ANNUAL STATEMENT OF MINERAL RESOURCES AND ORE RESERVES AS AT 30 JUNE 2015

This announcement presents the Annual Statement of Mineral Resources and Ore Reserves for Kimberley Diamonds Limited (KDL) at 30 June 2015, and has been prepared in accordance with the JORC Code 2012.

The projects included in this statement are:

- Lerala Diamond Mine in Botswana;
- The Lomero gold-silver-copper-zinc project in Spain; and
- Ellendale Diamond Mine and the Smoke Creek diamond project in Western Australia.

On 1 July 2015, Kimberley Diamond Company (KDC), a subsidiary of Kimberley Diamonds Limited (KDL) and the holding company for the Ellendale Diamond Mine and Smoke Creek diamond project, was placed into voluntary administration and has subsequently been placed into liquidation. As a consequence, the Ellendale Diamond Mine and the Smoke Creek diamond project are no longer owned by KDL.

Lerala Diamond Mine is located approximately 300km north-east of Gaborone, the capital of Botswana. The resource comprises five kimberlite pipes designated K2 to K6, and was acquired in February 2014 through the company's acquisition of Mantle Diamonds Limited. The process plant is currently undergoing a major refurbishment and re-engineering, prior to recommissioning. Production is expected to commence in Q3 FY2016 following completion of the plant refurbishment and after receiving final approval of the environmental impact assessment, which was submitted in April 2015.

The Lomero gold-silver-copper-zinc project is located approximately 90km west of Seville in southern Spain, and was awarded to KDL in October 2014 through a competitive public tender. The former mine ceased production around 1982 but considerable massive sulphide remains unmined and the full extent of the mineralisation is unknown. A resource assessment completed in 2012 under the Canadian compliance standard NI43-101 is designated as a Qualifying Foreign Estimate under ASX Listing Rules. KDL has successfully recovered datasets from previous drilling and recently commissioned a new resource estimate that will conform with JORC 2012. The Company intends to assess the potential viability of a new mining operation.

Ellendale Diamond Mine is situated approximately 120km east of Derby in the West Kimberley Region of Western Australia. The mine is owned by KDC, which was acquired by KDL in February 2013 through a purchase from Gem Diamonds Limited. The resource comprises three lamproite pipes, known as E9, E4 and E4 Satellite, and associated stockpiles at E9 and E4. Operations during the year to 30 June 2015 were focused on the processing of E9 stockpiles and E4 ROM stockpiles through the E9 treatment plant. The E9 "lights"

stockpiles and the E9 alluvial deposits were bulk sampled to assess their economic potential. The E4 pipe and treatment plant remained on care and maintenance and the E4 Satellite pipe remained unmined. All operations at Ellendale ceased on 1 July 2015.

The Smoke Creek Diamond Project is situated approximately 80km south-southwest of Kununurra in Western Australia, on the southern boundary of Lake Argyle. The project was acquired by KDC in February 2014 from Venus Metals Corporation. The resource comprises an alluvial diamond deposit hosted by the alluvial gravel terraces of Smoke Creek, which formerly drained the Argyle kimberlite pipe. The alluvial diamond resource comprises eight resource blocks defined by geological mapping, pitting and bulk sampling. No mining was undertaken during the year.

Diamond Mineral Resources

Table 1: Mineral Resource Summary as at 30 June 2015

			2015 RESOURCE STATEMENT				2014 RESOURCE STATEMENT			
SOURCE	ZONE	RESOURCE CLASS	TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)
Lerala	K2	Indicated	3.1	25.4	799	$61	3.1	25.4	799	$61
	K3		2.8	44.1	1,253	$79	2.8	44.1	1,253	$79
	K4		0.7	53.4	381	$79	0.7	53.4	381	$79
	K5		1.5	17.8	275	$79	1.5	17.8	275	$79
	K6		0.3	30.3	90	$79	0.3	30.3	90	$79
	Tailings		0.0	0.0	0	$0	0.0	0.0	0	$0
	TOTAL INDICATED LERALA		**8.5**	**32.8**	**2,799**	**$74**	**8.5**	**32.8**	**2,799**	**$74**
	K2	Inferred	0.0	19.7	0	$61	0.0	19.7	0	$61
	K3		1.5	26.7	401	$79	1.5	26.7	401	$79
	K4		0.2	20.8	43	$79	0.2	20.8	43	$79
	K5		0.0	0.0	0	$79	0.0	0.0	0	$79
	K6		0.0	0.0	0	$79	0.0	0.0	0	$79
	Tailings		0.1	13.0	10	$40	0.1	13.0	10	$40
	TOTAL INFERRED LERALA		**1.8**	**25.4**	**454**	**$78**	**1.8**	**25.4**	**454**	**$78**
	TOTAL LERALA		**10.3**	**31.5**	**3,253**	**$74**	**10.3**	**31.5**	**3,253**	**$74**
Ellendale	E4 pipe	Indicated	4.0	6.7	265	$156	4.0	6.7	265	$185
	E9 pipe		5.1	3.7	186	$706	5.1	3.7	186	$746
	ROM Stockpiles		0.7	7.6	55	$180	1.8	6.8	120	$242
	TOTAL INDICATED ELLENDALE		**9.7**	**5.2**	**506**	**$361**	**10.8**	**5.3**	**571**	**$379**
	E4 pipe	Inferred	10.3	6.1	632	$156	10.3	6.1	632	$185
	E9 pipe		1.4	3.5	47	$706	1.4	3.5	47	$730
	E4 Satellite		13.1	5.5	725	$210	13.1	5.5	725	$210
	Low Grade Stockpiles		1.8	2.5	44	$210	2.9	2.8	80	$436
	Lights Stockpiles		12.4	0.8	103	$682	11.2	1.1	118	$945
	Alluvials		0.4	4.29	18	$643	0	0	0	0
	TOTAL INFERRED ELLENDALE		**39.3**	**4.0**	**1,569**	**$239**	**38.8**	**4.1**	**1,602**	**$281**
	TOTAL ELLENDALE		**49.1**	**4.2**	**2,075**	**$269**	**49.6**	**4.4**	**2,173**	**$307**
Smoke Creek	Smoke Creek	Inferred	33.5	39.2	13,113	$40	22.2	28.0	6,000	$30
	TOTAL SMOKE CREEK		**33.5**	**39.2**	**13,113**	**$40**	**22.2**	**28.0**	**6,000**	**$30**
TOTAL KDL INDICATED RESOURCE			**18.3**	**18.1**	**3,305**	**$118**	**19.3**	**17.5**	**3,370**	**$126**
TOTAL KDL INFERRED RESOURCE			**74.6**	**20.3**	**15,136**	**$62**	**62.8**	**12.8**	**8,056**	**$83**
TOTAL KDL RESOURCE			**92.8**	**19.9**	**18,441**	**$72**	**82.1**	**13.9**	**11,426**	**$95**

* Tonnage is stated in 1,000,000 tonnes and rounded to the nearest 100 kt while carats are stated in 1,000 carats and rounded to the nearest 1000 ct, which may result in minor computational discrepancies

Notes:

- As at 30 June 2015 the Diamond Mineral Resources of the Company totalled 92.8 million tonnes (Mt) at 19.9 carats per hundred tonnes (cpht) containing 18.4 million carats, compared to 82.1 Mt at 13.9 cpht for 11.4 million carats at 30th June 2014. Note, however the comment above on the KDC assets post 1 July 2015.

- The E9 Mineral Resource is calculated to a 1.50mm bottom cut-off size. All other resources are calculated to a 1.0mm bottom cut-off size.

- No additional exploration work or mining depletion has occurred at E9 Pipe, E4 Pipe or E4 Satellite Pipe so Indicated and Inferred Mineral Resources volumes and grades for these sources have not changed from the 2014 *Mineral Resource and Ore Reserve Statement* report (*2014 Report*), published 30 September 2014 and available on the ASX website. Estimated revenue per carat, where applicable has been updated in the current report.

- ROM and Low Grade stockpiles have been reduced due to mining depletion.

- The Lerala Diamond Mine has been on Care and Maintenance and as such no additional exploration work or mining depletion has occurred at Lerala and Indicated and Inferred Mineral Resources for these sources have not changed from the 2014 Report, with the exception of an incorrect resource table which was identified in the *Table 1* document in the *2014 Report* and which has been corrected in the current 2015 report.

- A new depositional sedimentology model has been developed for Smoke Creek and the Inferred Mineral Resource was reviewed and the volume and resource grades re-estimated accordingly.

- Mineral Resources are reported inclusive of Ore Reserves

Further details are contained in the attached *Table 1* documents for Lerala, Ellendale and Smoke Creek.

Diamond Ore Reserves

Table 2: Ore Reserve Summary as at 30 June 2015

SOURCE	ZONE	RESERVE CLASS	2015 RESERVE STATEMENT				2014 RESERVE STATEMENT			
			TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)
Lerala	K2	Probable	0.8	35.3	287	$61	0.8	35.3	287	$61
	K3		2.7	32.3	865	$79	2.7	32.3	865	$79
	K4		0.6	32.2	197	$79	0.6	32.2	197	$79
	K5		0.7	20.0	134	$79	0.7	20.0	134	$79
	K6		0.2	29.9	59	$79	0.2	29.9	59	$79
	PROBABLE RESERVES LERALA		**5.0**	**31.0**	**1,541**	**$76**	**5.0**	**31.0**	**1,541**	**$73**
Ellendale	E9 Pipe	Probable	No reserves have been estimated				0.6	3.3	20	$674
	E9 Stockpiles						0.6	1.6	10	$921
	E4 Stockpiles						1.2	9.4	111	$185
	PROBABLE RESERVES ELLENDALE		**0.00**	**0.00**	**0.00**	**0.00**	**2.4**	**5.9**	**140**	**$446**
TOTAL PROBABLE RESERVES KDL			**5.0**	**31.0**	**1,541**	**$76**	**7.3**	**22.9**	**1,681**	**$102**

* Tonnage is stated in 1,000,000 tonnes and rounded to the nearest 100 kt while carats are stated in 1,000 carats and rounded to the nearest 1000 ct, which may result in minor computational discrepancies

Notes:

- At 30 June 2015 the estimated Diamond Ore Reserves of the Company totalled 5.0 million tonnes (Mt) at 31.0 carats per hundred tonnes (cpht) containing 1.54 million carats. All reserves are in the Probable category.
- The above figure compares to the Ore Reserve at 30 June 2014 of 7.3 Mt at 22.9 cpht containing 1.68 million carats, which represents a decrease of 2.3 Mt and 0.14 million carats, primarily due to the removal of Ellendale Ore Reserves.
- Based on prevailing economic conditions as at 30 June 2015, no Ore Reserves have been stated for Ellendale Diamond Mine.
- The Ore Reserves are located only at the Lerala Diamond Mine in Botswana.
- There were no acquisitions that added to the Ore Reserves during the year.
- The stated Ore Reserve grades are head feed grades.
- The Lerala Diamond Mine has been on Care and Maintenance and as such no additional exploration work or mining depletion has occurred at Lerala and Probable Reserves for these sources have not changed from the *2014 Report*, with the exception of an arithmetic error in the calculation of average revenue per carat which was identified in the *2014 Report* and which has been corrected in the current 2015 report.

Further details are contained in the attached *Table 1* document for Lerala.

Gold and base metal Mineral Resources

Lomero gold-silver-copper-zinc project in Spain

The most recent estimate of the Lomero massive sulphide deposit was completed in 2012 by Behre Dolbear International (UK) in accordance with the Canadian compliance standard NI43-101 and, therefore, is designated as a Qualifying Foreign Estimate of mineralisation under ASX Listing Rules.

A Competent Person has not done sufficient work to classify the Qualifying Foreign Estimate in accordance with the Australian JORC Code. It is uncertain whether such evaluation and/or further exploration work will enable the Qualifying Foreign Estimate to be reported as Mineral Resources or Ore Reserves in accordance with JORC 2012.

The independent report underpinning the estimate is titled "*NI43-101 Technical report of the Lomero-Poyatos Au-Cu-Zn mine in Andalusia, Spain*" by Qualified Person Richard Fletcher and is dated 21 May 2012. The report was commissioned by Petaquilla Minerals Ltd and its subsidiary, Corporacion Recursos Iberia SL, and is publically available on the internet.

The independent study estimated the deposit as an Inferred Mineral Resource of 6.07 Mt @ 4.25 g/t Au & 88.7 g/t Ag, containing a total of 830,000 oz of gold.

The estimate stated above is based on a base case cut-off grade of 1 g/t gold. The estimation was repeated at successively higher cut-off grades, and reported (on p.59) as follows:

Class	Cut-Off	Volume	Cumulative		
Inferred Mineral Resource	g/t Au	m^3	Mt	Au g/t	Ag g/t
Base case*	> 1.0	1,348,656	6.07	4.25	88.74
	> 2.0	1,261,039	5.66	4.45	92.33
	> 3.0	1,114,235	4.89	4.74	96.47
	> 4.0	864,606	3.63	5.16	102.24
	> 5.0	520,970	1.92	5.77	111.6
	> 6.0	162,814	0.59	6.51	124.57
	> 7.0	29,806	0.04	7.76	132.24
	> 8.0	4,703	0.01	9.02	171.03
	> 9.0	830	0.004	9.82	187.77

*Base case assumes a minimum underground mining width of 2m at 1 g/t and specific gravity of 4.5.

The Inferred Resource category under NI43-101 is comparable to that defined under the JORC Code.

The 2012 estimation was based on a database of 48 diamond drill holes (p.53) completed from 2001 to 2007 by Cambridge Mineral Resources Plc (CMR). The three-dimensional (3D) deposit block model took into account the zones of previous mining, developed as solids from the detailed mine closure plans (p.57).

Our enquiries have revealed that Petaquilla/CRI was unable to acquire the complete project database from CMR. While the independent study had access to the drill hole data, it lacked access to the supporting QA/QC (quality assurance and control) documentation and other auxiliary datasets such as the sulphide density measurements. The omissions were identified in the report and flagged for further attention, but necessitated that the resource be classified therein as Inferred.

