

KDL SECURES DEBT FINANCE FOR LERALA DIAMOND MINE

(ASX: KDL) Kimberley Diamonds Ltd (**KDL**) is pleased to announce that it has received the first AUD\$5 million under the terms of a loan agreement (**Loan Agreement**) entered into with a third party lender, Zhejiang Huitong Auction Co Ltd (**Zhejiang**). Under the terms of the Loan Agreement, Zhejiang has agreed to provide KDL with a total loan of AUD\$10 million, with KDL to receive a further AUD\$5 million by 31 July 2015.

The funds will be applied to the re-commissioning of KDL's Lerala Diamond Mine in Botswana. The Lerala Diamond Mine is KDL's primary focus, and once re-opened, will be KDL's key source of revenue.

Key Terms of Loan

The key terms of the Loan Agreement are as follows:

- KDL will pay interest of 5% per annum;
- loan to be repaid in full after 2 years;
- Zhejiang may elect for one third of the loan to be repaid in KDL shares at a 20% discount to the volume weighted average price of KDL's shares for the 20 business days prior to conversion; and
- the loan is secured by a security interest over KDL's shares in Mantle Diamonds Limited (UK).

KDL's Managing Director, Noel Halgreen said "this funding will allow KDL to immediately take key steps to towards the re-commissioning of the Lerala Diamond Mine, which, once re-opened, will provide KDL with significant revenue streams for the life of mine of approximately 7 years with significant potential for extension." Mr Halgreen noted that KDL will require further funds of approximately AUD\$5 million to complete the re-commissioning of Lerala, and is in discussions with third parties to raise the required funds.

About Zhejiang

Zhejiang Huitong Auction Co Ltd is a Chinese based auction house company with its head office in Hangzhou. It was established in 2000 and services financial asset management companies, banks and other financial institutions and law enforcement agencies in Zhejiang province.

Assistance of Summit Capital

The Board of KDL acknowledges the excellent efforts of Summit Capital Ltd (**Summit**) and KDL Chairman, Alex Alexander, in securing this loan on attractive terms, particularly given the difficult circumstances currently facing the resources market. Summit continues to assist KDL in securing the further funds required for Lerala.

About the Lerala Diamond Mine

The Lerala Diamond Mine is situated in north-east Botswana, approximately 34km north of the Martin's Drift Border Post with South Africa, and comprises five diamondiferous pipes totalling 6.66ha in size. The kimberlites were discovered in De Beers in the early 1990s and subject to

limited mining by DiamonEx in 2009. Most recently, Mantle Diamonds Limited (**Mantle**) operated the mine between February and July 2012, producing 73,403 carats from 0.26 Mt at 28.2 cpht.

KDL acquired Mantle in February 2014, and will be modifying the plant at Lerala to enable the plant to reliably treat 200 tonnes per hour and 1.4 million tonnes per annum. The current total Resource estimate for the Lerala kimberlites is 10.3 Mt at an average grade of 31.5 cpht equating to approximately 3.3 million carats.

Timeline for re-commissioning Lerala

KDL has a number of key contracts to be put in place before it will be able to finalise the timeline for re-commissioning, and will update the market with this information once it becomes available.



The plant at the Lerala Diamond Mine

For further information please contact:

Noel Halgreen
Managing Director
noel.halgreen@kdl.com.au

Holly Taylor
Corporate Communications
holly.taylor@kdl.com.au

The information in this report that relates to Mineral Resources at the Lerala diamond mine is extracted from the ASX announcement titled "Mineral Resource and Ore Reserve Statement", created on 30 September 2014. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.