

KDL awarded 830,000 ounce Gold Project in southern Spain

HIGHLIGHTS

- **KDL successful in competitive government tender to acquire gold project**
- **A gold-rich Inferred Resource* of 6.07 Mt @ 4.25 g/t Au and 88.74 g/t Ag**
- **Located in the Iberian Pyrite Belt, Spain's premier mining district**
- **KDL intends to transfer all its copper-gold assets to a new company and distribute its shares in specie to existing shareholders in a new ASX listing in the near future**

Kimberley Diamonds Limited ('KDL' or 'the Company') is pleased to announce that it has been awarded 100% of the rights to Investigation Permit No. 14.977, a package of tenements covering the gold-rich **Lomero-Poyatos** massive sulphide deposit, located within the Iberian Pyrite Belt, Spain's premier mining district (Figure 1).

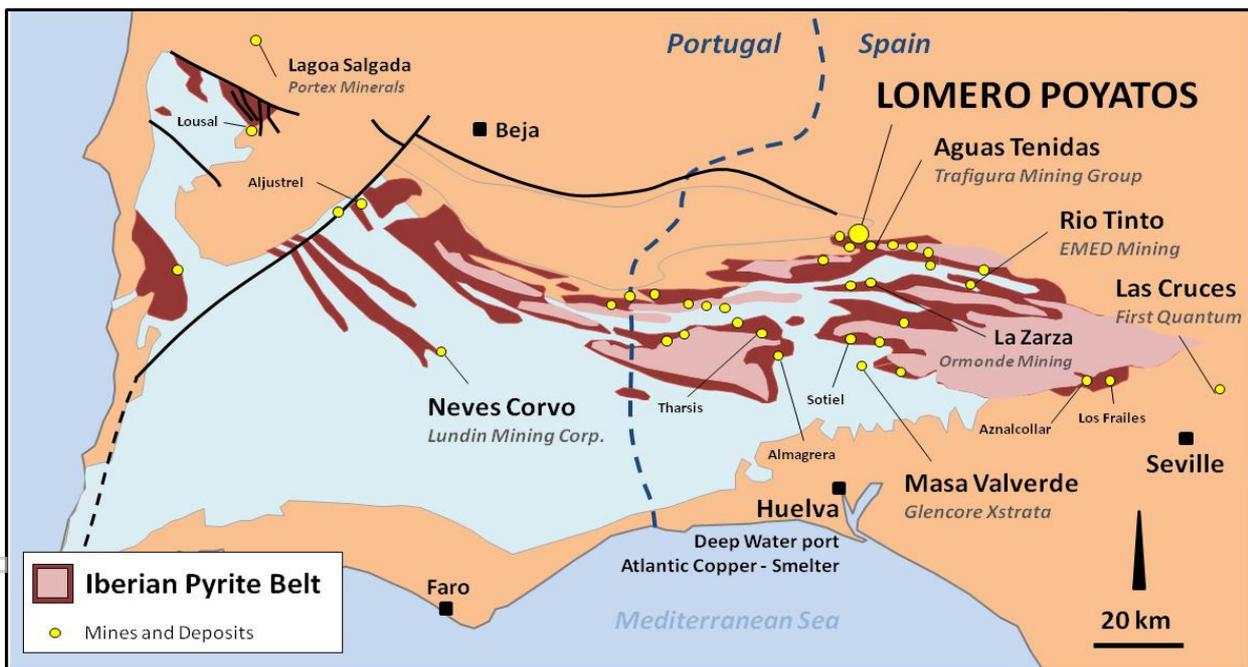


Figure 1: Mines and deposits within the Iberian Pyrite Belt

KDL's Copper-Gold Strategic Intent

At the time of acquiring the Ellendale diamond mine in February 2013, the Company had a number of copper-gold exploration tenements in its exploration portfolio. Since the acquisition, the Company believes it has not received full value by the market for its portfolio of copper-gold assets.

As such, KDL has actively sought a flagship copper-gold project to complement these assets with the view to spinning out the combined portfolio of non-diamond assets into a new entity. Existing KDL shareholders would be given shares in the new entity through an in specie distribution, with the new entity to be listed in due course. KDL currently intends that this spin-off occur in the next 6-12

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months. The new entity would provide KDL shareholders with the opportunity to gain exposure to a promising new project and copper and gold markets in general.

