KIMBERLEY DIAMONDS LTD

ASX Announcement
25/11/2014

Drill data reveals high grade intercepts below Lomero-Poyatos mine

- **Previous drill intercepts on the periphery of the mine workings include: 19.3m* @ 5.86 g/t Au, 2.44% Cu; 16.6m @ 7.72g/t Au, 9.94% Zn, and 20.4m* @ 6.82 g/t Au, 2.49% Zn.**

- **These and other drill intercepts show the deposit is 'open' both beneath and along strike of the mine workings, suggesting excellent potential exists for significant extensions.**

Kimberley Diamonds Limited ('KDL, or 'the Company') is pleased to provide an update on its new Lomero-Poyatos gold-rich massive sulphide project in Spain.

KDL recently acquired datasets for previous core drilling at Lomero-Poyatos. The data has been reviewed and plotted on a long section of the former mine workings (Figure 1). This announcement appears to be the first occasion that the intercepts have been shown in this context, enabling their location and significance to be understood.

The long section plot reveals that significant thicknesses of high-grade massive sulphide occur at and beyond the margins of the mine workings. It suggests that there is excellent potential for significant extensions to the deposit.

High-grade drill intercepts below and beyond the eastern end of the mine

The intercepts located at and immediately below the eastern end of the mine workings are impressive. They include:

L02: **19.3m*** at **5.86 g/t Au**, **2.44% Cu**, 0.66% Zn

L03: **16.6m** at **7.72 g/t Au**, 0.40% Cu, **9.94% Zn**

L05: **10.5m*** at **4.40 g/t Au**, **3.09% Cu**, 2.99% Zn

L25: **20.4m*** at **6.82 g/t Au**, 0.24% Cu, 2.49% Zn

Beyond those intercepts, an isolated single step-out hole below the eastern end of the mine workings achieved a potentially mineable interval of high-grade massive sulphide:

TH-1: 2.0m at **3.5 g/t Au**, 0.66% Cu**, 7.03% Zn**

Lastly, two very isolated step-out holes located 200m further to the east encountered narrow intervals of high-grade massive sulphide:

