

26 August 2014

[Optionholder]
[Optionholder Address1]
[Optionholder Address2]
[Optionholder Address3]

Dear Optionholder

Non-renounceable Rights Issue Offer – Notice to Optionholders

This letter is to notify you that Kimberley Diamonds Ltd (**KDL**) is undertaking a pro rata non-renounceable rights issue offer of new KDL ordinary shares (**New Shares**) at an issue price of \$0.19 per New Share to raise up to approximately \$9,912,672 (before expenses) (**Offer**).

Eligible shareholders will be able to purchase 1 New Share for every 2 existing KDL ordinary shares held as at 7.00pm (Sydney time) on 1 September 2014 (**Record Date**). New Shares issued under the Offer will rank equally with existing KDL ordinary shares from issue.

To be an eligible shareholder, you must, as at 7.00pm (Sydney time) on the Record Date be registered as a holder of KDL ordinary shares and have a registered address in Australia or New Zealand.

The terms and conditions of the options you hold do not entitle you to participate in the Offer unless you exercise your options in time for New Shares to be allotted and issued to you before 7.00pm (Sydney time) on the Record Date.

Further details of the Offer will be set out in an offer booklet, which is expected to be despatched to eligible shareholders on or about 4 September 2014 (**Offer Document**). The Offer Document will be available from ASX's company announcements platform or from KDL's website, www.kdl.com.au.

To be eligible to participate in the Offer, you will need to ensure that your notice of exercise of option form and payment of the exercise price for your options is delivered to KDL by no later than 7.00pm on the Record Date.

You should carefully consider KDL's public announcements regarding the Offer and your personal circumstances before deciding whether to exercise your options (including whether upon exercise of any option you will in fact be an eligible shareholder). If you are unsure what action you should take or have any questions about the Offer, you should contact your broker, accountant or other professional adviser as soon as possible.

Yours faithfully



Alex Alexander
Chairman