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## **KIMBERLEY METALS LIMITED**

### **2010 Annual General Meeting Chairman's Address**

Ladies and Gentlemen,

I am pleased to welcome you to Kimberley's first Annual General Meeting as an ASX listed company.

The 2010 Annual Report tells the story of the past year, which has been an extremely active and productive one for a Company as young as ours. In brief, the highlights of the year were:

- The IPO listing of the Company on the ASX on 25 February 2010.
- The strong response to the IPO offering, raising some \$11.3 million.
- The hiring of Stuart Mathews as Chief Operating Officer and the gathering of an experienced operating team.
- Drilling at the Pearse prospect successfully identifying additional high grade silver and gold mineralisation sufficient to underpin refurbishment and reopening the Mineral Hill plant.
- Work commencing on the engineering and regulatory matters required for refurbishment and reopening the Mineral Hill plant and commencement of mining at Pearse.
- The forging of a relationship with Henan Yuguang Gold & Lead Co., Ltd, China's largest lead producer (Yuguang), to fund a feasibility study on development of the Sorby Hills lead / silver deposit by spending \$5 million to earn 25% interest.
- Yuguang becoming a 15% shareholder in the Company by a placement at 25 cents per share, a 25% premium to the IPO price, raising an additional \$5.18 million of working capital

Since the Annual Report was published we have:

- Announced the results from 13 holes of the recent 96 hole drilling program at Sorby Hills which have extended the known D pod high grade silver-lead mineralisation by 25 metres to the north over a 100 metre wide section at depths of less than 30 metres from the surface.
- Decided to adopt a dual track approach to the resumption of mining and processing at Mineral Hill which will see simultaneous development of the Pearse open pit gold/silver mine and the Parkers Hill underground copper mine. This new plan will bring forward the initial cash flow from the Mineral Hill operation. We expect to be in production by the middle of next year, less than 18 months after the Company was floated. In addition,

the Parker's Hill resource significantly extends the mine life at Mineral Hill, which is now secure through 2017.

Most recently, our Share Purchase Plan, enabling shareholders to purchase up to \$10,000 of Kimberley shares at 24 cents per share closed on Monday this week. The response has been strong and, subject to final clearance of some cheques, the subscriptions total just over \$11.062 million through some 2,419 applications which will require the issue of some 46.091 million shares. Normally the ASX rules cap an SPP issue at 30% of the company's issued shares but this will not apply to this issue if shareholders approve Resolution 4 at this meeting. That approval will mean that no shareholders will be scaled back in respect of their SPP applications. All shareholders including those who participated in the SPP are entitled to vote on Resolution 4 as a consequence of a waiver granted by the ASX. We expect that shares subscribed for under the SPP will be allotted on Monday, 22 November 2010. The high level of take-up of the SPP, and the reduction in unmarketable parcels will provide a much more balanced share register, improving our access to capital markets in the future while reducing the costs of administration.

Under our arrangements with Yuguang when it took up its current 15% shareholding in the Company, Yuguang has the right to maintain a 15% shareholding in Kimberley by subscribing for additional share at the SPP issue price.

I should note that, based on yesterday's closing price of 27 cents, and after the SPP the Company would have a market capitalisation of close to \$50 million with cash holdings of more than \$20 million. In addition the Sorby Hills project is funded to \$5million. Even though the current share price is at a premium of some 35% over the February 2010 IPO price, this is considered undemanding.

The Company is well placed to benefit from strong prices for its high grade gold and silver resources at Mineral Hill and from its copper resource at Parkers Hill, adjacent to the Mineral Hill plant, once production fully resumes in the middle of next year. Our strategy for growth in the medium term focuses on the development of the Sorby Hills lead/silver project, which provides exposure to the silver market and to a world scale lead resource with strong connections to the China market, where lead demand is growing rapidly. We will also, as cash flow from Mineral Hill strengthens our balance sheet, look to make sensible acquisitions where we can see value which is not seen by others.

I look forward to keeping you updated on our progress during the year and thank you for your attendance.

Jim Wall  
Executive Chairman  
19 November 2010