Successful acquisition of Lomero-Poyatos

The 100% acquisition of the rights to the Lomero-Poyatos project, which KDL won through a competitive tender process run by the government of the Andalusia province, represents a key step in the process of spinning out KDL's copper-gold assets. KDL Executive Director Rod Sainty on Tuesday attended a press conference with the Minister for Economy, Innovation, Science and Employment and other government delegates, where KDL was formally awarded the rights to the Lomero-Poyatos project, now KDL's new flagship copper-gold project.

KDL is not required to pay any consideration for these tenements upfront. To maintain these tenements, KDL is required by the Andalusian government to spend €400,000 on exploration expenditure in Year 1 and a further €5 million spread over Years 2 and 3. As KDL is not required to pay any upfront consideration for this acquisition, it has no current impact on KDL's existing activities, other than the required exploration expenditure.

Why Spain?

With highly prospective geology, pro-mining government policies and markedly lower costs of production relative to those in Australia, Spain is an ideal environment in which to gain a strategic foothold. Indeed, all the significant mining projects in Spain have been acquired by major international companies within the last five years.

Lomero-Poyatos

Prior to its closure in 1991, the Lomero-Poyatos mine produced at least 2.6 million tonnes of massive sulphide ore containing 5 g/t gold and 1.2% copper. The gold grade is unusual and the highest of all the deposits within the Iberian Pyrite Belt.

The most recent estimate of the deposit was prepared in 2012 by the independent global mining consultancy Behre Dolbear International. That study estimated the deposit as:

830,000 oz of gold in an Inferred Resource of 6.07 Mt @ 4.25 g/t Au and 88.74 g/t Ag.

**This Resource estimate was previously announced on the Toronto Stock Exchange on 25th May 2012 by Petaquilla Minerals Ltd in accordance with NI43-101 and is therefore considered a 'Foreign Estimate of mineralisation' under the ASX Listing Rules. A competent person has not done sufficient work to classify the Estimate in accordance with JORC 2012. It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code*

Lomero-Poyatos is a continuous tabular massive sulphide deposit almost 1,000m in length. It strikes east-west and dips moderately to the north (Figure 2).

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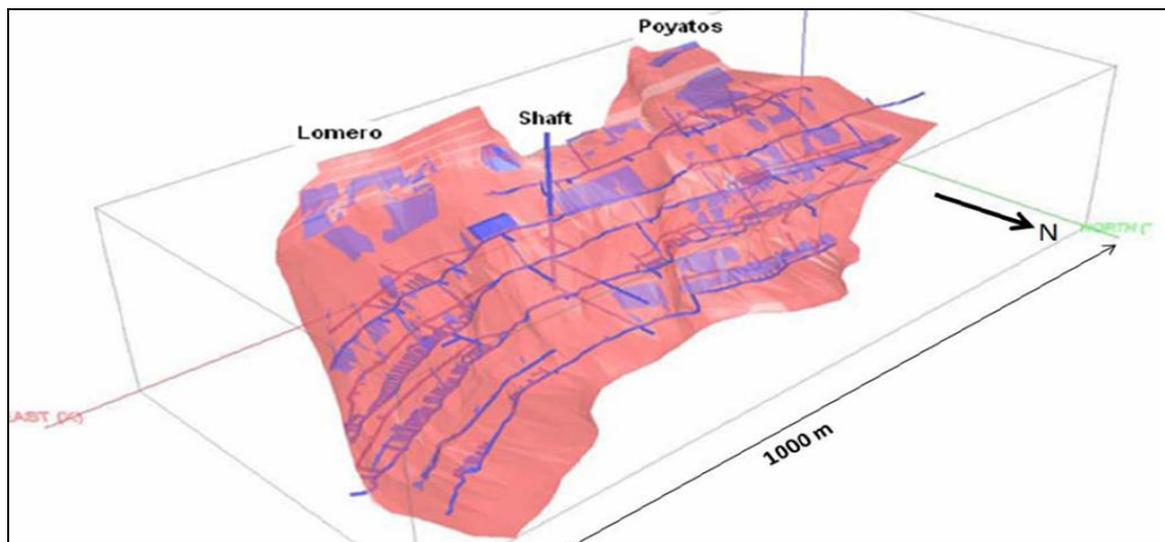


Figure 2: A 3D view of Lomero-Poyatos showing the known extent of the massive sulphide deposit (red) and the location of the historic underground mine workings (blue).

Like many of the Iberian Pyrite Belt deposits, Lomero-Poyatos was previously mined for its massive pyrite component. The pyrite was roasted at the Almagrera roasting plant, 20 km to the south, to produce sulphuric acid. The gold and base metals were recovered from the roasted pyrite residue by Indumetal at Bilbao. Pyrite mining ceased in 1984 and the mine remained open while further investigations were undertaken from 1984 to 1989 by Billiton, Indumetal and Outokumpu.

