

PLACEMENT OF SHARES

(ASX: KDL) Kimberley Diamonds Ltd (“the Company”) is pleased to announce that it has entered into a binding subscription agreement to place 23 million shares at a price of A\$0.19 per share.

As announced on 28 October 2014, the Company’s non-renounceable rights issue offer (“Rights Issue”) closed on Friday 24 October 2014. The Rights Issue had a shortfall of 51,756,296 shares (“Shortfall”).

The Company believes that the reluctance by most shareholders to take up their rights in the Rights Issue can be attributed largely to the fall in the Company’s share price below the \$0.19 Rights Issue price, which occurred for a number of reasons, including:

- a shareholder recently selling his entire position of approximately 4 million shares in an abrupt manner in a space of 3 days increasing daily volume of traded shares to 20 times the average; and
- more generally, unfavourable publicity surrounding the Company following the recent attempts by 2 shareholders to replace the majority of the Board has created uncertainty amongst shareholders about the future leadership and direction of the Company.

The Directors have been in discussions with a number of parties regarding the placement of shares and are very pleased to be able to confirm that the Company has entered into a binding subscription agreement for the placement of 23 million shares to an institutional investor in China. This investor is not a related party or an associate of the Company or its Directors.

The placement is subject only to receipt of approval from relevant Chinese regulatory authorities. Subject to satisfaction of such condition precedent, the Company expects the funds to be received in November-December.

The Company remains in discussions with a number of investors in relation to the placement of the remainder of the Shortfall.

For further information please contact:

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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 Ellendale 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, Spain, New South Wales and Western Australia. Kimberley Diamonds Ltd has its registered office in Sydney and is listed on the ASX under the code KDL.