The key elements unavailable to the 2012 estimation were identified as follows:

- The absence of the density (specific gravity) dataset necessitated the use of an assumed density value (p.3; p.56) and led to a strong recommendation "that studies of the specific gravity be undertaken to enable the Inferred Mineral Resources to be upgraded to Indicated and Measured Resource categories" (p.3, p.68).

- The absence of QA/QC (quality assurance and control) documentation for sampling and assays, and the inability to access and inspect the project drill core (p.40-41) led to a recommendation that additional drilling be conducted to twin and cross-correlate the earlier drill holes (p.68).

- The study was also hampered by the lack of a rock code legend for the lithological logs, which made the latter unusable, and the absence of the structural geology and geotechnical datasets (p.53). Instead, the authors developed the three-dimensional (3D) block model of the sulphide deposit using a 25% sulphur envelope derived from the assay dataset (p.53).

In its conclusion (p.69), the report notes that the validation work and the new block model and Mineral Resource Estimate "met the objective of confirming the reliability of the available historical data by identifying a potentially economic massive sulphide deposit and establishing the approximate grade and spatial distribution of the associated Au, Ag, Cu, Pb, Zn mineralisation". The author also advised that additional work "on the lower-grade, near-surface mineralisation could potentially expand the defined Mineral Resources at the property".

In 2013, Petaquilla conducted additional drilling in order to generate the required datasets (above), but financial difficulties led to it being unable to advance the project further.

As announced on 22 June 2015, KDL has commissioned the independent global mining consultancy Snowden to undertake a new resource estimation. Snowden will validate the data and complete a new three-dimensional (3D) block model, kriging estimation and resource classification. This new estimation will incorporate additional data generated by the 2013 drilling and satisfy the reporting requirements of the Australian JORC Code. It is scheduled to take approximately three months to complete.

Statements of Compliance

The information in this report that relates to Diamond Mineral Resources as at 30 June 2015 is based on information compiled or reviewed by Mr Stephen le Roux. Mr le Roux is a member of the South African Council for Natural Scientific Professions and a full time employee of Kimberley Diamonds Limited. Mr le Roux has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 le Roux consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Diamond Ore Reserves as at 30 June 2015 is based on information contained in the 2014 Report and has been reviewed under the direction of Mr Brett Thompson. Mr Thompson is a Member of the AusIMM and is a full time employee of Kimberley Diamonds Limited. Mr Thompson has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and for the activity being undertaken to qualify as a Competent Person as defined by the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Thompson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Lomero gold-silver-copper-zinc deposit project in Spain 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.

For further information please contact:

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Lerala Diamond Mine Mineral Resource and Ore Reserve Statement as at June 30th 2015

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary

Abbreviations

Abbreviation	Explanation
3D	3 Dimensional
ADT	Articulated Dump Truck
BSS	Bottom Screen Size
cpht	Carats per hundred tonnes
Ct	Carat
D-GPS	Differential Global Positioning System
GPS	Non Differential Global Positioning System
DMS	Dense Media Separation
GSPS	The De Beers facility for recovering diamonds from geological samples
Ha	Hectares
KDC	Kimberley Diamond Company NL
LDD	Large Diameter Drilling
ROM	Run-of-Mine
RC	Reverse Circulation drilling technique
SG	Specific Gravity
SRK	SRK Consulting – worldwide mining and resource consultants
ARC 1950	ARC 1950 Geodetic datum
LO27	Cape Coordinate reference system (Zone 27 between 26^{o}E and 28^{o}E)
UTM–WGS84	Universal Transverse Mercator coordinate system using WGS 84 Datum.
KDL	Kimberley Diamonds Limited
LDM	Lerala Diamond Mines Limited
IDS	Inverse Distance Squared spatial interpolation technique

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Sampling techniques</td><td>The data used in the resource estimate is based on a series of phases of sampling by the operation's previous owners.

De Beers carried out a Large Diameter Drilling (LDD) program during 1992 over K2-K5 on a nominal 40m grid. Holes were 12" (219mm) diameter and approximately 110m deep using percussion drilling techniques. Samples were recovered from 20m intervals for a total of 618 tonnes of sample.

As part of the same program, pits and trenches were excavated in K2 to K6 for the recovery of approximately 1,325 tonnes.

During 2004-5, DiamonEx drilled 17 x 17.5" diameter LDD holes using a Reverse-flush-air-assist or RC air hammer drilling techniques which were sampled at 20m intervals.

In addition, 11 pits were excavated for the recovery of a total of 4,946 tonnes.

<table>
<tr><th></th><th colspan="2">No. Holes Sampled</th></tr>
<tr><th>Pipe</th><th>De Beers</th><th>DiamonEx</th></tr>
<tr><td>K2</td><td>11</td><td>5</td></tr>
<tr><td>K3</td><td>13</td><td>5</td></tr>
<tr><td>K4</td><td>4</td><td>3</td></tr>
<tr><td>K5</td><td>3</td><td>4</td></tr>
<tr><td>K6</td><td>0</td><td>1</td></tr>
<tr><td>Total</td><td>31</td><td>18</td></tr>
</table>
</td></tr>
<tr><td>Drilling techniques</td><td>In addition to the techniques described above, diamond core drilling and percussion drilling have been undertaken to define the lithological model.

Diamond core drilling has also been undertaken to acquire geotechnical information.</td></tr>
<tr><td>Drill sample recovery</td><td>The De Beers LDD samples were recovered through a cyclone and collected in bulk bags.

The DiamonEx LDD samples were recovered over a vibrating screen with a 1mm screen size and collected in bulk bags.</td></tr>
<tr><td>Logging</td><td>Percussion chips were logged for basic lithological parameters at the drill site for all phases of drilling.

Core was logged for both lithological and geotechnical parameters.</td></tr>
<tr><td>Sub-sampling techniques and sample preparation</td><td>No sub sampling was undertaken.

All LDD and bulk samples were treated through a DMS plant with 1.0mm bottom cut-off.</td></tr>
<tr><td>Quality of assay data and laboratory tests</td><td>The De Beers' samples were treated through a DMS process with diamonds recovered from the concentrate at their GSPS laboratory in Johannesburg.

The DiamonEx samples were mostly treated through an on-site 7tph DMS plant with a Flow-sort X-ray diamond recovery unit. Samples from 5 of the LDD holes were treated by De Beers Geological Services division with concentrates processed through the onsite Flow-sort unit. Final diamond recovery was carried out by senior DiamonEx management.</td></tr>
<tr><td>Verification of sampling and assaying</td><td>Most of the DiamonEx holes were twinned with previous De Beers' holes and in general there was reasonable correlation between the two phases of drilling.

The DiamonEx sample processing was observed by SRK – an independent consultancy.</td></tr>
<tr><td>Location of data points</td><td>All drillholes were positioned and oriented in order to intersect specific pipe lithologies for geological modelling and resource estimation purposes.

De Beers drill holes were originally presented using the LO27 co-ordinate system.

DiamonEx data were located using a hand-held GPS using the ARC 1950 projection under the WGS-84 datum.

All coordinates, models etc. have now been converted to UTM – WGS-84.

A recent LIDAR topography survey has been undertaken, and all elevations tied back to that.</td></tr>
<tr><td>Data spacing and distribution</td><td>The data spacing used for the geological modelling is deemed suitable for the determining geological continuity for this type of kimberlite body. A nominal grid of 40m for the LDD drilling was applied by De Beers. Additional infill drilling has been done by DiamonEx

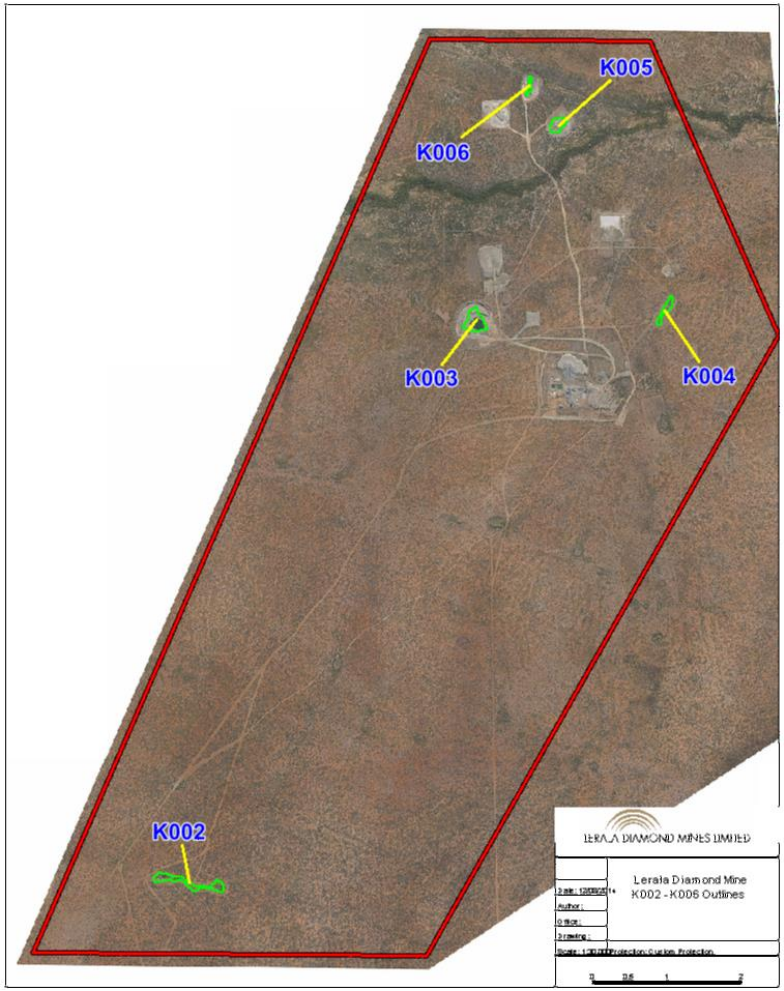
No sample compositing has been applied to the grade data.</td></tr>
</table>

Criteria	Commentary
Orientation of data in relation to geological structure	Due to the massive nature of the ore bodies, bias of sampling is not expected.
Sample security	Basic on site security measures were in place for the De Beers sampling phase, but diamond recovery took place in a high security environment at De Beers GSPS. Sample bags were sealed until treatment. Sample bags were sealed until treatment. DiamonEx diamond recovery was undertaken only by senior management on site.
Audits or reviews	No external review of De Beers' diamond data has taken place. The DiamonEx sample treatment was undertaken under the observance of SRK personnel.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	**Mineral tenement and land tenure status** The Lerala Diamond Mine is held by Lerala Diamond Mines (Pty) Limited under mining license 2006/29L issued by the Department of Mines of the Government of Botswana on 1st September 2006 for a period of 15 years. The mining lease covers a total area of 21,860ha and was initially awarded to DiamonEx Limited. Mantle Diamonds Limited acquired the project in 2010. Kimberley Diamonds Limited acquired the project through the acquisition of Mantle Diamonds Limited in 2013
Exploration done by other parties	The Project was initially explored and sampled by De Beers Prospecting Botswana "(De Beers") from 1998. An extensive soil sampling program led to the discovery of the 5 pipes comprising the project. Initial delineation of the pipes was undertaken through shallow pitting followed by percussion drilling. An LDD program was undertaken during 1992, along with a core drilling program for facies delineation. A trial mining phase was undertaken from 1994-1996. DiamonEx acquired the rights to the Project in 2002 and in 2004, commenced a large diameter reverse circulation drilling programme for sampling followed by a bulk sampling programme. Mining commenced in 2009 but was suspended due to the prevailing economic conditions at the time. Only limited exploration has been undertaken in the mining lease since DiamonEx took over the project, and no additional deposits have been identified.

Geology	The diamonds in the project area occur in 5 kimberlite pipes, named as K002 to K006. Three other occurrences; K1, K7 and K8 lie some distance to the north-east and are sub-economic. The pipes are small in extent ranging from 0.16 ha to 2.34 ha and span a maximum distance from north to south of 6.8km. 

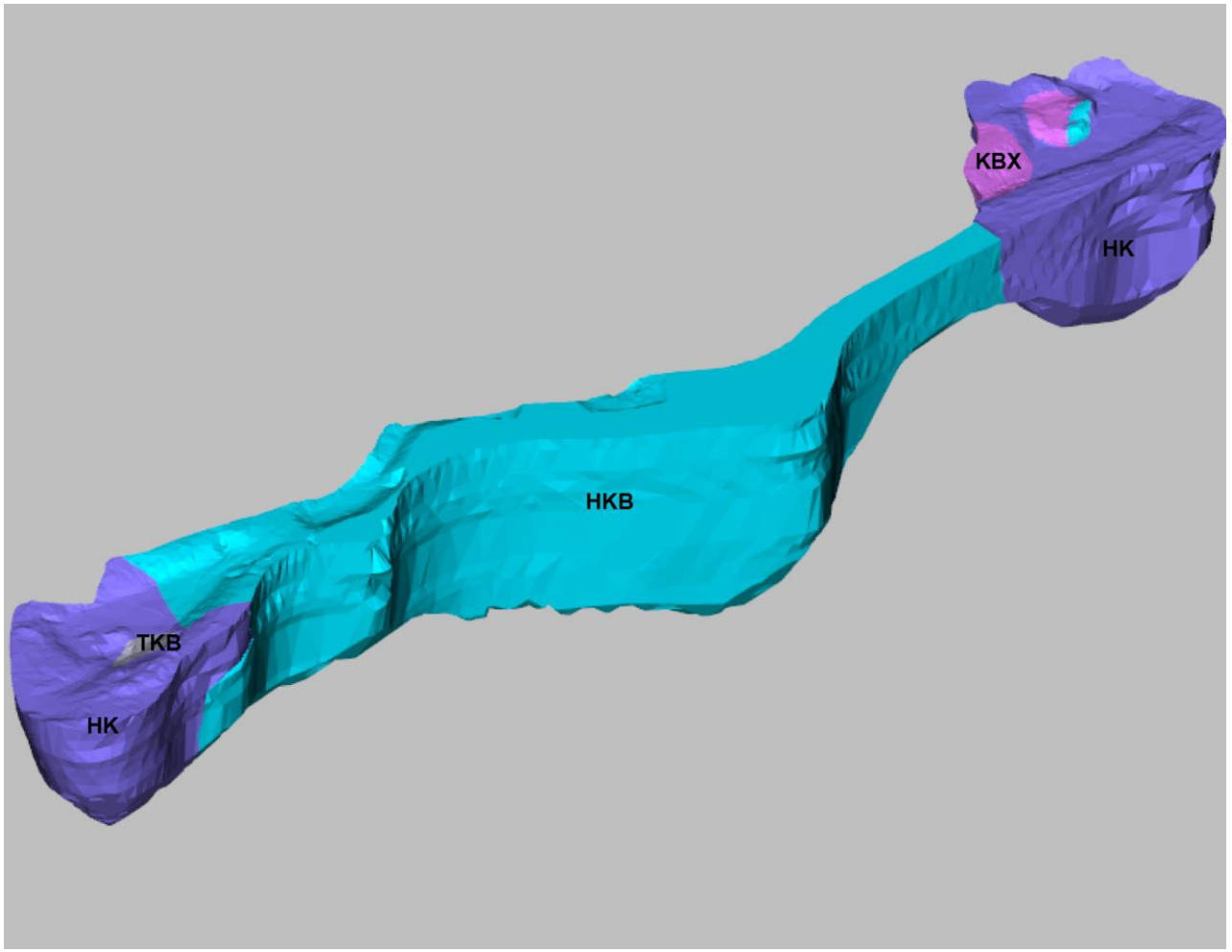
K2

K2 lies to the extreme south-west of the mining lease. The body has a highly complex morphology covering a total of 2.13ha and is elongated in an EW orientation. The pipe has a maximum length of approximately 500m and a maximum width of around 50m, with a minimum width of 11m.