From 2001 to 2007, a JV between Cambridge Mineral Resources (CMR) and Newmont drilled 56 holes and completed three resource evaluations, metallurgical test work and geophysical surveys.

Electromagnetic (EM) surveys identified conductors beyond both ends of the mine limits. Drilling identified a high-grade extension to the eastern end of the deposit, with intercepts of 16.5 m at 5.86 g/t Au & 2.44% Cu (L01-2), 16.55 m at 7.72 g/t Au & 7.83% Zn (L01-3), and 20.4 m at 6.82 g/t Au (L03-25). Drilling of the western EM conductor intersected 3 m at 4.9 g/t Au (L01-4) and 1.65m at 4.02 g/t Au (L03-47).

In 2012, the property was acquired by Canadian junior Petaquilla Minerals via a public tender. Petaquilla commissioned Behre Dolbear International to undertake the resource evaluation referred to previously. However, after suffering heavy losses at its gold mine in Panama, Petaquilla was unable to advance the project further.

In June 2014, the Andalusian government re-offered the tenement package via a second competitive public tender. It was through this tender process that KDL was successful in acquiring the project.

Proposed Work Programme

The Company has proposed an exploration budget of €400,000 in Year 1 and a further €5 million spread over Years 2 and 3. More details about the proposed exploration programme will be outlined in a subsequent announcement once this programme has been finalised by the Company.

The Company intends to fund the €400,000 in Year 1 from operational cash flow. For Years 2 and 3, it is currently intended that the further €5 million exploration expenditure be funded by funds raised

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during the spin-off of the copper-gold asset. If the spin-off does not occur prior to this time, then the Company currently considers that the further €5 million would be partially funded by cash flow from the Lerala operation, as well as a further capital raising specifically intended to progress the copper-gold projects, as and when necessary.

Table 1: Lomero-Poyatos Inferred Mineral Resource Estimate at various cut-off grades

Class Inferred	Cut-Off g/t Au	Volume m3	Mt	Cumulative Au g/t	Ag g/t
Base case	> 1.0	1,348,656	6.07	4.25	88.74
	> 2.0	1,261,039	5.66	4.45	92.33
	> 3.0	1,114,235	4.89	4.74	96.47
	> 4.0	864,606	3.63	5.16	102.24
	> 5.0	520,970	1.92	5.77	111.6
	> 6.0	162,814	0.59	6.51	124.57
	> 7.0	29,806	0.04	7.76	132.24
	> 8.0	4,703	0.01	9.02	171.03
	> 9.0	830	0.004	9.82	187.77

-Assumes a minimum underground mining width of 2m at 1 g/t and specific gravity of 4.5

-Source: Behre Dolbear International, 2012).

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About Kimberley Diamonds Ltd

Kimberley Diamonds Ltd owns the Lerala Diamond Mine in Botswana and is the owner and operator of the Ellendale Diamond Project in Western Australia. The mine is the world's leading source of rare fancy yellow diamonds and contributes around half of the world's supply. Kimberley also owns the Smoke Creek Alluvial Diamond Project in the Kimberley region of Western Australia; eDiamond BVBA, a marketing office for rough diamonds that uses an independent online trading platform for rough diamond sales and also has interests in a portfolio of other mining tenements in Canada, New South Wales and Western Australia. Kimberley Diamonds Ltd has offices in Sydney and Perth and is listed on the ASX under the code KDL.

Compliance Statement

The information in this report that relates to a 'Foreign Estimate of mineralisation' is based on information compiled by Mr Rod Sainty, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Sainty is a full-time employee of the Company. Mr Sainty has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sainty consents to the inclusion in the report of the matters based on his information in the form and context in which it appears and confirms that the information in the market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project.

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APPENDIX – Details of the Lomero-Poyatos Inferred Resource Estimate

The Lomero-Poyatos Inferred Resource estimate presented herein was performed by under the supervision of Richard Fletcher of Behre Dolbear International Limited (UK) in accordance with NI43-101 of the Toronto Stock Exchange. The Inferred Resource category of defined under NI43-101 is comparable to that defined under JORC 2012. The report underpinning the Inferred Resource estimate and the information presented in this Appendix is titled '*NI43-101 Technical Report of the Lomero-Poyatos Au-Cu-Zn Mine in Andalusia, Spain*' and is dated 21st May 2012.

