

27 January 2017

[Insert Shareholder]  
[Insert Address1]  
[Insert Address2]  
[Insert Address3]

Dear Shareholder

### **Non-renounceable Rights Issue Offer – Notice to Ineligible Shareholders**

On 27 January 2017, Kimberley Diamonds Ltd (**KDL** or the **Company**) announced a pro rata non-renounceable rights issue offer of new KDL ordinary shares (**New Shares**) at an issue price of \$0.02 per New Share to raise up to approximately \$4,078,979 (before expenses) (**Offer**).

Eligible shareholders will be able to purchase 1 New Share for every 1 existing KDL ordinary share held as at 5.00pm (Sydney time) on 1 February 2017 (**Record Date**). New Shares issued under the Offer will rank equally with existing KDL ordinary shares.

### **Use of funds**

The funds raised from the Offer may be used for:

- (a) costs associated with the operation of the Lerala Diamond Mine in Botswana;
- (b) repayment of some existing debt; and
- (c) general working capital requirements.

The purpose of this letter is to inform you about the Offer, and to explain why you will not be able to purchase New Shares under the Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

Documents relating to the Offer have been lodged with ASX and are currently being despatched to Eligible Shareholders (as defined below).

### **Details of the Offer**

The Offer is being implemented under Section 708AA of the *Corporations Act* 2001 (Cth) (**Corporations Act**), as modified by ASIC Class Order [CO 08/35]. The Offer will raise up to approximately \$4,078,979 (before expenses).

The Offer is being made to Eligible Shareholders (as defined below), on the basis of 1 New Share for every 1 existing KDL ordinary share held.

### **Eligibility Criteria**

KDL has determined pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act that it would be unreasonable to make offers to shareholders in all countries in connection with the Offer. This determination was made due to legal limitations on making or extending an offer of New Shares in some countries, the relatively small number of shareholders in those countries, the small

number of securities they hold and the potential cost of complying with regulatory requirements in those countries.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, KDL wishes to advise you that it will not be extending the Offer to you and you will not be able to purchase New Shares under the Offer.

Shareholders who are eligible to participate in the Offer are shareholders who, as at 5.00pm (EST) on the Record Date, were registered as holders of existing KDL ordinary shares and had a registered address in Australia or New Zealand (**Eligible Shareholders**).

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder, you will not be able to purchase New Shares under the Offer. You will not be sent documents relating to the Offer.

As the Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of New Shares that would have been offered to you if you were eligible.

If you have any questions in relation to any of the above matters, please contact the Company's share registry, Boardroom Pty Limited on +61 2 9290 9600.

On behalf of the board and management of KDL, we thank you for your continued interest in KDL.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Laila Green', with a large, stylized initial 'L'.

**Laila Green**  
Company Secretary

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Important notice to nominees: Because of legal restrictions, you must not send copies of this letter or any material relating to the Offer to any of your clients (or any other person) in the United States and on whose behalf you are the registered owner of shares. Failure to comply with these restrictions may result in violations of applicable securities laws.