TH-5: 0.07m at **5.21 g/t Au**, 1.44% Cu, 2.24% Zn

L51: 0.4m at **2.92 g/t Au**, 0.55% Cu, **13.13% Zn**

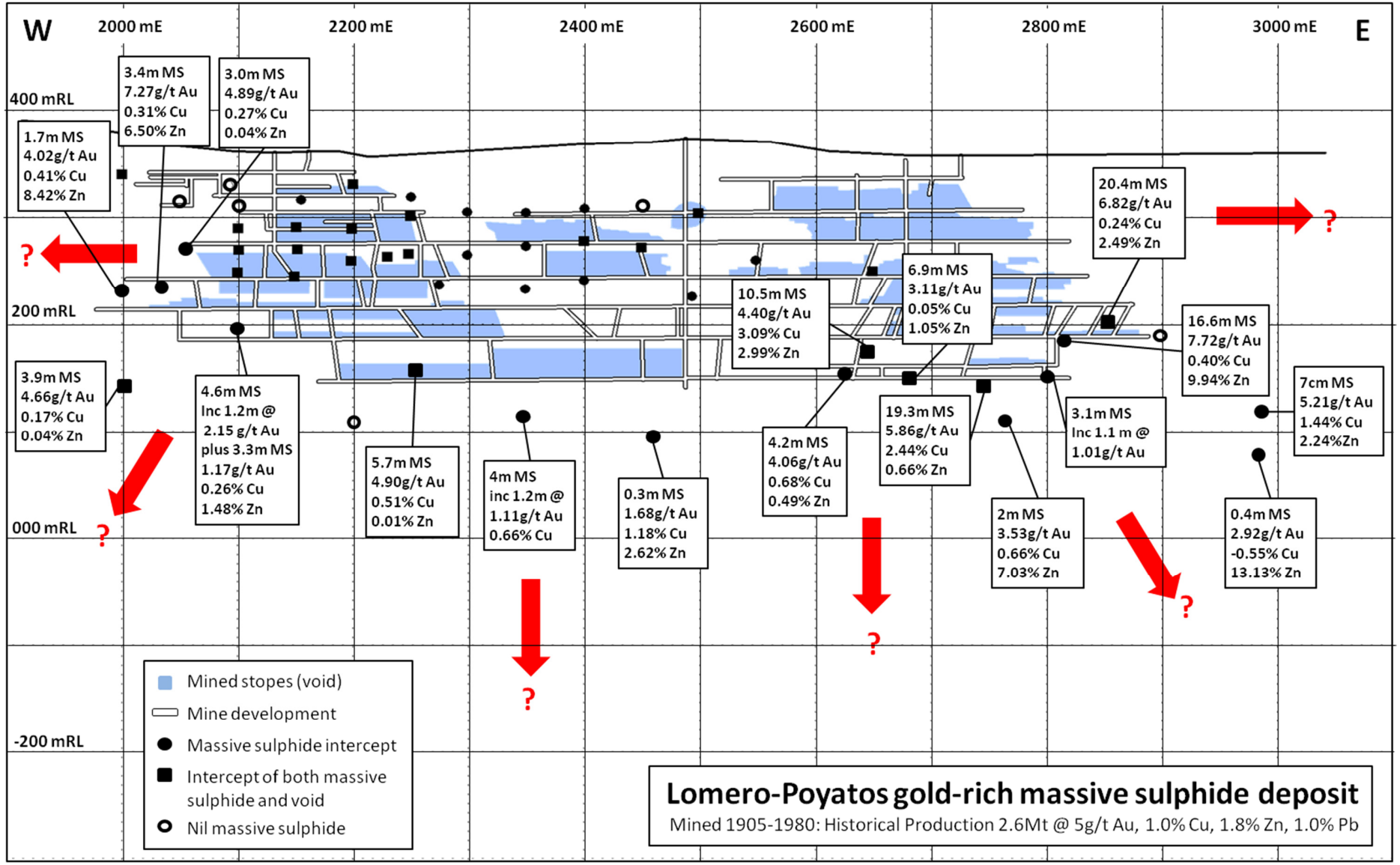

Figure 1: Long section of the Lomero-Poyatos mine workings, showing subsequent drill intercepts.

While the widths of these last two intercepts are insufficient to support mining, their presence is encouraging and suggests that thicker massive sulphide may be present in the vicinity at similar grades. An extension of this magnitude would constitute a significant increase in the size of the deposit.

High-grade drill intercepts below and beyond the western end of the mine

The intercepts of note beyond the western end of the mine workings include:

L01: 5.7m* at **4.90g/t Au**, 0.51% Cu, 0.01% Zn

L08: 3.4m at **7.27 g/t Au**, 0.31% Cu, **6.50% Zn**

L22: 3.0m at **4.89 g/t Au**, 0.27% Cu, 0.04% Zn

L47: 1.7m at **4.02 g/t Au**, 0.41% Cu, **8.42% Zn**

L48: 3.9m* at **4.66 g/t Au**, 0.17% Cu, 0.04% Zn

Significance

These drill intercepts show that the Lomero-Poyatos massive sulphide deposit remains 'open' to depth and along strike from the old mine workings. The intercepts suggest that there is excellent potential for significant extensions to the deposit.

Data acquired

The newly acquired datasets cover all drilling conducted prior to 2012. This drilling includes nine holes drilled by a JV between Outokumpu and Minas de Tharsis in 1989 and 56 holes drilled by Cambridge Mineral Resources plc (CMR) between 2001 and 2011. Some of the latter work was conducted in joint venture with Newmont Mining Corp.

Additional drilling is known to have been undertaken by Petaquilla Minerals Ltd in 2013. The collar positions and dip angles show that these holes were targeted into the former mine workings around Level 5 at a depth of 180m (i.e., 200mRL). The exact locations of the 2013 intercepts are unknown. Moreover, it is understood from local contacts that the core was never assayed. In short, no assay data is available for these holes and likely does not exist.

Notes on sulphide intercepts

The intercepts reported here are in-hole widths. The drill holes are oriented perpendicular to strike and nearly perpendicular to dip (0-20 degree variance). Hence, the in-hole widths are approximately representative of the true widths.