The central areas are composed of hypabyssal kimberlite breccia, which has incorporated significant quantities of granite-gneiss, amphibolite and dolerite country rock. The lobes to the east and west are made up of relatively undiluted hypabyssal kimberlites, while close to surface in the west lobe is a small area of tuffisitic kimberlites breccia. Large blocks of county rock are prominent within the pipe.

The dominant country rock is leucocratic pink granite gneiss with occasional amphibolite dykes. Dolerite dykes have also been encountered.

K2 Pipe Showing Lithology



K3

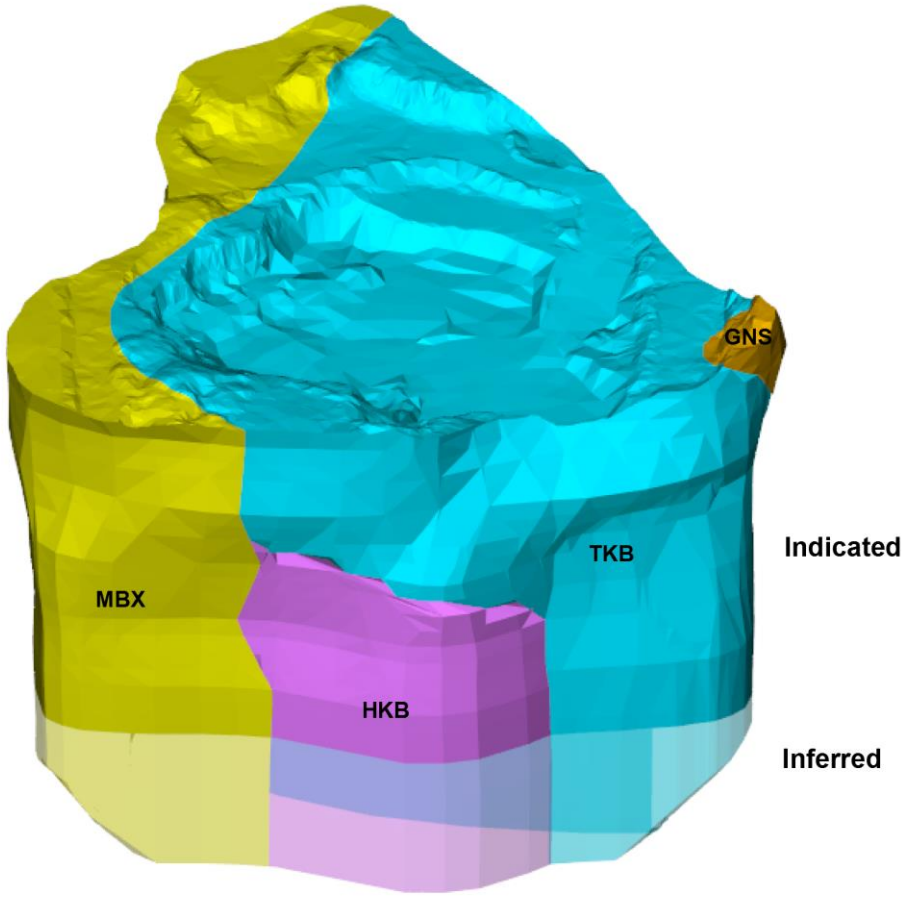
K3 is the largest of the pipes within the project area with a surface area of approximately 2.06ha. It is a north-south oriented bell shaped pipe with a maximum width of 200m in the south, and 10m in the north.

At surface the pipe is mainly composed of tuffisitic kimberlites breccia with a highly diluted marginal breccia on the western margin. At depth a zone of hypabyssal kimberlites breccia becomes prominent.

The kimberlite has a fragmental appearance due to abundant angular to subrounded country rock xenoliths set in a kimberlites matrix. Xenoliths of 0.3 - 3m are common with occasional blocks of up to 20m diameter present.

The marginal breccia consists of less than 10% kimberlites matrix, with migmatite, granitic-gneiss, amphibolite and quartzites forming the clasts.

K3 Pipe Showing Lithology (Transparent Zone is Inferred Resource)



K4

K4 is a NNE/SSW oriented pipe with a central narrow neck. The pipe has a surface area of approximately 0.77ha with a maximum length of about 250m and a maximum width of 50m.

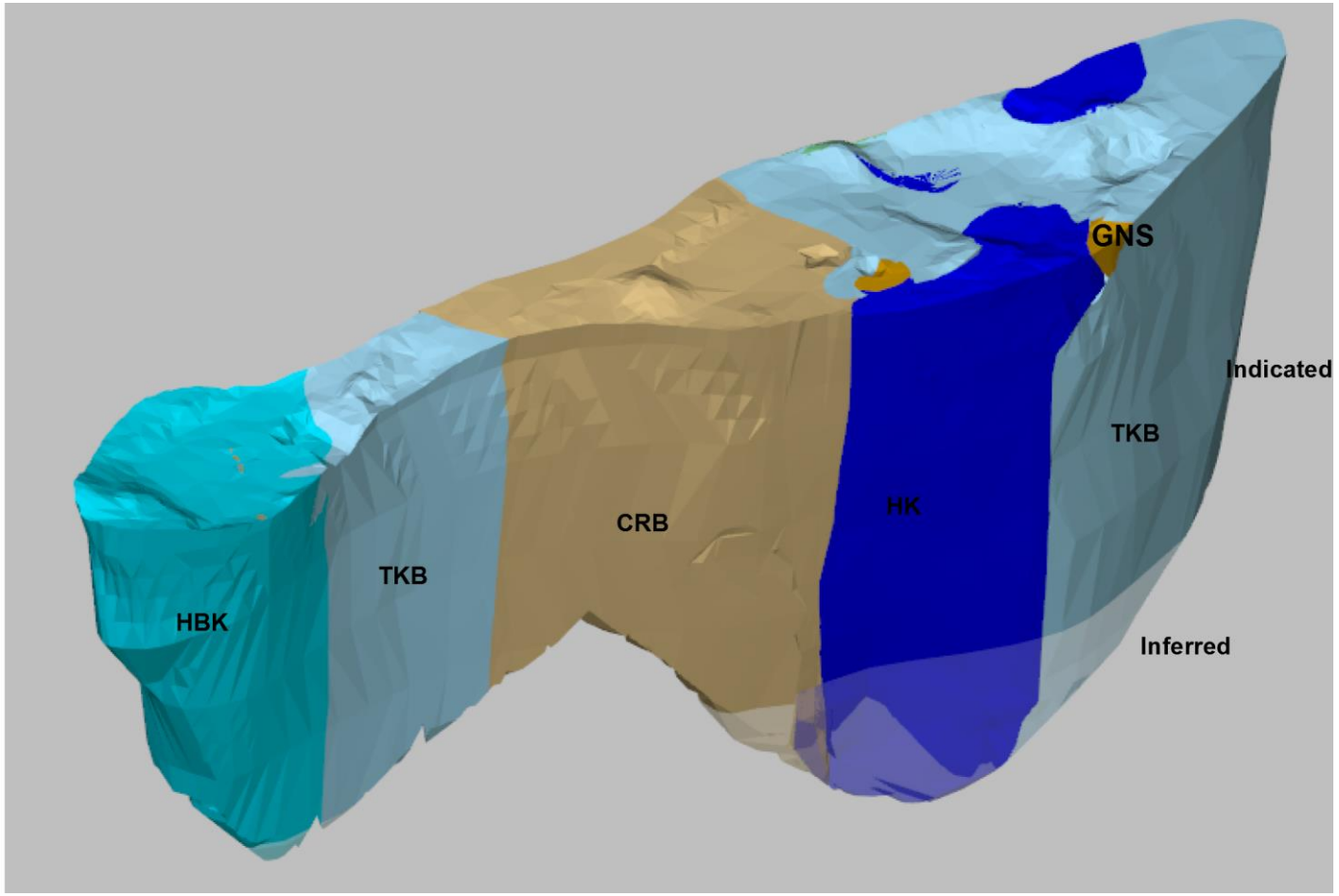
The tuffisitic kimberlites breccia is the dominant kimberlite type within the pipe. It occurs in the northern and southern parts of the pipe, and contains country rock xenoliths up to a couple of metres, but generally less than a few centimetres.

The kimberlite breccia occurs in the middle and in the south of the pipe, and is very competent where silicification has occurred. Xenoliths are mainly granite-gneiss and amphibolite and mostly 10-50mm in size, and form 30-40% of the rock.

Hypabyssal kimberlite is present as isolated plugs and narrow dykes intersecting the TKB. The dykes are generally 50-100cm across.

Marginal breccias are common at the margins of the pipe and around floating reefs and contain very little kimberlite.

K4 Pipe Showing Lithology (Transparent Zone is Inferred Resource)



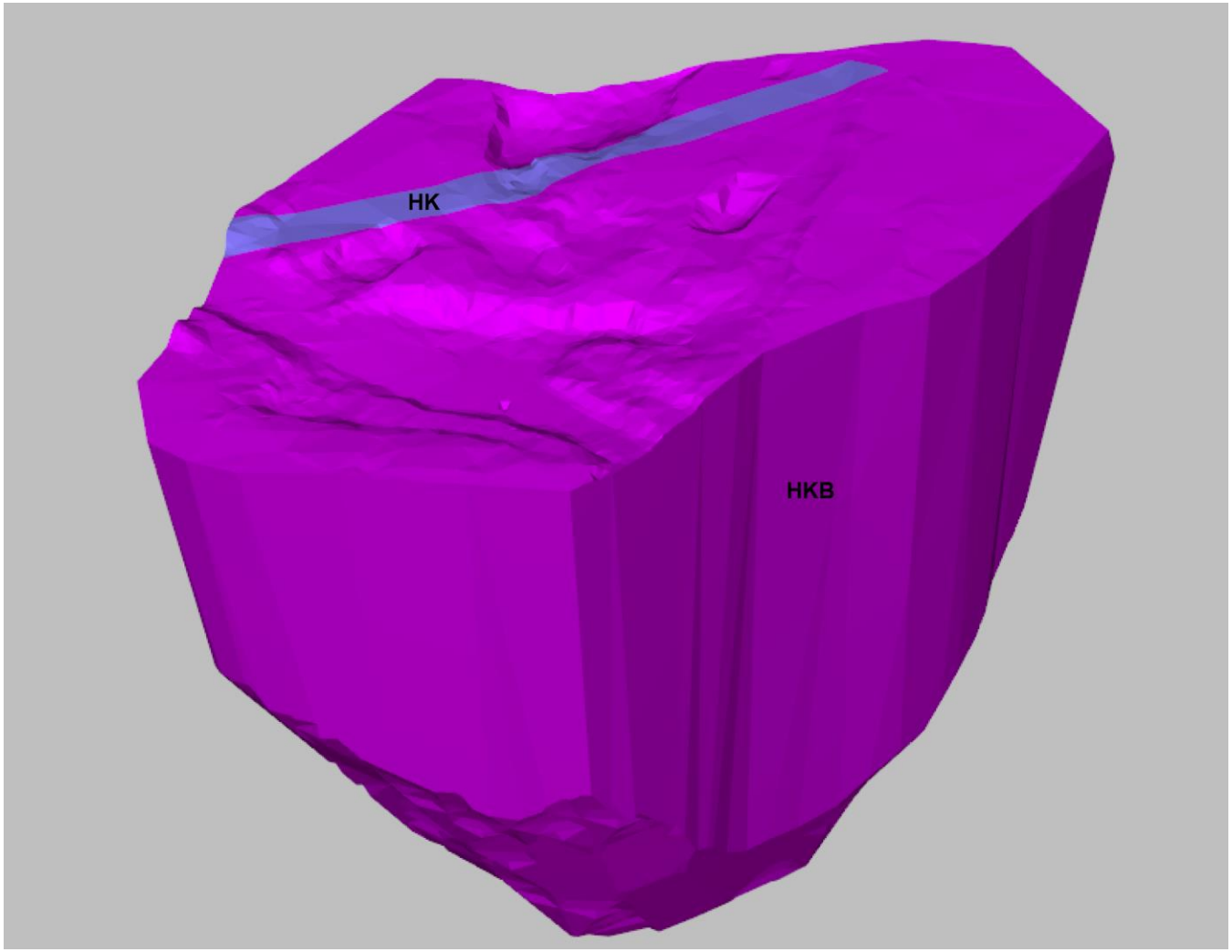
K5

K5 is ellipsoid in shape with an area of 1.03ha and a maximum length of 150m and maximum width of 90m.

