sediments-hosted sulphide mineralisation in the central part of the orebody, with base metal mineralisation once again extending from very near the surface to greater than 120 metres down hole. Best results in this hole include **56 metres at 1.8% Cu, 1.2% Pb, 1.0% Zn and 58g/t Ag** from 46 metres, including a particularly high grade intersection of **16 metres at 3.5% Cu** from 76 metres, and **7.5 metres at 2.0% Cu, 0.4% Pb, 1.3% Zn and 15g/t Ag** from 116 metres.



Significant intersections from diamond drilling at the Parkers Hill Deposit, Mineral Hill

Hole	From (m)	Interval* (m)	Cu %	Pb %	Zn %	Ag g/t	Hole Details (Mine Grid)				
							East	North	Azimuth	Dip	
KHHDD006	6	13	0.1	1.7	0.8	5	1497	903	090°	-72°	
	51	4	1.1	2.3	0.3	6					
	67.5	7.5	1.7	0.6	0.7	33					
	<i>Includes</i>	67.5	4.5	2.3	0.8	0.9					44
	83.75	9.25	2.0	1.0	2.8	23					
	<i>Includes</i>	83.75	3.25	4.2	1.6	4.6					52
	103	27	1.8	0.2	0.3	25					
	<i>Includes</i>	105	14	2.5	0.3	0.4					45
134	14	1.8	0.7	0.8	8						
<i>Includes</i>	140	8	2.6	0.6	0.6	11					
KMHDD007	2	14	0.3	1.8	0.7	11	1488	863	093°	-75°	
	22	4	0.3	2.0	0.5	5					
	30	11	0.5	1.5	0.5	12					
	46	56	1.8	1.2	1.0	58					
	<i>Includes</i>	53	13	2.0	1.2	1.1					76
	<i>and</i>	76	16	3.5	1.2	1.2					117
	116	7.5	2.0	0.4	1.3	15					
	<i>Includes</i>	119	4	2.7	0.2	1.7					13

*Intersection are based on a 0.6% Cu cut-off value, with higher grade inclusions based on a 1.0% Cu cut-off. A 1% Pb lead cut-off is used for the oxide zone only.



Parkers Hill Underground Operations

The Parkers Hill deposit is accessed from the main Mineral Hill decline via a drive approximately 130 meters below the surface. The three existing development drives within the orebody provide the opportunity for production to focus on higher grade stopes. Kimberley has appointed mining contractor Pybar to provide underground mining services at Parkers Hill, with the Pybar team on site since early December 2010 to provide sufficient ore on stockpile for copper concentrate production in June 2011.

Pearse Project Regulatory Approval Update

Priority work continues on completion of the Environmental Impact Statement (EIS). All environmental specialist investigations have been completed and reports received. The EIS is being expanded to reflect the dual track development of the Parkers Hill underground copper-lead-zinc deposit and the Pearse gold-silver open cut. Submission of the EIS is expected within the next month. The regulatory timetable for project approvals remains on-track for mid-2011.

Process Plant Refurbishment

Refurbishment and modifications to the existing process plant at Mineral Hill remain on-target for commissioning and production from mid-2011. Work on the run-of-mine feed bin, primary crusher, and secondary crusher have been completed and electrical upgrade is in progress. Mechanical works are now focused on the conveyors, screens, fine ore bins has commenced. Fabrication of new flotation cells has also commenced. Modifications to the flotation circuit will deliver increased process capacity of up to 250,000 tonnes per annum.

Kimberley Metals has recently appointed an experienced manager for the process plant and has commenced recruitment of all operations staff for Mineral Hill.

Yours faithfully

KIMBERLEY METALS LIMITED

A handwritten signature in black ink, appearing to read 'Jim Wall', is written over a white background.

Jim Wall
Executive Chairman

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About Kimberley Metals Limited

Kimberley Metals is an Australian resource company listed on the ASX (ASX:KBL) with focus on precious and base metals. The Company (75%) and Henan Yuguang Gold & Lead Co. Ltd (HYG&L) (25%, subject to earning under the Farmin Agreement) own the Sorby Hills Lead-Silver deposit in Western Australia, which is one of the world's largest near surface undeveloped lead deposits, with over 1 million tons of contained metal resources, close to port infrastructure and a short distance from Asian markets.

The Company also owns the Mineral Hill project located in New South Wales, where it has discovered a high-grade gold resource, known as Pearse, less than 1 km from its existing mining and processing facilities. The Company is pursuing a dual track development strategy at Mineral Hill to become a copper producer from the existing Parkers Hill underground mine by mid 2011 and, subject to the necessary Government mining approvals, to produce gold from Pearse. This will quickly generate cash flows to assist development of its other projects. More information can be found on KBL's website at www.kimberleymetals.com.au.

Competent Persons Statement

The information in the announcement 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 is a full-time employee of the Company. 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 announcement of the matters based on his information in the form and context that the information appears.