The Lomero-Poyatos Inferred Resource estimate was based on a database of 48 core holes (~ 10,000 m) drilled by CMR between 2001 and 2007. These holes were generally drilled southward with an inclination of 70° to intersect the Lomero-Poyatos deposit which dips northward at about 30°. A further 76 holes were known to have been drilled at the project prior to 2001, however, only the CMR holes had drill-log data available.

As there was insufficient data to construct a robust lithological model it was determined that a geochemical model would be established as the basis for the estimate. The Lomero-Poyatos mineralisation was interpreted as one single solid based on the >25% sulphur assay values. The solid was extended in some areas to allow for some off-section drill hole assays to be incorporated into the model. End terminations of the solid were interpreted conservatively and based on the outer limit of drill-hole data. The solid was divided into blocks with dimension of N-S (Y) = 15m, E-W (X) = 10 m and vertical (Z) = 15 m, approximately equal to half the spacing between the drill holes used in the estimate

Drill hole intervals within the defined solid were composited and included in the estimate only if the grade was greater than 1 g/t gold over a minimum of 2m, the assumed minimum underground mining width. Indicator kriging was used to interpolate the composited data across the block model. The interpolation was constrained by the historic mine stopes which had a modelled volume of approximately 1.3 million m³.

As no specific gravity data was available, nor known to exist, it was assumed to be 4.5. This assumption was based on the interpretation that modelled mineralised zone of >25% sulphur and +1 g/t gold would largely comprise massive sulphide. As regionally analogous deposits have known specific gravities of 4.6 it seemed reasonable to assume a specific gravity value of 4.5 for the Lomero-Poyatos estimate.

In order to report the Lomero-Poyatos estimate under JORC 2012, the Company will collate the existing data and then have an independent consultant validate the foreign estimate of mineralisation. The Company intends to do this as soon as possible.

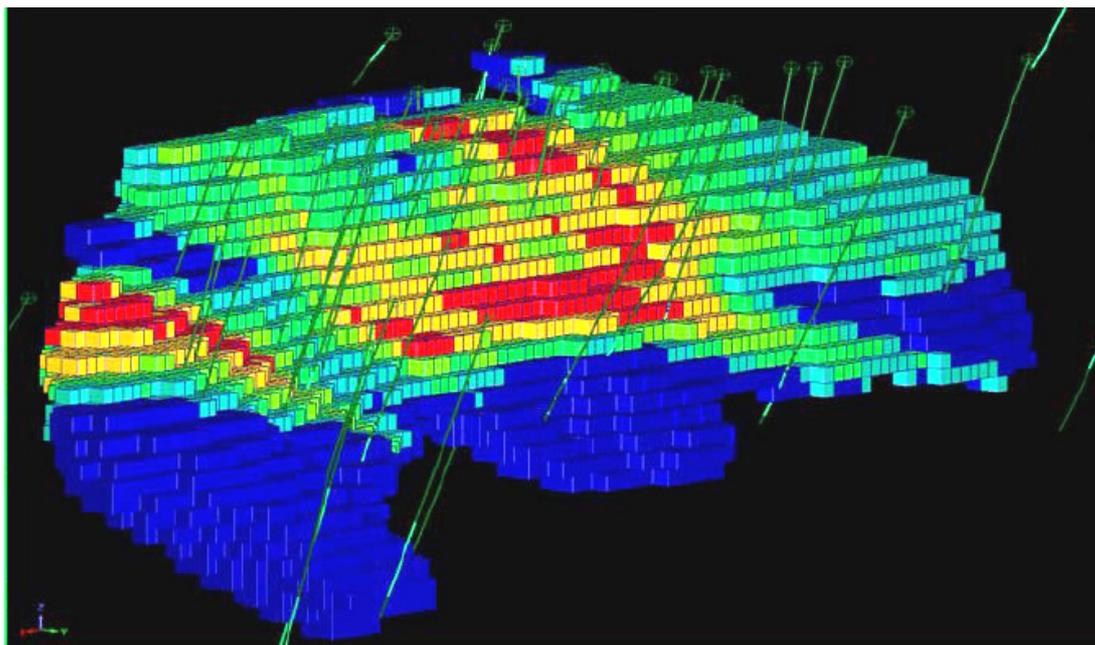


Figure 3: A 3D view (looking south-west) of the Lomero-Poyatos block model showing drill hole trajectories and gold grade distribution. Block grades range from 0.4 g/t Au to 6.4 g/t Au. Only those blocks whose grade was above 1 g/t were included in the estimate. Source: Behre Dolbear International, 2012).

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