The pipe is composed mainly of hypabyssal kimberlites breccia with minor hypabyssal occurrences with very few large blocks of country rock present. The kimberlite is generally very fresh and competent. The breccia contains 40-70% country rock xenoliths mostly 1-15cm in size and mainly composed of pink leucocratic granitic gneiss and amphibolite.

The hypabyssal kimberlite occurs as dykes of 1-15m across. Marginal breccias are not common, but floating reefs of 2-5m diameter are present.

K5 Pipe Showing Lithology



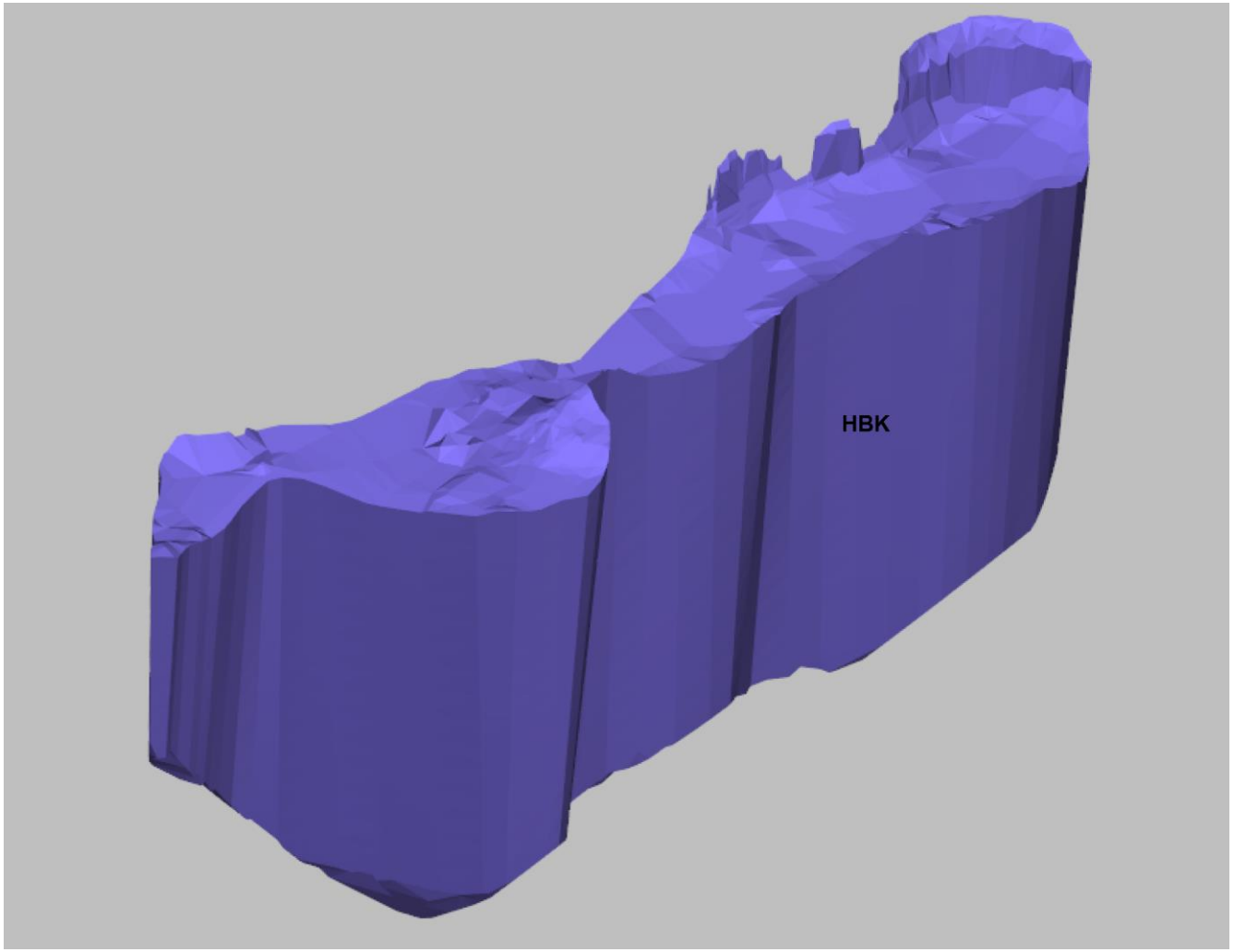
K6

K6 is a linear body oriented north south. It is 0.26ha in size with a north south length of approximately 150m and a maximum width of 30m.

The pipe is composed mainly of hypabyssal kimberlite. Near the centre of the pipe, a zone of hypabyssal kimberlite breccia is present. Xenoliths of up to 20cm in diameter are common and composed of granitic gneiss and amphibolite.

Marginal breccias are present along the eastern contact and around the 3-4m diameter floating reef near the centre of the pipe.

K6 Pipe Showing Lithology



Drill hole Information	Drilling has been carried out at Lerala by both De Beers and DiamonEx, and includes a combination of diamond core and percussion drilling for pipe and facies delineation with LDD drilling used for grade determination.
Data aggregation methods	Due to the types of samples taken, no data aggregation has taken place.
Relationship between mineralisation widths and intercept lengths	Due to the massive nature of the deposit, all widths are effectively true widths.
Diagrams	See Geology section.
Balanced reporting	Exploration results have been reported in sufficient detail to avoid presenting an unfairly biased view of the results.
Other substantive exploration data	No recent exploration has taken place within the tenements by KDL or LDM.
Further work	A review of existing exploration data is planned with a view to identifying further exploration opportunities within the mining licence. Additional drilling is planned in the future to extend the current mineral resources to depth.

	K2		K3		K4		K5		K6		Total	
Sample Type	**No of Holes**	**Total Metres**	**No of Holes**	**Total Metres**	**No of Holes**	**Total Metres**	**No of Holes**	**Total Metres**	**No of Holes**	**Total Metres**	**No of Holes**	**Total Metres**
LDD	18	329	18	451	7	377	9	320	2	2	54	1,479
Diamond Core	5	154	4	240	5	157	5	51	4	138	23	740
Percussion	7	22	5	391	2	101	4	139	-	-	18	653
Grand Total	**40**	**505**	**37**	**1,082**	**16**	**635**	**20**	**510**	**8**	**140**	**121**	**2,872**

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
Database integrity	All the drilling and sampling data has been imported into a SQL database with links to both Vulcan and Mapinfo Discover for interpretation and analysis. All De Beers and Diamonex sample data has been checked by SRK during a previous resource estimate process. The database provided by Mantle and used during the estimation process has been checked against the SRK data and found to be consistent.
Site visits	A site visit by SRK was undertaken to monitor the sample processing during the DiamonEx drilling program, The site has been visited by KDL personnel since the property was acquired.

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Geological interpretation</td><td>
The geological interpretation for the kimberlite pipes is based on work undertaken by De Beers. Surface outlines have since been modified based on information acquired during mining by both Mantle and DiamonEx. Pipe and facies outlines at depth have been modified based on the various phases of drilling undertaken during the project development. Where necessary the internal geology contacts have been remodelled to match the updated pipe outlines.

The facies breakdown per pipe is shown in the table below:

<table>
<tr><th>Group</th><th>Pipe</th><th>Unit</th><th>Description</th></tr>
<tr><td rowspan="15">Kimberlite</td><td rowspan="4">K2</td><td>TKB</td><td>Tuffisitic Kimberlite Breccia – fragmental kimberlite</td></tr>
<tr><td>HK</td><td>Hypabyssal Kimberlite – fresh, competent magmatic kimberlite</td></tr>
<tr><td>HKB</td><td>Hypabyssal Kimberlite Breccia – macrocrystic magmatic kimberlite with country rock xenoliths</td></tr>
<tr><td>KB</td><td>Kimberlite Breccia – abundant country rock clasts in a kimberlite matrix</td></tr>
<tr><td rowspan="3">K3</td><td>TKB</td><td>Tuffisitic Kimberlite Breccia – fragmental kimberlite</td></tr>
<tr><td>MB</td><td>Marginal Breccia – abundant country rock clasts in a kimberlite matrix, located on western margin of pipe</td></tr>
<tr><td>HKB</td><td>Hypabyssal Kimberlite Breccia – macrocrystic magmatic kimberlite with country rock xenoliths; only found at depth.</td></tr>
<tr><td rowspan="5">K4</td><td>TKB</td><td>Tuffisitic Kimberlite Breccia – fragmental kimberlite</td></tr>
<tr><td>HK</td><td>Hypabyssal Kimberlite – fresh, competent magmatic kimberlite</td></tr>
<tr><td>HKB</td><td>Hypabyssal Kimberlite Breccia – macrocrystic magmatic kimberlite with country rock xenoliths</td></tr>
<tr><td>KB</td><td>Kimberlite Breccia – abundant country rock clasts in a kimberlite matrix</td></tr>
<tr><td>CRB</td><td>Country Rock Breccia – Dominantly country rock with a small volume of kimberlite</td></tr>
<tr><td rowspan="2">K5</td><td>HK</td><td>Hypabyssal Kimberlite – fresh, competent magmatic kimberlite</td></tr>
<tr><td>HKB</td><td>Hypabyssal Kimberlite Breccia – macrocrystic magmatic kimberlite with country rock xenoliths</td></tr>
<tr><td>K6</td><td>HKB</td><td>Hypabyssal Kimberlite Breccia – macrocrystic magmatic kimberlite with country rock xenoliths</td></tr>
<tr><td rowspan="2">Country Rock</td><td></td><td>AMP</td><td>Amphibolite</td></tr>
<tr><td></td><td>GRN</td><td>Granite Gneiss</td></tr>
</table>

The De Beers Tailings Stockpile consists of tailings from the period of De Beers' trial mining. It consists of approximately 200,000 tonnes of material that has been subjected to limited recrush processes.
</td></tr>
<tr><td>Dimensions</td><td>
The 5 pipes are generally small with K3 being the largest and K6 the smallest. K2, K4 and K6 are generally elongate bodies while K3 and K5 are more compact conventional pipes.

The deposit sizes at surface are shown in the table below:

<table>
<tr><th>Pipe</th><th>Size (ha)</th></tr>
<tr><td>K2</td><td>2.13</td></tr>
<tr><td>K3</td><td>2.06</td></tr>
<tr><td>K4</td><td>0.77</td></tr>
<tr><td>K5</td><td>1.03</td></tr>
<tr><td>K6</td><td>0.26</td></tr>
</table>
</td></tr>
<tr><td>Estimation and modelling techniques</td><td>
Modelling

Each kimberlite pipe has been modelled separately using drilling and limited in pit mapping to update the volumetric model.

The geological model is based on pipe shell models produced by Mantle (2012) and revised by KDL during 2014. An internal lithological model generated by De Beers has been superimposed on this model with minor adjustments made to cover areas of incongruity. Mantle produced a model to 110mbgl, the pipe boundary and lithological contacts at the base have been projected a further 80m down, based on drilling information and projection of the defined lithological contacts.

The reduction in the Lerala Indicated Mineral Resources compared to those derived by the previous owners is due mainly to application of a pit optimisation to determine material with reasonable prospects for economic extraction.
</td></tr>
</table>

Criteria	Commentary
	Grade Estimation The grade estimation has been based on an Inverse Distance Squared (IDS) model generated by Mantle for the existing indicated resource. Where blocks in the updated geological model have been left unassigned, the average lithological grade for that block has been assigned. For blocks below the existing resource, the block model was discretised into 1m x 1m x 1m blocks and the average block grade per lithology for the zone between 70 and 110mbgl was assigned to each lithology below. **Revenue Estimation** The revenue estimates for each pipe have been generated from a sample of 844 carats produced during the DiamondEx sampling program in 2005, which were valued and modelled by WWW Diamond Valuators and then updated by the same company to October 2013 prices. The results of this were adjusted by SFD and price curve modelling internally. One sample was a mixed sample of K3/K5 and K6 carats and based on the exercises above these pipes were assigned a revenue of $79 per carat. K2 was assigned a revenue of US$61 per carat. Due to the small size of the sample from K4 it was assigned the same revenue per carat as K3/K5/K6. .

Table 5: Lerala Mineral Resource

Source	Resource Classification	Tonnes Mt	Grade CPHT	Carats K cts	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
K2	Indicated	3.14	25.45	799	61	1.00mm	15.52
K3		2.84	44.12	1 253	79		34.85
K4		0.71	53.66	381	79		42.39
K5		1.54	17.79	274	79		14.06
K6		0.29	30.69	89	79		24.24
Tailings		0.00	-	0			-
	Lerala Indicated Resource	8.52	32.82	2 796	74		24.24
K2	Inferred	0.00	-	0	61	1.00mm	-
K3		1.50	26.73	401	79		21.12
K4		0.20	21.00	42	79		16.59
K5		0.00	-	0	79		-
K6		0.00	-	0	79		-
Tailings		0.07	14.29	10	40		5.64
	Lerala Inferred Resource	1.77	25.59	453	78		20.00
Lerala Resource		10.29	31.57	**3 249**	74	1.00mm	23.51

* Tonnage is stated in 1,000,000 tonnes and rounded to the nearest 100 kt while carats are stated in 1,000 carats and rounded to the nearest 1000 ct, which may result in minor computational discrepancies

Moisture	Moisture contents of samples have not been separately measured.
Cut-off parameters	Cut off grades have not been used in the resource estimation on the basis that a bulk mining method will be used which will result in the extraction of all the ore within the pit shell. The depth cut-off of the resource has been based on an optimised pit shell model using projected financial forecasts, allowing for a 6.4% annual real diamond price increase as projected in the "The Global Diamond Report 2013" published by Bain and Co and the AWDC.
Mining factors or assumptions	It is assumed that an open pit mining method will be used.

