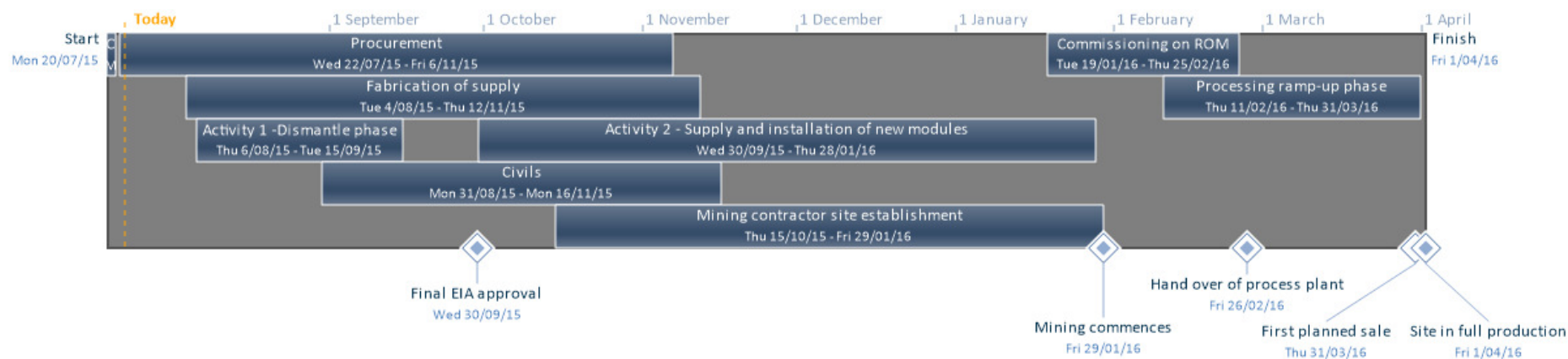


LERALA PROJECT TIMELINE AND KEY MILESTONES

Further to our announcement on 20 July 2014, (ASX: KDL) Kimberley Diamonds Ltd (**KDL**) would like to provide our shareholders further information on the timeline and key milestones for the recommissioning of operations at the Lerala Diamond Mine in Botswana.

As advised previously, KDL has entered into a lump sum turnkey contract (**Consulmet Agreement**) with Consulmet (Pty) Limited (**Consulmet**), for modifications to the plant at Lerala, to allow the plant to reliably treat and recover diamonds at a nominal rate of 200 tonnes per hour. In parallel to the work being undertaken by Consulmet, KDL has a detailed schedule of activities it will also be undertaking at Lerala prior to recommencement of operations, including the selection and engagement of a mining contractor, construction of slimes and process water containment facilities, infrastructure and communications upgrades, and the recruitment and training of operational and support personnel.

An illustration of the current intended project timeline with key milestones from project approval in July 2015 until the first planned sale of diamonds in March 2016 and full production from April 2016, has been extracted from the full project schedule and is shown graphically below.



The project timeline and key milestones

Procurement

Included within the Consulmet scope is the procurement of new or modified equipment as follows:

- Primary Scrubber Module – Scrubber shell, trommel screen, pumps and belt magnet
- Secondary Crusher Surge Bin Module – Secondary crusher feed conveyor feeder
- Secondary Crusher Module – Surge bin discharge vibrating feeder
- DMS Surge Bin Module - Surge bin discharge vibrating feeder
- Recovery Module – All mechanical and electrical equipment for the new recovery

In addition and due to its long delivery time, KDL has already purchased a Kawasaki CYBAS-i Cone Crusher mid 2014 as a replacement secondary crusher and this is ready for delivery from South Africa when required.

Fabrication of Supply

The various major components identified above will be fabricated in workshops in Johannesburg and Klerksdorp or otherwise sourced elsewhere in South Africa and Botswana.

Dismantle Phase

The major sections of the plant due for complete or partial replacement are required to be dismantled and removed to allow for new sections to be installed.

Civils

Once sections of the existing plant no longer required have been dismantled and removed, new earthworks and concrete civil foundations will be cast on which the new sections of plant will be erected.

Supply and installation of new modules

During this phase the newly procured components will be transported to site and erected in situ.

Mining contractor site establishment

Ongoing discussions are currently taking place with prospective mining contractors who have submitted qualifying tenders for the contract mining at Lerala. It is anticipated that a final selection will be made and the contract awarded in October 2015 and the mining contractor will commence site establishment shortly thereafter in order to commence mining in February 2016.

Commissioning on ROM

The plant will commence commissioning on existing run of mine (ROM) stockpiles until freshly mined ore is generated from the K3 Pit commencing in February 2016.

Processing ramp-up phase

The processing ramp up phase commences in February 2016 when ore is fed to the plant during Hot Commissioning. It has been estimated that the plant will process at 30% capacity during February and 70% capacity during March before reaching full production capacity from April 2016.

KDL is very excited about the recommencement of operations at the Lerala Diamond Mine in Botswana, as Lerala is seen as a significant milestone in KDL's growth strategy and, if successful, will provide revenue producing operations for KDL for a number of years. KDL is focusing all available resources on the successful project development and implementation at Lerala and will keep the market updated on this progress.

For further information on the Lerala Diamond Mine, please contact:

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

Brett Thompson
Chief Technical Officer
brett.thompson@kdl.com.au