

Ms Isabella Wong
Adviser, Listings Compliance
ASX Compliance
20 Bridge Street
Sydney NSW 2000

5 May 2015

Dear Ms Wong

Kimberley Diamonds Ltd: ASX Appendix 5B Query

We refer to your correspondence dated 1 May 2015 in relation to the Appendix 5B released by Kimberley Diamonds Ltd (the **Company**) on 30 April 2015.

We respond to each of your numbered points as follows:

1. As previously announced to the market, the Company is looking to raise further cash to fund the recommissioning of its Lerala Diamond Mine in Botswana. The Company has taken a number of steps over the last 12 months to raise funds, including a rights issue which completed in October 2014. The Company remains in discussions with external parties for possible equity or debt financing for the Lerala Diamond Mine. The Company is not currently in a position to determine whether these discussions are likely to be successful, but will update the market in due course.
2. Yes. The Company's current operations are at its Ellendale Diamond Mine in Western Australia. As disclosed to the market in our Appendix 5B released on 30 April 2015, the Company had cash at the end of Quarter 3, 2015 of \$2,971,000. During Quarter 4, 2015, the Ellendale Diamond Mine is forecasted to produce:
 - a. estimated cash inflows of \$16,450,000; and
 - b. estimated cash outflows of \$15,173,000 (including the \$6,099,000 mentioned in your letter).

The Company therefore expects to be able to continue its operations and to meet its business objectives.



3. The Company confirms that, to the best of its knowledge, it is in compliance with Listing Rule 3.1 and that there is no information that should be given to the ASX about its financial condition in accordance with that Rule that has not already been released to the market.

Yours faithfully

A handwritten signature in black ink, appearing to read "Laila Green". The signature is fluid and cursive, with the first letter "L" being particularly large and stylized.

Laila Green
Company Secretary and CFO
Kimberley Diamonds Ltd



1 May 2015

Ms Laila Green
Company Secretary and CFO
Kimberley Diamonds Ltd
Level 39, Australia Square Tower
264-278 George Street
Sydney NSW 2000

By email: laila.green@kdl.com.au

Dear Ms Green,

Kimberley Diamonds Ltd (the "Entity"): ASX Appendix 5B Query

I refer to the Entity's quarterly report in the form of Appendix 5B for the period ended 31 March 2015 lodged with ASX Market Announcements Platform on 30 April 2015 (the "Appendix 5B").

ASX notes that the Entity has reported:

- cash at the end of the quarter of \$2,971,000; and
- estimated cash outflows for the next quarter of \$6,099,000.

It is possible to conclude on the basis of the information regarding the estimated cash outflows for the next quarter that the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
2. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
3. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9:30am AEST on 7 May 2015. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Isabella Wong
Adviser, Listings Compliance (Sydney)