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Metallurgical factors or assumptions</td><td>The resource grades are estimated at a 1.0mm bottom size cut-off.</td></tr>
<tr><td>Environmental factors or assumptions</td><td>No environmental factors have been assigned to the resource estimate as no environmental issues are expected to impact on the project.</td></tr>
<tr><td>Bulk density</td><td>Due to the nature of previous drilling campaigns, reliable density data is sparse. A density of 2.7 has been applied to all kimberlite facies and a density of 2.6 has been applied to all country rock facies. These values are based on data acquired by De Beers, and are consistent with values at other similar deposits.</td></tr>
<tr><td>Classification</td><td>The resource classification has been based on grade drilling information, which went to different depths in each pipe, as shown in the table below:
<table>
<tr><th></th><th colspan="2">Indicated</th><th colspan="2">Inferred</th></tr>
<tr><th>Pipe</th><th>RL From</th><th>RL To</th><th>RL From</th><th>RL To</th></tr>
<tr><td>K2</td><td>Surface</td><td>740</td><td>740</td><td>700</td></tr>
<tr><td>K3</td><td>Surface</td><td>700</td><td>700</td><td>660</td></tr>
<tr><td>K4</td><td>Surface</td><td>720</td><td>720</td><td>680</td></tr>
<tr><td>K5</td><td>Surface</td><td>715</td><td>715</td><td>675</td></tr>
<tr><td>K6</td><td>Surface</td><td>760</td><td></td><td></td></tr>
</table>
This has then been modified by applying a pit optimised shell to determine the area with ”reasonable prospects for eventual economic extraction”.

Drilling coverage in the indicated zone is generally good with both grade and geological definition drilling present.

The inferred zone covers an area 40m below the indicated zone and has limited geological definition drilling and no grade information. The grades and internal geology have been projected down from the indicated zone.

An exploration target zone covers 40m below the inferred zone and contains no existing data and has therefore not been included in the resource. Geology and grades have been projected down from above. This zone has been modelled to provide a target area for drilling in the future, but the projected grades and geology suggest a potentially economic zone in K3 and possibly K2.

The De Beers Tailings stockpile is based on limited sampling by DiamonEx for which no original data is currently available. It has therefore been assigned an inferred resource classification.</td></tr>
<tr><td>Audits or reviews</td><td>The base information for the estimation of the resource was reviewed by SRK in 2006.

No further independent reviews have been undertaken since.</td></tr>
<tr><td>Discussion of relative accuracy/ confidence</td><td>The indicated resource has been compared to the recoveries from the brief periods of mining and shows good correlation with recovered grades. Therefore the confidence in the grade model is high.

The modelled revenues do not compare well with historically achieved selling prices as each of the production sales was undertaken in abnormal economic circumstances. The DiamonEx sales were undertaken during the height of the GFC when diamond selling process were at historic lows and the sales of Mantle Diamond goods were also undertaken under difficult circumstances, and as such do not reflect the real potential selling prices of the goods. Therefore the modelled revenues have been used in the estimate; however the confidence in the revenue model is lower than that for the grade model.</td></tr>
</table>

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	The Ore Reserve is based on the Kimberley Diamond Limited Mineral Resource Estimate for Lerala as at 30 June 2014.
Site visits	The Competent Person reviewing the Ore Reserve estimate from 30 June 2014 is a full time employee of Kimberley Diamonds Limited and has made one site visit to Lerala since July 2014.
Study status	The study from which the Ore Reserves as at 30 June 2014 were estimated, had been done at Pre-Feasibility study level. A mine plan that is technically achievable and economically viable had been generated and material Modifying factors have been considered. Lerala Mine has been an operating mine for two short periods in 2008 and 2012 during which time mining of the K3 and K6 pipes took place. Therefore a certain amount of cost and operating data was available for use in the study. It is currently on care and maintenance. It is planned to commence refurbishment and upgrading of the plant and infrastructure during H1 of FY2016 for completion in the Q3 of FY2016.
Cut-off parameters	Cut off values per pit are calculated based on net diamond revenues per carat, modifying factors and operating costs.
Mining factors or assumptions	The methodology used in converting the Mineral Resource to an Ore Reserve was to carry out a pit optimisation exercise on the resource model for each pipe, after assigning zero value to the inferred category resource, to generate an optimised pit shell, followed by detailed pit design, scheduling and financial modelling. The mining method at Lerala will be conventional open pit mining methods utilising a mining contractor to carry out drilling, blasting, loading, hauling and ancillary activities. Excavators and haul trucks will load and haul blasted material to ore stockpiles, low grade stockpiles and waste dumps. Ore will be delivered from the ore stockpiles to the crushers using front end loaders. For the Pre-feasibility study, the same slope design parameters have been retained as used by the previous owners and are considered to be reasonable. Grade control will be managed by utilising mapping, face mark ups and visual control of loading operations by pit technicians. Bulk sampling through the production plant will be conducted as required. Mining dilution is allowed for in a combined dilution/plant recovery factor of 95%. Mining recovery is assumed to be 100% due to the well-defined contacts, competent wall rock, the planned use of separate ore and waste blasting and relatively small mining equipment. A minimum mining width of 20 metres is used. Inferred Mineral Resource is assumed to carry no value and is treated as waste in the mining studies where it falls within the pit design. The mining infrastructure will require upgrading and adding to, including pit pumping equipment and the mining contractor's infrastructure (including workshops, offices and explosives storage). These additions and upgrades have been allowed for in the study.
Metallurgical factors or assumptions	After the planned modifications have been carried out, the processing plant at Lerala will be capable of treating the Ore Reserve at an annualised rate of 1.4 Mtpa. The treatment process will consist of primary, secondary and tertiary crushing, scrubbing, screening, dense media separation, X-ray sorting and final hand sorting. The process uses well proven diamond recovery technology for kimberlite ore. No metallurgical testwork has been undertaken by KDL for the purposes of generating the Ore Reserve but the planned modifications to the plant have been informed by the experiences of previous operators in treating ore from the K3 and K6 pipes at a production scale and K2, K4, and K6 at a bulk sample scale. A combined dilution/recovery factor of 95% has been applied to all the Lerala Mineral Resources. No allowances are made for deleterious elements as there are none that are relevant to the operation. The diamond bottom cut off size is 1.0 mm.
Environmental	The mine previously operated under two EIA's for the mine and the water supply that were approved in 2006. Given the existence of these authorisations, a revised EMP has been prepared and submitted for consideration due to subsequent changes in legislation in Botswana. It is anticipated that final Environmental Approval for the project will be received during Q2 FY2016. Several specialist studies have been undertaken to refine site specific environmental data, which has informed the revision of the EMP. Final approval will include approvals for the proposed fine and

Criteria	Commentary
	coarse tailings dams, rock dumps and water supply. The existing rock dumps and fines tailings dam sites will be utilised and expanded, which will minimise disturbance of new areas. Additional water storage dams will be applied for as there is insufficient storage capacity for continuous operations.
Infrastructure	The mine is located on Mining Licence ML 2006/26L. Access to the nearby Lerala village and the main sealed road from the Martins Drift Border post to Selebi Phikwe is by a 14 km dirt road. The mine operated in 2008 and 2012 and much of the appropriate infrastructure already exists. This includes a process plant, tailings dam, coarse tailings dump, waste rock dumps, workshops, mine stores, groundwater borefields, water storage dams, diesel fired power station, diesel tank farm, site camp with accommodation and kitchen facilities. Additional tailings dams and process water dams are required due to insufficient capacity. The majority of labour will be sourced from Lerala Village and will be housed there.
Costs	The cost of the refurbishment and modifications to the treatment plant make up the majority of the capital estimate and are based on a Lump Sum Turn Key Proposal from Consulmet Pty Ltd, a South African engineering company who are well experienced in such work on diamond plants. Mining operating costs have been estimated based on budget pricing provided by mining contracting companies. Treatment operating costs estimates have been based on in- house experience with recent Southern African diamond projects together with actual costs from Lerala where available. Current exchange rates for the US$ and Botswana Pula at the time were used in the study. A 10% royalty on revenue is payable to the State under the terms of the Mining Licence. No private royalties are payable.
Revenue factors	The revenue estimates for each pipe have been generated from a sample of 844 carats produced during the DiamondEx sampling program in 2005, which were valued and modelled by WWW Diamond Valuators and then updated by the same company to October 2013 prices. The results of this were adjusted by SFD and price curve modelling internally. One sample was a mixed sample of K3, K5 and K6 carats and these pipes were assigned a revenue of $79 per carat and K2 was assigned a revenue of US$61 per carat as a result of the above exercises. Due to the small size of the sample from K4 it was assigned the same revenue per carat as K3/K5/K6.
Market assessment	Due to the lack of new major mines being discovered and coming on line and the overall gradual decline in production of existing mines, combined with growth in Asian markets, the medium and long term outlook for diamonds is perceived as positive. The recovery of the US economy, the largest market for diamond jewellery, would also be a positive factor.
Economic	Key inputs are as per costs and revenue factors above with discount rate of 8%. Real diamond prices (key sensitivity) were escalated by 6.4% per annum as projected in the “The Global Diamond Report 2013” published by Bain and Co. The project NPV is positive.
Social	All agreements relating to the mineral tenement and land tenure are in place. A Public Participation and Stakeholder Engagement process has been undertaken as part of the revision of the Environmental Management Plan (EMP) in order to provide stakeholders with an opportunity to provide input into the EMP revision. All existing agreements have been reviewed during the EMP revision process and operational readiness phase of the project. At the time of compilation of this report, there were no known threats in respect of the Lerala Diamond Mine’s social license to operate and general consensus amongst stakeholders regarding the re-opening of the operation was positive.
Other	The key Government approval required prior to the commencement of operations is that of the EMP and KDL is optimistic that this will be received during Q2 FY2016. No material naturally occurring risks have been identified. The agreement for the modifications to the plant by Consulmet is well advanced.
Classification	The Ore Reserves at Lerala are all classified as Probable reserves. The result is an appropriate reflection of the Competent Person’s view of the deposit. There are no Probable Ore Reserves that have been derived from Measured Mineral Resources at Lerala.

Criteria	Commentary
	Table 6: Lerala Mineral Reserve

SOURCE	ZONE	RESERVE CLASS	2015 RESERVE STATEMENT TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	2014 RESERVE STATEMENT TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)
Lerala	K2	Probable	0.8	35.3	286.5	$61	0.8	35.3	286.5	$61
	K3		2.7	32.3	864.8	$79	2.7	32.3	864.8	$79
	K4		0.6	32.2	197.0	$79	0.6	32.2	197.0	$79
	K5		0.7	20.0	133.7	$79	0.7	20.0	133.7	$79
	K6		0.2	29.9	58.6	$79	0.2	29.9	58.6	$79
	PROBABLE RESERVES LERALA		**5.0**	**31.0**	**1540.6**	**$76**	**5.0**	**31.0**	**1540.6**	**$73**

* Tonnage is stated in 1,000,000 tonnes and rounded to the nearest 100 kt while carats are stated in 1,000 carats and rounded to the nearest 100 ct, which may result in minor computational discrepancies

Audits or reviews	The current reserve estimated as at 30 June 2014, has not been externally audited but has been reviewed by the Competent Person in 2015.
Discussion of relative accuracy/ confidence	The small sample on which the diamond valuations are based lowers the confidence around the diamond pricing particularly on K4.

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

Criteria	Commentary
Indicator minerals	No indicator mineral sampling has been undertaken at Lerala in recent times.
Source of diamonds	Lerala diamonds are sourced from primary kimberlite deposits, intruded within the Limpopo Mobile belt.
Sample collection	The data used in the resource estimate is based on a series of phases of sampling by the operation's previous owners: De Beers carried out a Large Diameter Drilling (LDD) program during 1992 over K002-K005 on a nominal 40m grid. Holes were 12" (219mm) diameter and approximately 110m deep using percussion drilling techniques. Samples were recovered from 20m intervals for a total of 618 tonnes of sample. As part of the same program, pits and trenches were excavated in K2 to K6 for the recovery of approximately 1,325 tonnes.

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td></td><td>During 2004-5, DiamonEx drilled 17 x 17.5” diameter LDD holes using a Reverse-flush-air-assist or RC air hammer drilling techniques which were sampled at 20m intervals.

In addition, 11 pits were excavated for the recovery of a total of 4,945 tonnes.

<table>
<tr><th></th><th colspan="2">No. Holes Sampled</th></tr>
<tr><th>Pipe</th><th>De Beers</th><th>DiamonEx</th></tr>
<tr><td>K2</td><td>11</td><td>5</td></tr>
<tr><td>K3</td><td>13</td><td>5</td></tr>
<tr><td>K4</td><td>4</td><td>3</td></tr>
<tr><td>K5</td><td>3</td><td>4</td></tr>
<tr><td>K6</td><td>0</td><td>1</td></tr>
<tr><td>Total</td><td>31</td><td>18</td></tr>
</table>

De Beers also carried out a trial mining program from 1997 to 2000. Due to limited data recording, use of an unsuitable bottom cut-off size and security issues with diamond recovery, data from this program has not been used in the resource estimate.

The De Beers tailings stockpiles generated during the trial mining program have been sampled by DiamonEx with a grade of 13cpht recorded.</td></tr>
<tr><td>Sample treatment</td><td>The De Beers’ LDD and Pit samples were treated through a DMS process with diamonds recovered from the concentrate at their GSPS laboratory in Johannesburg.

The DiamonEx samples were mostly treated through an on-site 7tph DMS plant with a Flow-sort X-ray diamond recovery unit. Samples from 5 of the LDD holes were treated by De Beers Geological Services division with concentrates processed through the onsite Flow-sort unit. Final diamond recovery was carried out by senior DiamonEx management.

The De Beers Tailings sample was treated through the existing production plant. No other details are available.</td></tr>
<tr><td>Carat</td><td>One fifth (0.2) of a gram (often defined as a metric carat or MC).</td></tr>
<tr><td>Sample grade</td><td>All resource and sample grades are expressed as carats per hundred tonnes (cpht).