Some of the intercepts reported here (those with widths marked by asterisks) include mining voids within the massive sulphide. To more accurately represent the original thickness of the massive

sulphide, the width of the void has been included in the width of the massive sulphide. The grade of the interval shown is the grade indicated by assays of the adjacent unmined massive sulphide.

Background on the Lomero-Poyatos project in Spain

As announced on 10 October 2014, KDL has been awarded the Lomero-Poyatos massive sulphide project through a competitive tender process run by the regional government of Andalusia.

The acquisition is a key first step in KDL's strategy of establishing a new entity focused on copper-gold. The Company intends to provide existing KDL shareholders with shares in the new entity through an in-specie distribution within the next six to twelve months.

The Lomero-Poyatos project is located in Spain's premier mineral district, the Iberian Pyrite Belt. The IPB is the largest volcanogenic massive sulphide (VMS) province on Earth and contains more than 80 known deposits. Lomero-Poyatos lies 35km west of the giant Rio Tinto copper deposit currently under re-development by EMED Mining and just 8km west of the Aguas Tenidas copper-gold mine operated by Trafigura (Figure 2).

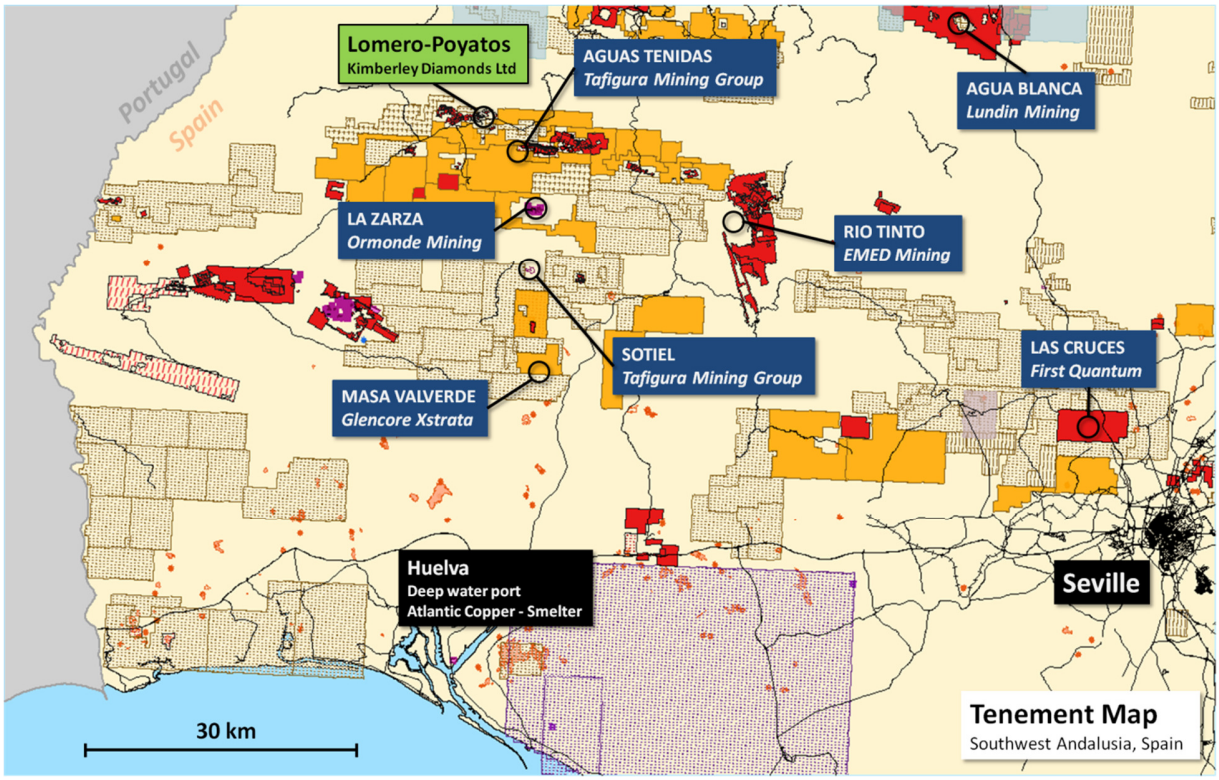

Figure 2: Location of the Lomero-Poyatos project in southwestern Spain, in relation to other mine operations, re-developments and infrastructure.

