
Mineral Hill Mine Production Commenced

Highlights

- Mill No.1 and Mill No.2 fully operational
 - Copper concentrates are being bagged ready for transportation
 - First copper concentrate shipment to Yunnan Copper now scheduled for September 2011
 - Ore from development in five drives on two levels of underground mining
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Kimberley Metals Limited (ASX: KBL, “Kimberley”, “the Company”) is pleased to report that both Mills are fully operational at Mineral Hill Mine, located 65 kilometres north of Condobolin in central-western New South Wales.

Mineral Hill Plant

Mill No.1 completed commissioning on 20 July 2011 and Mill No.2 completed commissioning on 20 August 2011. Mill No.1 has a capacity of 10 tonnes per hour, whilst Mill No.2 has a capacity of 20 tonnes per hour.



Figure 1: Fully operational Mill No.2

Currently the plant is operating at 20 tonnes per hour utilising the current 4 metre thickener. The installation of an 8 metre thickener into the circuit over the next fortnight will enable production to increase to a combined mill feed rate of 30 tonnes per hour or 262,800 tonnes per annum. Kimberley expects that the mills will operate sustainably at an annual rate of 250,000 tonnes per annum.

Following the commissioning of Mill No.1, an additional bank of floatation cells was brought into production to meet the increased mill feed from 10 tonnes per hour to 30 tonnes per hour.



Figure 2: Float Cells with 2.59% copper feed grade on 10 August 2011

Copper concentrates are now being bagged ready for transportation to Port Botany by road and rail. The first shipment of approximately 1,000 tonnes is now expected to be despatched in September 2011. Copper concentrate shipments for the next six months will be sent to Yunnan Copper, China's third largest copper smelter, as part of an agreement announced on 28 July 2011.



Figure 3: Copper concentrate ready for bagging

Parkers Hill Underground Mine

Ore development at Parkers Hill underground mine has now been established in five drives from mining on the refurbished 1205 level and the new 1225 level.

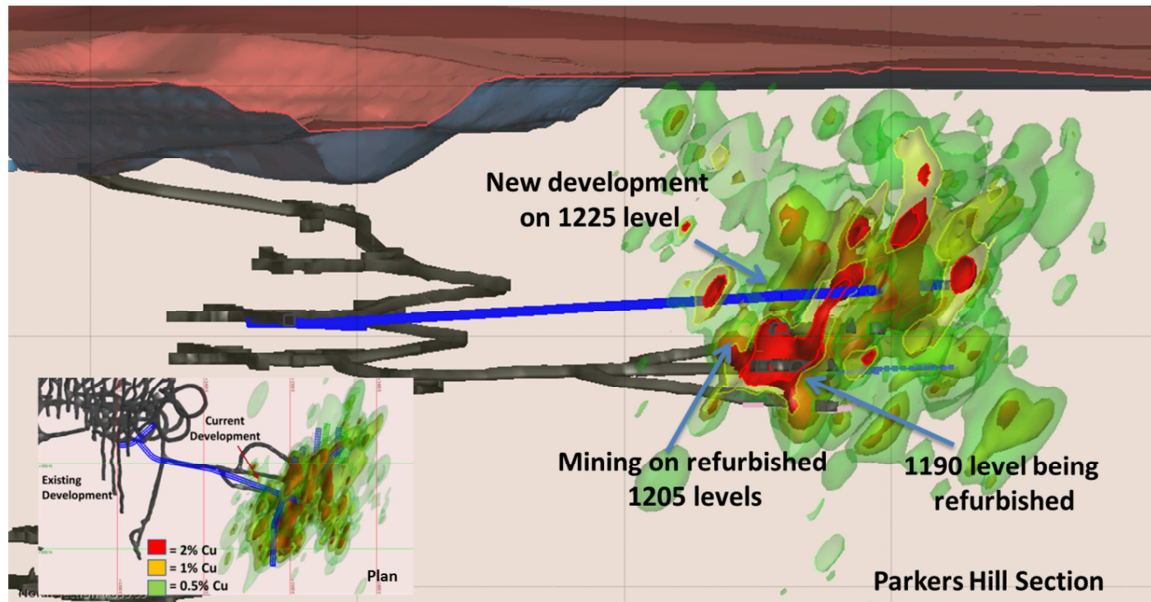


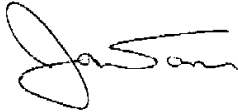
Figure 4: Parkers Hill underground mine section showing mining levels

Ongoing rehabilitation on a third (1190) level will allow further high grade ore development options. The mine plan is aimed at establishing flexibility and consistent high grades of ore supply from multiple sources in the mine. Two production jumbos are now in operation, up from one in July, delivering 600-1,000 tonnes per day of ore feed to the plant.

The first high grade production stope remains on schedule for September to add approximately 700 tonnes per day to the ore feed to the plant, bringing monthly ore mined to between 26,000 tonnes to 34,000 tonnes at approximately 2.1% copper.

Yours faithfully

KIMBERLEY METALS LIMITED



Jim Wall
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About Kimberley Metals

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%) own the Sorby Hills Lead-Silver-Zinc 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 in 2009 it discovered a high-grade gold resource less than 1km from its existing mining and processing facilities.

The Company is now operating the refurbished processing plant at Mineral Hill to produce copper concentrates. This will 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

Any information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Stuart Mathews (M.Sc. Hons) who is Chief Operating Officer of Kimberley Metals Limited, and is a member of the AusIMM. Mr Mathews has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mathews consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.