No adjustment is made for moisture content within the samples.

All results are quoted to a 1.00mm bottom cut-off unless otherwise stated.</td></tr>
<tr><td>Reporting of Exploration Results</td><td>Recent exploration has not been undertaken at Lerala</td></tr>
<tr><td>Grade estimation for reporting Mineral Resources and Ore Reserves</td><td>The grade estimation has been based on an Inverse Distance Squared (IDS) model generated by Mantle (2012) for the indicated resource and updated by KDL (2014). Where blocks in the updated geological model have been left unassigned, the average lithological grade for that block has been assigned.

For blocks below the existing resource, the block model was discretised into 1m x 1m x 1m blocks and the average block grade per lithology for the zone between 70 and 110mbgl was assigned to each lithology below.</td></tr>
<tr><td>Value estimation</td><td>The revenue estimates for each pipe have been generated from a sample of 844 carats produced during the DiamondEx sampling program in 2005, which were valued and modelled by WWW Diamond Valuators and then updated by the same company to October 2013 prices. The results of this were adjusted by SFD and price curve modelling internally.

One sample was a mixed sample of K3/K5 and K6 carats and based on the exercises above these pipes were assigned a revenue of $79 per carat. K2 was assigned a revenue of US$61 per carat. Due to the small size of the sample from K4 it was assigned the same revenue per carat as K3/K5/K6.

Data from the De Beers trial mining period supports a similar revenue value being applied to these pipes though data is not directly comparable due to De Beers applying a 1.6mm cut-off during the trial mining project.</td></tr>
<tr><td>Security and integrity</td><td>De Beers’ samples were treated through an onsite DMS plant with concentrate placed in locked containers and delivered to the high security GSPS unit in Johannesburg where diamond recovery took place.

Diamonex samples were treated through an onsite DMS and recovery system. Diamonds were recovered by senior management personnel.</td></tr>
</table>

Criteria	Commentary
Classification	The resource classification has been based on grade drilling information, which went to different depths in each pipe, as shown in the table below:

	Indicated		Inferred	
Pipe	RL From	RL To	RL From	RL To
K2	Surface	740	740	700
K3	Surface	700	700	660
K4	Surface	720	720	680
K5	Surface	715	715	675
K6	Surface	760		

This has then been modified by applying a pit optimised shell to determine the area with “reasonable prospects for eventual economic extraction”.

Drilling coverage in the indicated zone is generally good with both grade and geological definition drilling present.

The inferred zone covers an area 40m below the indicated zone and has limited geological definition drilling and no grade information. The grades and internal geology have been projected down from the indicated zone.

An exploration target zone covers 40m below the inferred zone and contains no existing data and has therefore not been included in the resource. Geology and grades have been projected down from above. This zone has been modelled to provide a target area for drilling in the future, but the projected grades and geology suggest a potentially economic zone in K3 and possibly K2.

The De Beers Tailings stockpile is based on limited sampling by DiamonEx for which no original data is currently available. It has therefore been assigned an inferred resource classification.

Ellendale Mineral Resource Statement as at June 30th 2015

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary

Abbreviations

Abbreviation	Explanation
3D	3 dimensional
A1	E4 - Area 1
A21	E4 - Area 21
A22	E4 - Area 22
A3	E4 - Area 3
A4	E4 - Area 4
A5	E4 - Area 5
ADM	Argyle Diamond Mine
ADT	Articulated Dump Truck
AJV	Ashton - Rio Tinto Joint Venture
bcm	Bank Cubic Metre
BSS	Bottom screen Size
CG	Commercial Goods
cpht	Carats per hundred tonnes
CRA	Conzinc Riotinto Australia Exploration Pty Ltd
Ct	Carat
Cube Consulting	Cube Consulting Pty Ltd
D-GPS	Differential Global Positioning System
DMS	Dense media separation
EM	Electromagnetic
EPE	E9 - East Pit East
EPN	E9 - East Pit North
EPS	E9 - East Pit South
FEP	E9 - Far East Pit
GDA51	Geodetic Datum of Australia - Zone 51
Gem	Gem Diamonds Limited
Ha	Hectares
IDV	Independent Diamond Valuers Pty Ltd
ILUA	Indigenous Land Use Agreement
KDC	Kimberley Diamond Company NL
LDA	Bauer Large Diameter Auger
LDD	Large Diameter Drilling
LG1	Low grade dump (Area 1)
LG2	Low grade dump (Area 2)
RC	Reverse Circulation
REG	Regolith
ROM	Run-of-Mine
SG	Specific Gravity
SLT	Siltstone - Country rock
SST	Sandstone - Country rock
TQ	Tiffany Quality

Criteria	Commentary

TS	Tuffisitic Sandstone
UBX	Ultramafic Breccia
ULM	Ultramafic Magmatics
ULT	Ultramafic Lamproite Tuff
ULTS	Sandy Ultramafic Lamproite Tuff
Venmyn	Venmyn Rand (now Venmyn Deloitte)
WPN	E9 - West Pit North
WPS	E9 - West Pit South
XRF	X-Ray fluorescence analytical technique

Sampling techniques

CRA

CRA used trench sampling and a variety of wide diameter drilling techniques to sample the lamproite pipes. These included large diameter augers, bucket drills (equivalent to a Bauer drill) and reverse circulation (RC) mud techniques. Hole diameters varied between 0.9m and 2.4m.

KDC Large Diameter Drilling

Up until 2008 KDC completed most of its grade sampling using a Bauer BG36 drill rig, imported from Germany and operated by Bauer. This rig drilled a 2.4m diameter hole to a maximum depth of 60m. The Bauer drill produced approximately 10t of sample per vertical metre of drilling. Samples were composited over 10m intervals to produce nominal 100t samples, though this varied to some extent with rock density and recovery. Samples were stockpiled in the field and then trucked to small (10tph) DMS plants operated by Blina Diamonds NL for processing. The KDC geologists logged the drill samples and directly controlled the drilling programmes. All drill collars were accurately surveyed.

KDC In-pit Bulk Sampling

Since 2009, in-pit bulk sampling has been the main source of grade information at Ellendale. KDC has implemented a bulk sampling programme which identifies discrete ore zones for treatment in order to determine the grade of the various facies of the pipes. By linking the ore zone to the facies identified in the 3D geological model, grade measurements are assigned to each facies.

Grade samples at Ellendale are large scale bulk samples of 2,000-20,000 tonnes. This is done to get representative grade and revenue results, due to the relatively low grade of the lamproite ore.

The samples were treated according to normal production treatment parameters. A 30 minute flush of sample material was run through the plant prior to commencement of treatment of the sample.

The mass of the sample was measured using the plant weightometer

In addition to grade sampling, geochemical and microdiamond sampling on diamond core and RC chips has been used to improve information about lithology and its relationship to grade. Once core or RC chip logging was completed, micro-diamond and geochemical sampling took place on pre-selected diamond core or RC drill chips. Approximately 30kg to 35kg of material was taken for micro-diamond analysis and approximately 1kg for geochemical analysis.

Using the detailed log as a guide, the core/chips were divided into major units for sampling purposes by a geologist. Samples for micro-diamond and geochemical analysis were taken from each major unit. A representative sample was taken from across the major unit identified. The depth ranges for each portion of extracted core/chips were recorded. Each micro-diamond and geochemical sample was bagged and clearly labelled with the drill hole identity, the depth range of the major unit and the weight of the sample.

Drilling techniques

A variety of drilling techniques have been undertaken at Ellendale. Reverse-circulation, aircore and diamond core drilling have all been used to recover material for visual logging to compile the lithological model, while a variety of large diameter auger drilling techniques have been used to recover samples large enough for sufficient diamond recovery for grade estimation

All drill data was entered into a database.

In excess of 1,200 boreholes, with a total length of over 56,000m, of varying types and diameters were drilled into E4, E4 Satellite and E9 lamproites prior to 2007. Of these, approximately 870 delineation (aircore) and diamond core holes have been drilled to define their extent, geometry and facies boundaries. Chips and core from approximately 44,000m of drill holes have been logged for geological modelling purposes.

In 2008, KDC drilled 25 and 39 diamond core holes into E4 and E9, respectively. This comprised in excess of 5,000m of logged core for geological modelling purposes.

In 2010, some 13,800m of RC drilling was conducted at E4, E4 Satellite and E9, for pipe delineation purposes

In 2013 11 RC holes were drilled in the Far East Pit and 9 geotechnical core holes were drilled in West Pit of E9.

Drill sample recovery

Reverse Circulation Drilling

Samples from RC holes were recovered using a cyclone sample separation system. Each sample represented 1m of drilling depth. A small sample was sieved and washed to recover chips suitable for visual logging. Since 2010 an additional small sample of approximately 500g was retained for geochemical analysis.

Criteria	Commentary
	Diamond Core Drilling For the diamond core drilling, the cores were recovered using a wireline core tube. In some cases a split inner tube was used where geotechnical information was required. Any core loss was noted by the drillers and checked by the KDC field assistant/pit technician. The field assistant/pit technician ensured that the drill hole identity, depths, core loss and tray numbers were clearly labelled on each core tray. Core loss was labelled on core blocks that were placed in the trays at the position of lost core. Cores were then transported to the Ellendale Geo-Shed for detailed logging and to be storage. Core logging and data acquisition was primarily the responsibility of KDC geologists with the assistance of pit technicians/field assistants. **Large Diameter Drilling (Bauer)** Samples were recovered from the hole using the Bauer auger attachment. The sample was then dropped onto the ground next to the hole where it was picked up by a front-end loader and loaded into a truck for transport to the sample plant. Samples were stockpiled near the plant before being loaded into the plant by front-end loader.
Logging	**Reverse Circulation Drilling** Chips were visually logged at the drill site and a sample kept in chip trays. Additional detailed logging was carried out at the office with the use of a binocular microscope. **Diamond Core** Core was transported to the core shed for detailed visual logging and storage. All holes have been fully logged with more recent cores logged using a quantitative methodology. The cores were continually measured and any core loss was noted by the drillers during the drilling process. These details were checked by the KDC field assistant/pit technician. The field assistant/pit technician ensured that the drill hole identity, depths, core loss and tray numbers were clearly labelled on each core tray. Core loss was labelled on core blocks that were placed in the trays at the position of lost core. Cores were then transported to the Ellendale Geo-Shed to be stored. Core logging and data acquisition is primarily the responsibility of KDC geologists with the assistance of pit technicians/field assistants. All core drilled post 2007 has been photographed. RC chips and core recovered from drilling programs have been logged by the on-site geologist with reviews by the Exploration Manager or Senior Mine Geologist. The logging was largely aimed at correlating with known facies identified in the pit and as such was largely qualitative. Since 2010, a Niton Handheld XRF has been used to take quantitative whole rock geochemical analyses which were analysed using discriminant analysis techniques to assist in classification of the units and refine the contact locations. Microdiamond analysis results were also used to refine the geological model and its relationship to grade. Venmyn, during a data review in 2009, inspected core and analysed the data, and considered that drilling data reviewed could be considered with a high degree of confidence.
Sub-sampling techniques and sample preparation	When core has been sampled for micro diamonds, whole core was sent for analysis. When sampling RC chips for microdiamonds, a riffle splitter was used on a 1m interval until the required mass of sample is obtained. Geochemical samples were selected by random grab sample from each 1m interval of RC drill cuttings
Quality of assay data and laboratory tests	**In-pit Bulk Samples** Bulk samples were treated according to normal production treatment parameters. A 30 minute flush of sample material was run through the plant prior to commencement of treatment of the sample. A tracer test was also carried out along with most bulk samples to test plant recovery performance. Since 2010 microdiamond analysis has been carried out by SRC Geoanalytical Laboratories whose management system operates in accordance with ISO/IEC 17025:2005 (CAN-P-4E), General Requirements for the Competence of Mineral Testing and Calibration Laboratories. The management system and the Caustic Fusion Method for the determination of diamonds are accredited by the Standards Council of Canada (Scope of accreditation # 537) (Ref: SRC website - http://www.src.sk.ca/facilities/pages/quality-assurance.aspx) Analysis of the microdiamond results indicated that the data was suitable for qualitative correlation to grade only and has therefore not been used in grade estimation. This is believed to be a characteristic of the deposit and not a result of the sample preparation.
Verification of sampling and assaying	No verification of sample data at an independent facility has been undertaken due to the size of the samples. Entry of all primary data has been spot checked, and all digital data has been loaded into databases.

Criteria	Commentary
	All historical sample data was spot checked during compilation of the NI43-101 report of May 2011 and has also been checked during Venmyn audits and resource statement production.
Location of data points	All drillholes were positioned and oriented in order to intersect specific pipe lithologies for geological modelling and resource estimation purposes. The KDC geologist monitored the depth (whilst logging) as a quality control mechanism. Downhole surveying was only carried out on certain angled drill holes. In all other cases holes were assumed to be straight and orientated as planned. All drillhole collars were positioned by a qualified surveyor using a Garmin D-GPS system. Angled RC drill holes were measured using the drill rig inclinometer and a compass orientated set-up line. Downhole surveys of angled core holes were done with a single or multi-shot camera at 30-50m intervals and at end of hole. All co-ordinates used on the site are measured using GDA51 datum and co-ordinate system (historical data has been converted to GDA51). The location of the material treated from the Low Grade stockpiles in 2013 was measured by a qualified surveyor using a Garmin D-GPS system. The location of the material sampled from the Lights stockpiles in 2013 was measured by a qualified surveyor using a Garmin D-GPS system
Data spacing and distribution	The data spacing used for the geological modelling is deemed suitable for the determining geological continuity for this type of lamproite body. A drilling grid of 25 x 50m was used as the base drillhole spacing for delineation drilling; however in areas of higher geological complexity this has been infilled with additional holes. No sample compositing has been applied to the grade data. The data spacing and spatial representivity of the sampling of the lights and Low Grade stockpiles is not considered suitable for determining geological continuity within the stockpiles.
Orientation of data in relation to geological structure	Drilling and sampling campaigns were designed to minimize bias caused by sampling. Samples and drilling were located to be as close as possible to be perpendicular to strike of mineralization at the intersection. No sampling bias has been noted in analysis of the sampling data. Due to the massive nature of the ore bodies, bias of sampling is not expected.
Sample security	Sampling is conducted on a remote mine site with access to the site controlled by company procedure and state regulations regarding diamond mining operations. Normal site security protocols were observed during recovery of diamonds from bulk samples.
Audits or reviews	Since Gem's acquisition of KDC, Venmyn has conducted a number of audits and reviews of the drilling and sampling data as well as of the geological and block models. In addition to this, all Mineral Resources have been annually, independently prepared and signed off by Venmyn between 2006 and 2010. Venmyn was satisfied that the necessary verification process was carried out in-house by and that the data reviewed could be regarded with a high level of confidence.