Prior to its closure in 1991, the Lomero-Poyatos mine produced at least 2.6 million tonnes (Mt) 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 IPB.

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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 Exploration Results at Lomero-Poyatos 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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TABLE 1 FOR ACQUIRED DRILL DATA FOR LOMERO-POYATOS PROJECT

The flowing table provides explanations required under JORC 2012

Section 1: Sampling Techniques and Data

Criteria	*JORC Code explanation*	*Commentary*
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	The samples were drill core intercepts of massive sulphide mineralisation.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Multiple drill core holes spread across the mineralised zone in accordance with industry standard requirement.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or*	Previous metallurgical test work shows that gold is fine grained and associated with the massive pyrite.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Diamond core drilling. Most intercepts made with HQ (63mm) diameter; some intercepts NQ (32mm) diameter.

Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	No information available at this time.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	No information available at this time.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Fine grained nature of gold makes either suggestion very unlikely.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Summary logs available at this time.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	Core logging is qualitative in nature. No core photography available at this time.
	• *The total length and percentage of the relevant intersections logged.*	All intersections appear to be logged in full.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	Samples understood to comprise sawn half core.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	See comment above.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Industry standard sample type.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	No information available at this time.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including*	No information available at this time.

	for instance results for field duplicate/second-half sampling.	
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Sample sizes are appropriate.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Industry-standard laboratory tests used.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	Not applicable.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	No information on duplicates and blanks available at this time. Efforts made to establish accuracy through alternative laboratory.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	Check assays undertaken at alternative laboratory.
	• *The use of twinned holes.*	No twinned holes evident but multiple holes are present at close spacings.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	No information available at this time. However, two versions of the data are consistent with each other and consistent with announcements made in 2001-2004.
	• *Discuss any adjustment to assay data.*	Zinc assays from one lab were increased 15% to align the results with reference samples assayed at two other labs.

Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	All holes had multiple single-shot down-hole surveys completed.
	• *Specification of the grid system used.*	Local grid is an abbreviation of WGS
	• *Quality and adequacy of topographic control.*	No information available at this time
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	Data spacing is as shown on the long section diagram.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	Data is classified as Exploration Results.
	• *Whether sample compositing has been applied.*	No sample compositing applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Drill holes oriented perpendicular to strike, as per best industry practice.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	No sampling bias likely or reported.
Sample security	• *The measures taken to ensure sample security*	Samples reported to be held in locked storage facility.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No information available at this time.

Section 2: Reporting of Exploration Results

Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Investigation Permit (IP) 14,977 was awarded to KDL on 7 October 2014, subject to submission of final work programme. IP held 100% by KDL.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Investigation Permit (IP) 14,977 was awarded to KDL on 7 October 2014, subject to submission of final work programme.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	This information is included in the announcement.
Geology	• *Deposit type, geological setting and style of mineralisation.*	This information is included in the announcement.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar*	The announcement contains a long section showing the locations and assays of the sulphide intercepts in relation to the former mine workings. This diagram supersedes tables of drill hole parameters, in part because the pierce point locations incorporate all the drill hole parameters.

	• *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.*	
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	See comment above.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Unless indicated, the assay intervals provided in the announcement are weighted averages of individual assay intervals for the full massive sulphide interval. No cut-offs used.
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	The massive sulphide intercepts do not involve short lengths of high grade and longer lengths of low grade results.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No equivalent values have been employed.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	Hole azimuths are perpendicular to strike. Most holes intersected mineralisation nearly perpendicular to dip, varying to 15-20 degrees from dip.

	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	The announcement contains a clear statement regarding the intercepts lengths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	The announcement contains a long section diagram showing the locations and assays of the sulphide intercepts in relation to the former mine workings.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The long section diagram shows the location and assay values of all drill intercepts relevant to the announcement.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	The announcement relates solely to newly-acquired drill data for the Lomero-Poyatos deposit.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Future work is still being planned but will involve drilling of targets defined using the data presented in the announcement.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	The areas of possible extensions are shown on the long section diagram.

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