

## ENTRY INTO NEW BOTSWANA JOINT VENTURE

(ASX: KDL) Kimberley Diamonds Ltd (“KDL” or “Kimberley”) is pleased to announce that its wholly owned Botswana subsidiary, Lerala Diamond Mines Limited (“Lerala”), has entered into a Farm-In and Joint Venture Agreement (“Joint Venture”) in respect of two tenements located in north-eastern Botswana, close to the Orapa Diamond Mine. The Joint Venture has been entered into with Tilwane Services (Pty) Limited (“Tilwane”), a Botswana based exploration company.

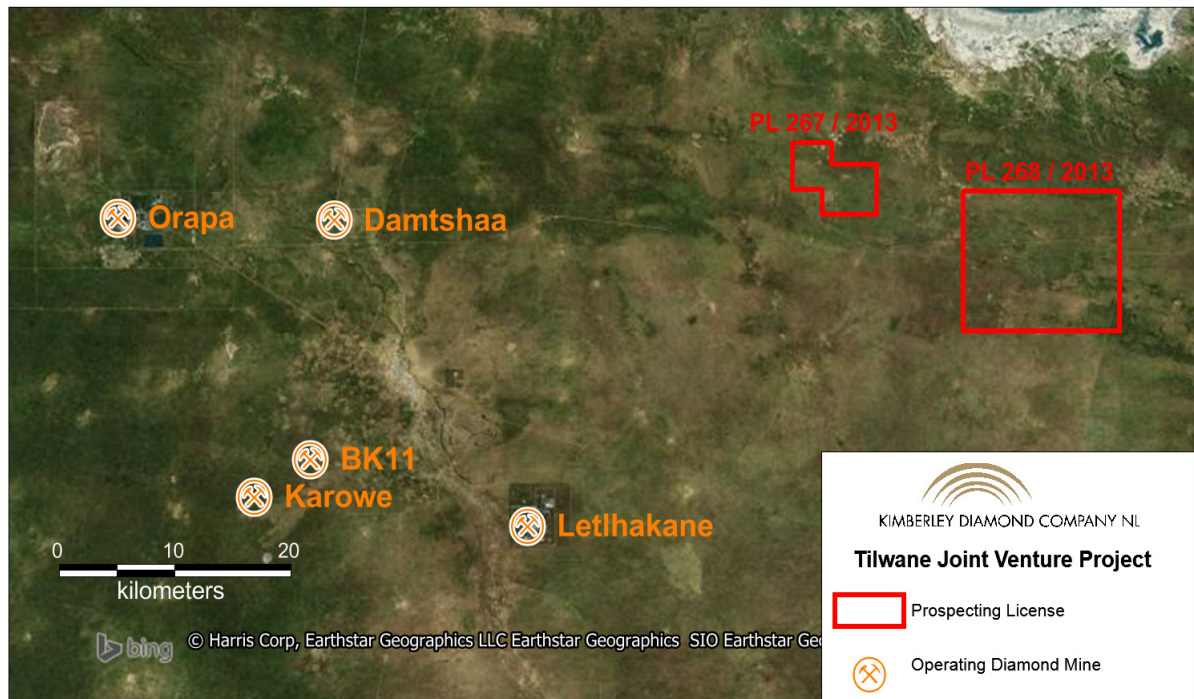
### ***Tilwane Joint Venture***

The Joint Venture covers Prospecting Licence 267/2013 and Prospecting Licence 268/2013 located some 55km and 75km respectively east of the Orapa Diamond Mine. The Orapa Diamond Mine is one of the largest open pit diamond mines in the world and produces approximately 11 million carats annually. The licences cover a total of 162km<sup>2</sup> and lie close to the main Orapa-Francistown road.



The licence areas are host to aeromagnetic anomalies that could be caused by kimberlite pipes. Previous soil sampling over the prospect licence areas has returned numerous and widespread kimberlitic indicator minerals and microdiamonds. This combination of results is encouraging, and may indicate the presence of diamond-bearing kimberlite pipes within the licence areas.

A number of the anomalies have been selected for high resolution ground magnetic surveys and more detailed soil sampling. Positive results would be used to plan a drilling programme to confirm the presence of kimberlite and test for microdiamonds within the kimberlite.



### ***Transaction Details***

Under the terms of the Joint Venture Agreement, Lerala has the exclusive right to earn up to a 70% interest in the Joint Venture by spending a total of AUD\$1.1m on project expenditure for the Joint Venture over the next 2.5 years, plus payment of an additional AUD\$20,000 to Tilwane.

If Lerala spends AUD\$100,000 on project expenditure in the first 12 months of the Joint Venture, it will earn a 50% interest in the Joint Venture. It will then have the opportunity to earn a further 20% interest by spending a further AUD\$1m on project expenditure in the following 18 months.

The parties will form an operating committee to which each party will be entitled to appoint two members in the first year. If Lerala earns a 50% interest in the Joint Venture, it will, at the time it earns this interest, be entitled to appoint a third member to the operating committee.

Lerala will be the manager of the Joint Venture and, subject to the overall control and direction of the operating committee, will have day to day management control of the operations of the Joint Venture. It is intended that exploration work will commence on the Joint Venture on 8 July 2014.

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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 Argyle 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.*