Section 2 Reporting of Exploration Results

(Not applicable - no new exploration results are reported here.)

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Database integrity</td><td>KDC has implemented new controls on data since Gem's acquisition of KDC in 2007, and all recent data has been validated by KDC.

Sampling and logging is done on paper records. These are then entered into a spreadsheet template by the field geologist. The senior geologist validates the data entry and then imports the data into an Access/SQL sampling/drilling database. This data is then transferred to Vulcan for modelling.

The volumes of the various facies within the orebody models were prepared by KDC, used in the December 2010 Resource Statement, and have been independently verified by Venmyn. No discrepancies were identified. No new updates. No new additions or adjustments have been made to the existing Lamproite database since the previous Resource statement in June 2014.

The Access/SQL Database and orebody model are controlled by the Mineral Resource Superintendent, to ensure data integrity. Both are backed up electronically on the mine's server.

Since Gem's acquisition of KDC, Venmyn has conducted a number of audits and reviews of the drilling and sampling data as well as of the geological and block models. In addition to this, all Mineral Resources have been annually, independently prepared and signed off by Venmyn between 2006 and 2010. Venmyn was satisfied that the necessary verification process as carried out in-house by Gem and its subsidiaries could be regarded with a high level of confidence.</td></tr>
<tr><td>Site visits</td><td>Regular site visits are undertaken by the Competent Persons as part of their normal job function. Site visits raised no material issues regarding exploration projects or the estimation of the resource.</td></tr>
<tr><td>Geological interpretation</td><td>The geological interpretation for the E9, E4 and E4 Satellite pipes is based on a standardised model of lamproite emplacement. All drill logging and face mapping data is classified according to the key geological model units:

<table>
<tr><th>Group</th><th>Unit</th><th>Description</th></tr>
<tr><td rowspan="6">Lamproite</td><td>REG</td><td>Regolith - reworked and weathered lamproite capping the pipes</td></tr>
<tr><td>ULT</td><td>Ultramafic Lamproite Tuff - the main ore facies, generally with the highest grades; significantly less diluted than the ULTS</td></tr>
<tr><td>ULTS</td><td>Sandy Ultramafic Lamproite Tuff - the oldest intrusive phase; significantly diluted with quartzitic country rock xenoliths</td></tr>
<tr><td>TS</td><td>Tuffisitic Sandstone - highly diluted ULT (an extreme case of the ULTS)</td></tr>
<tr><td>UBX</td><td>Ultramafic Breccia - a ULM contact facies, interpreted, for the most part, as being brecciated and baked tuff (mainly baked ULT)</td></tr>
<tr><td>ULM</td><td>Ultramafic Magmatics - the last phase of intrusion, consisting of very low grade magmatic material (diamonds largely resorbed)</td></tr>
<tr><td rowspan="2">Country Rock</td><td>SST</td><td>Sandstone - Country rock</td></tr>
<tr><td>SLT</td><td>Siltstone - Country rock</td></tr>
</table>

The Low Grade stockpile is made up of material selected during the mining process as ore contaminated with waste during the mining process to the extent that it would significantly depress the recovered grade, or material mined from geologically contaminated material and defined as low grade through sampling or geological inference. A block model of the period of deposition of each zone of the stockpile has been constructed.

The lights stockpiles are made up of coarse tailings material rejected by the DMS process in the plant.

The "Alluvial gravel" is made up of (1) Alluvial diamond mineralisation, which is the result of erosion and deposition of diamonds in an alluvial environment and (2) secondary diamond mineralisation, which results from the enrichment of diamonds in the regolith and upper saprolite (weathered rock material that remains in situ and retains original textures of the parent rock) zones overlying the primary lamproite pipe. Secondary enrichment of diamonds may extend to a depth of up to 10 m below the current surface and results from weathering, soil formation and alluvial processes acting on the primary mineralisation material.</td></tr>
<tr><td>Dimensions</td><td>E9 is located near the centre of the Ellendale Lamproite Field and covers a surface area of approximately 45ha. It is a complex body with at least six eruptive centres. E9 comprises a Western Lobe and an elongated Eastern Lobe oriented approximately east–west. The Western and Eastern lobes are largely discrete with a pronounced sub-surface sandstone ridge separating most of the two areas.

E4 is located near the south eastern limit of the Ellendale Lamproite Field. It covers approximately 76ha and has been formed by the coalescing of at least three volcanic vents. It can be grossly divided into an Eastern and Western Lobe, with the lobes connected by a narrow neck. Each of these lobes contains several eruptive centres. The highest diamond concentrations are associated with tuffs in the south of the Eastern Lobe and in the north of the Western Lobe.</td></tr>
</table>

Criteria	Commentary
	E4 Satellite is a small (~10ha) discrete lamproite body located to the east of E4.
Estimation and modelling techniques	**Modelling** The E9, E4 and E4 Sat deposits have been modelled using drilling and in pit or surface mapping to update the volumetric model. A block model is populated by creating bounding surfaces or solids of each geological unit and updating the block parameters within each bounding object with the lithology, grade, etc. In some cases conflicting data exists. The data is prioritised by the modelling geologist based on compliance with the emplacement model and understanding of the quality of data acquisition process. The Ellendale alluvial gravel has been modelled by making use of Blina Diamonds NL (Blina) Bauer drilling and bulk sampling results as obtained between 2006 and 2009 (during their extensive exploration campaign of the Ellendale alluvial deposits). **Grade Estimation** The grade estimation at E9 is based on the in-pit bulk sampling data. Each sample within a given pit zone is proportionally weighted based on its vertical distance from the current mining surface RL. West pit and Far East pit zones are calculated using a 2% proportional reduction of each sample per metre, so that any sample more than 50m from the current pit surface, has no influence on the calculated resource grade and the most proximal samples have the most influence. East pit zones use a 1.33% proportional reduction per metre, so that samples more than 75m from the current pit surface have no influence on the resource grade. The E4 volumetric model was updated in 2011 to include updates from in pit mapping and drilling. The resulting model was used as the base model for a mixed support kriging grade estimation project done by Mike Millad of Cube Consulting. Cube Consulting has flagged the resultant grade estimates as being either of "high" confidence or "low" confidence. Cube Consulting recommended that only those areas flagged as "high" confidence be considered eligible for classification as Indicated Mineral Resources, as defined under the JORC code, should KDC deem the other relevant variables (e.g. rock density, diamond value etc.) to also be of sufficient confidence to support such a classification. Cube Consulting recommended that all areas flagged as "low" confidence be classified as Inferred Mineral Resources. In addition, the ULM and TS lithologies are of a relatively low grade tenor and it is Cube Consulting's opinion that these two lithological units do not have reasonable prospects of economic extraction in the foreseeable future. KDC has followed the Cube Consulting recommendations and any block with a "low" confidence has been classified as Inferred, and the ULM and TS units have been excluded from the Mineral Resource Statement. E4-Satellite was modelled in 2009. Included was an audit of the databases (sampling and drilling). Geological wireframe and kriged grade models were built. This work was updated with the additional delineation drilling data in 2010. Kriged zone grades were cross checked using sample weighted average grades where appropriate. The block model size 25 x 25 m for all models was chosen to be a good match for the general drilling grid spacing of 50m X 25m. The mining method employed is opencast bulk mining, and no selective mining units have been used. These deposits do not contain any by products that can be economically extracted. There are also no deleterious elements that influence the economics of the mining. The estimation of the lights dump has been based on an average sample grade weighted by sample size for each of the separate dumps. The grade estimate of the LG2 low grade stockpile has been derived from the average actual production results between 6th Sept and 11th October 2013. The grade of the LG1 low grade stockpile has been made by using 50% of the average mined grade prior to 2010 based on the existing assigned resource grade of 5 cpht. This is a low confidence (inferred) estimate due to the lack of accurate depletion data prior to 2010. The grade estimation of the Ellendale Alluvial gravel has been based on the Sedimentological model devised by KDL's Competent Person during Jan - Jun 2015. Normal averaging of selected sub-sample data was used in the Resource calculations. Some of the selected sub-economic gravel layers in the upper sedimentary succession were cut-off and discarded as overburden. Due to depositional processes higher grades are concentrated mainly towards the bottom of the sedimentary succession.

Criteria	Commentary

Table 1 E9 Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 9 West	WPN	Indicated	1.73	3.70	64	$706	1.50	$26.15
	WPS		0.94	3.72	35	$706		$26.23
	TOTAL/WT. AVE INDICATED E9W		**2.68**	**3.71**	**99**	**$706**		**$26.18**
	WPN	Inferred	0.92	3.7	34	$706		$26.43
	WPS		0.04	3.8	1	$706		$26.80
	TOTAL/WT. AVE INFERRED E9W		**0.96**	**3.7**	**36**	**$706**		**$26.45**
	TOTAL/WT. AVE E9W		**3.63**	**3.7**	**135**	**$706**		**$26.25**
Ellendale 9 East	EPN	Indicated	0.05	2.78	2	$706		$19.63
	EPS		0.13	3.20	4	$706		$22.58
	EPE		0.79	5.69	45	$706		$40.16
	FEP		1.43	2.51	36	$706		$17.70
	TOTAL/WT. AVE INDICATED E9E		**2.40**	**3.60**	**86**	**$706**		**$25.40**
	EPN	Inferred						
	EPS		0.02	3.1	1	$706		$21.79
	EPE							
	FEP		0.37	2.8	11	$706		$20.04
	TOTAL/WT. AVE INFERRED E9E		**0.39**	**2.9**	**11**	**$706**		**$20.13**
	TOTAL/WT. AVE E9E		**2.79**	**3.5**	**97**	**$706**		**$24.66**
TOTAL/WT. AVE ELLENDALE 9			**6.42**	**3.6**	**233**	**$706**		**$25.56**

Table 2 E4 Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 4 West	A1	Indicated	0.23	5.69	13	$156	1.50	$8.88
	TOTAL/WT. AVE INDICATED E4W		**0.23**	**5.69**	**13**			**$8.88**
	A1	Inferred	2.51	5.8	145			$9.00
	A21		0.79	4.2	33			$6.49
	TOTAL/WT. AVE INFERRED E4W		**3.31**	**5.4**	**178**			**$8.40**
	TOTAL/WT. AVE E4W		**3.54**	**5.4**	**191**			**$8.43**
Ellendale 4 East	A22	Indicated	3.73	6.75	252			$10.54
	TOTAL/WT. AVE INDICATED E4E		**3.73**	**6.75**	**252**			**$10.54**
	A3	Inferred	0.29	5.1	15			$11.32
	A5		2.92	6.7	194			$7.99
	A4		0.86	3.7	32			$10.40
	A22		2.92	7.3	212			$5.85
	TOTAL/WT. AVE INFERRED E4E		**6.99**	**6.5**	**454**			**$10.12**
	TOTAL/WT. AVE E4E		**10.72**	**6.6**	**706**			**$10.27**
TOTAL/WT. AVE ELLENDALE4			**14.26**	**6.3**	**897**			**$9.81**

Table 3 E4 Satellite Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 4 Satellite	E4 SAT	Inferred	13.08	5.5	725	$210	1.50	$11.63
	TOTAL/WT. AVE INFERRED E4 SAT		**13.08**	**5.5**	**725**	**$210**		
TOTAL/WT. AVE ELLENDALE 4 SATELLITE			**13.08**	**5.5**	**725**	**$210**		

Criteria	Commentary

Table 4 Stockpile Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
ROM Stockpiles	E9	Indicated	0.1	2.39	2	$706	1.50	$16.85
	E4 South		0.63	8.38	53	$156		$13.07
	TOTAL/WT. AVE ROM		**0.73**	**7.55**	**55**	**$180**		**$13.59**
Low Grade Stockpiles	E9	Inferred	0.23	2.33	5	$612		$14.29
	E4 South		1.55	2.50	38	$156		$3.90
	TOTAL/WT. AVE INFERRED LG		**1.78**	**2.48**	**44**	**$210**		**$5.22**
Lights Stockpiles	Main Lights Dump	Inferred	12.35	0.83	103	$682		$5.69
	TOTAL/WT. AVE INFERRED LIGHTS		**12.35**	**0.83**	**103**	**$682**		**$5.69**
TOTAL/WT. AVE ELLENDALE STOCKPILES			**14.86**	**1.36**	**202**	**$442**		**$6.03**

Table 5 Alluvial Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale Alluvial	Alluvial	Inferred	0.43	4.29	18	$643	1.50	$27.59
	TOTAL/WT. AVE INFERRED ALLUVIAL		**0.43**	**4.29**	**18**	**$643**		
TOTAL/WT. AVE ELLENDALE ALLUVIAL			**0.43**	**4.29**	**18**	**$643**		

Table 6 Ellendale Resource Summary

SOURCE	RESOURCE CLASSIFICATION	TONNES (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 4 West	Indicated	0.23	5.69	13.3	$156	1.50	$8.88
Ellendale 4 East		3.73	6.75	251.9	$156		$10.54
Ellendale 9 West		2.68	3.71	99.3	$706		$26.18
Ellendale 9 East		2.40	3.60	86.3	$706		$25.40
ROM Stockpiles		0.73	7.55	55.4	$180		$13.59
TOTAL INDICATED		**9.77**	**5.18**	**506.2**	**$360**		**$18.66**
Ellendale 4 West	Inferred	3.31	5.4	177.9	$156		$8.40
Ellendale 4 East		6.99	6.5	453.7	$156		$10.12
Ellendale 9 West		0.96	3.7	35.8	$706		$26.45
Ellendale 9 East		0.39	2.8	11.1	$706		$20.13
Ellendale 4 Satellite		13.08	5.5	724.6	$210		$11.63
Low Grade Stockpiles		1.78	2.48	44.0	$210		$5.22
Lights Stockpiles		12.35	0.83	103.1	$682		$5.69
Ellendale Alluvial		0.43	4.29	18.4	$643		$27.59
TOTAL INFERRED		**39.28**	**3.99**	**1 568.8**	$239		**$9.55**
TOTAL RESOURCES		**49.64**	**4.4**	**2 075.1**	**$268**		**$11.37**

**Rounding of tonnage down to the nearest 10 000 tonnes and carats down to the nearest 100 carats may result in computational discrepancies.*

Criteria	Commentary
Moisture	Moisture contents of samples have not been separately measured.
Cut-off parameters	Cut off grades have not been used in the resource estimation. Lithologies of very low grade and diamond value such as ULM and TS have been excluded from the resource estimation process. Low grade and sub-economic alluvial gravel layers in the upper sedimentary succession were cut-off and discarded as overburden and not included in the resource estimation.
Mining factors or assumptions	This was an operating mine and use was made of the actual operating costs and factors.
Metallurgical factors or assumptions	This was an operating mine and use was made of the actual operating costs and factors.
Environmental factors or assumptions	This was an operating mine and use was made of the actual operating costs and factors.
Bulk density	Historical bulk densities were estimated by weighing drill cuttings as they were processed in the test plant and applying the mass of the material removed to a nominal drill diameter of the hole. In 2009, KDC initiated a detailed in-pit density testing programme for E9. Density was calculated using a water displacement method and use of an electronic scale. Sample rock types and SG values were plotted in Vulcan with appropriately surveyed co-ordinates. The lights dump density estimate has been based on comparing the volume of the dump, as measured by survey; divided by the tonnage fed to the dump during its utilisation, recorded on plant weightometers. The Low Grade dump density has been estimated based on operational experience of ROM stockpile densities. A density of 1.7t/m3 has been used for the Ellendale alluvial resource evaluation for consistency with previous estimates.
Classification	**E9** Delineation drilling density for the E9 deposits is high enough for an indicated classification for the volumetric estimation of the deposit. This is supported by mining volumetric calls. Bulk sample grades are used to estimate the grade in the deposit. Indicated Resources are defined as the material lying within 50m of the deepest bulk sample within a zone. The material below this is classified as Inferred Resource. **E4** Blocks are considered to be in the indicated classification when all of the following three conditions have been satisfied: 1. Those blocks encompassed by zones 1 and 22, which also fall within the ULT, ULTS, UBX or: REG lithologies, and for which a diamond grade has been estimated using Mixed Support Kriging (MSK). 2. Those blocks for which a MSK slope of regression of 0.8 or greater was obtained. 3. Those blocks for which the average distance to the informing samples during MSK was less than 100m. All other blocks with estimates are considered to be of the inferred confidence category. **E4 Satellite** There is not sufficient sampling density in the E4 Satellite deposit to classify any of the material in the indicated resource category. All blocks are classified as inferred. **Low Grade Dump** There is not sufficient sampling density in the Low Grade dumps to classify any of the material in the indicated resource category. All material is classified as inferred **Lights Dump** There is not sufficient sampling density in the lights dump to classify any of the material in the indicated resource category. All material is classified as inferred.

Criteria	Commentary
	Ellendale Alluvial There is not sufficient sampling density in the alluvial blocks to classify any of the material in the indicated resource category. All material is classified as inferred.
Audits or reviews	Between 2007 and January 2011 KDC was owned by Gem Diamonds. Gem Diamonds policy regarding the reporting of resources was that the resource statement be compiled by an independent Competent Person who would audit the work as part of the resource issuing process. Venmyn fulfilled this role for the whole period of Gem ownership, and reported no issues with the resource estimates. The procedures and methods used in the generation of this resource statement have not changed.
Discussion of relative accuracy/ confidence	The modelling process uses original drilling and sampling information as well as in pit mapping and sampling to update the volumetric and grade models. The volumetric calls indicate a high relative accuracy in the geological modelling. The grade call indicates a lower level of accuracy in the relative grade modelling. The alluvial resource has been classified as an inferred resource due to the sampling showing consistent diamond mineralisation throughout the alluvial gravels at levels likely to be economic. However there are not enough samples in any one area of the resource in order for any part of the resource to be classified as Indicated.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	The Ore Reserve is based on the Kimberley Diamond Limited Mineral Resource Estimate for Ellendale as at 30 June 2015 and actual production data to the completion of the mining of the Ellendale E9 open pit in **August 2014.** Only **ROM stockpiles** were treated during the 2015 reporting year, which resulted in a reduction of stockpile volumes at Ellendale mine, while there was no mining activity at the E9, E4 or E4 satellite pipes. On 30 June 2015 KDL suspended their operations at Ellendale Diamond Mine and have placed their subsidiary, Kimberley Diamond Company Pty Ltd (KDC), the holder of the Ellendale mining license, into voluntary administration.
Site visits	The Competent Person is a full time employee of Kimberley Diamonds and undertakes regular site visits.
Study status	In the view of KDL's Competent Person, all previous analysis has been done at definitive feasibility study level. The E9 open pit has been in operation since 2004 and the E4 open pit was mined between 2006 and 2008 before the E4 operation was placed in care and maintenance. Mining ceased at the Ellendale E9 pit during **August 2014.** The inputs used in the derivation of the Ore Reserves for E9 and the E4 stockpiles are based on extensive operational experience and the actual contract rates as valid during **June 2015**. No feasibility studies were conducted during the 2015 reporting year.
Cut-off parameters	Cut off values per pit zone were calculated based on net diamond revenues per carat for that zone, modifying factors and operating costs.
Mining factors or assumptions	The methodology used by the Company in converting Mineral Resource to an Ore Reserve is to carry out a pit optimisation exercise on the resource model, after assigning zero value to the inferred category resource, to generate an optimised pit shell, followed by detailed pit design, scheduling and financial modelling. The mining method at Ellendale is by well tested and conventional open pit mining methods, utilising excavators and haul trucks to load and haul blasted material to ore stockpiles, low grade stockpiles and waste dumps. Ore is delivered from the stockpiles to the crushers using front end loaders and occasionally articulated dump trucks. The open pit has been designed using slope design parameters as recommended by geotechnical consultants. Well tested grade control procedures are used utilising face mapping and mark ups with visual control of loading and hauling operations by geological staff.

Criteria	Commentary
	Mining dilution is allowed for in a combined dilution/plant recovery factor. This factor is reviewed at least annually or more frequently if justified. Mining recovery at E9 is assumed to be 100% due to the use of actual tonnage data for the remaining quantity of ore to be mined and there would be no material losses from the stockpiles. A minimum mining width of 20 metres is used. As is not uncommon for diamond mines, Ellendale has had significant amounts of Inferred Resource included in the operating mining and treatment plans. However in the derivation of the Ore Reserves, the Inferred Resource is treated as waste in the pit optimisation and subsequent mine planning process. There is no Inferred resource remaining in the operating plan aside from the treatment of low grade stockpiles, which have not been included in the Ore Reserves. All the necessary infrastructure for the continuation of mining at E9 is in place.
Metallurgical factors or assumptions	The existing processing plant at E9 is able to treat the Ore Reserve at an annualised rate of 4.1 Mtpa. The treatment process consists of primary and secondary crushing, scrubbing, screening, dense media separation, X ray sorting and final hand sorting. This process is well proven diamond recovery technology for lamproite ore. No new metallurgical testwork has been undertaken for the purposes of generating the Ore Reserve. A combined dilution/recovery factor of 96% is applied to the E9 resource. No allowances are made for deleterious elements as there are none that are relevant to the operation. No metallurgical testwork at a bulk sample or pilot scale has been undertaken over the past year other than bulk sampling of the coarse tailings stockpile. This material is not representative of the orebody. The diamond bottom cut off size is 1.5 mm.
Environmental	The E9 project operates under Mining Proposal approval from the Department of Mines and Petroleum. The E4 project was approved through the Environment Protection Agency issuing Ministerial Statement 684 in response to the Environmental Protection Statement submission in 2005. KDC's current approved submissions considered potential environmental impacts of mining and processing, waste rock characterisation and the designs of tailings storage facilities and waste rock dumps. Future addenda to current approvals will require review of these and other environmental aspects of the operation. All required approvals for the active fine tailings storage, coarse tailings dumps and waste dumps are in place for E9. The waste rock has been classified as non - acid generating.
Infrastructure	The mine has been operating since 2004 and all the required material infrastructure already exists. This includes two process plants at E9 and E4, a final recovery plant, workshops, mine stores, ground water borefields, a diesel fired power station, diesel tank farm, explosives magazines and bulk explosives facility offices, site accommodation and kitchen facilities. There is also an airstrip for fly in / fly out operations and road access from Derby to the site is via an unsealed road linking to the sealed Gibb River Road.
Costs	No capital expenditure other than minor sustaining capital is required for the completion of the mining and treating of the Ore Reserves at E9. Operating cost estimates are based on Ellendale's production and cost history, historic mining contractor rates and other current factors affecting diamond mining operations in Australia. No allowances have been made for deleterious elements as there are none. Current exchange rates at the time of the review (June 2015) were used due to the short life of the project. Transport charges for the product are based on historical information and pricing agreements. There is no external treatment or refining charges or penalties for failure to meet specification of the product. A 5% royalty on revenue is payable to the State under the Mining (Ellendale Diamond Royalties) Regulation 2002. No private royalties are payable.
Revenue factors	Tiffany Quality (TQ) fancy yellow diamonds from Ellendale E9 and E4 were sold under a life of mine off-take agreement with Laurelton Diamonds Inc, a subsidiary of Tiffany and Co. TQ diamonds historically make up approximately 9%, 16% and 1% of the total diamonds derived from the E9 West Pit, E9 East pit and E4 respectively.

Criteria	Commentary
	The TQ prices used in the study are provided by Independent Diamond Valuers (IDV) based on the terms of this agreement. The balance of production (Commercial Goods) was sold by auction in Antwerp. The prices used in the study are also provided by IDV based on their price book adjusted for current market factors.
Market assessment	Due to the lack of new major mines being discovered or coming on line and the overall gradual decline in production of existing mines, combined with growth in Asian markets, the general medium and long term outlook for diamonds is perceived as positive. A recovery of the US economy, the largest market for diamond jewellery, would also be a positive factor.
Economic	Key inputs are as per costs and revenue factors above. **Late in FY2015 KDC revenues have been negatively impacted by lower recovered grades and lower size distributions and, as a result, lower prices have been realised in diamond sales. In particular, prices achieved on auction in Antwerp late in June 2015 were significantly lower than those forecasted, resulting from a sharp and unexpected decline in the rough diamond market. This has had a major negative impact on the viability of the Ellendale site.**
Social	Ellendale has a close working relationship with the communities surrounding the project with a number of support and development initiatives in place. To the best of the Competent person's knowledge, all relevant agreements with key stakeholders including traditional owners and pastoral lease holders are in place.
Other	The only material naturally occurring risk is the wet season between December and March and bushfires during the dry season. Planned plant throughput is reduced by 8% during the wet season to allow for the impact of wet feed and lighting delays during the wet season. All required material legal agreements and marketing arrangements are in place and expected to continue for the duration of the study period. All governmental agreements and approvals critical to the viability of the project are in good standing.
Classification	Any Ore Reserves at Ellendale would have been classified as Probable Reserves, however in the opinion of the Competent Persons, given the economic conditions currently encountered it is considered inappropriate to declare any Ore Reserves for the Ellendale deposit as at 30 June 2015.
Audits or reviews	The current reserve has not been externally audited, but has been reviewed by the Competent persons.
Discussion of relative accuracy/ confidence	Due to the short time frame of the operation the confidence in the grade estimates are lower than normal due to the usual fluctuations in grades experienced with diamond projects over short periods.

Table 7: Kimberley Diamonds Reserve Summary as at June 30th 2015

			2015 RESERVE STATEMENT				2014 RESERVE STATEMENT			
SOURCE	ZONE	RESERVE CLASS	TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)
Ellendale	E9 Pipe	Probable	No reserves have been estimated				0.6	3.3	19.7	$674
	E9 Stockpiles						0.6	1.6	9.5	$921
	E4 Stockpiles						1.2	9.4	110.8	$185
	PROBABLE RESERVES ELLENDALE		**0.00**	**0.00**	**0.00**	**0.00**	**2.4**	**5.9**	**140.0**	**$446**

**Rounding of tonnage down to the nearest 10 000 tonnes and carats down to the nearest 100 carats may result in computational discrepancies.*

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

Criteria	Commentary
Indicator minerals	No indicator mineral sampling has been undertaken at Ellendale since 2007.
Source of diamonds	Ellendale diamonds are sourced from primary lamproite deposits, intruded within the regional Grant and Fairfield formations. The diamonds produced a range in stone sizes from +3 to +23 standard sieve sizes and are generally split into two types, white and yellow. The shapes of the stones are predominantly “dodecahedrons”, with the occasional “flat” stone (not “macles”, due to the crystal structure not being twisted). Alluvial diamonds derived from the erosion of primary lamproite material and deposition in an alluvial environment as well as from secondary diamond mineralisation, which results from the enrichment of diamonds in the regolith and upper saprolite (weathered rock material that remains in situ and retains original textures of the parent rock) zones overlying the primary lamproite pipe.
Sample collection	Diamond grades for E9 have been derived from an in pit bulk sampling program, which samples discrete ore zones for treatment in order to determine the grade of the various facies of the pipes. By linking the ore zone to the facies identified in the 3D geological model, grade measurements are assigned to each facies. No additional samples for E9 were taken during the 2015 reporting year. Grade samples at Ellendale are large scale bulk samples 2k-20k tonnes. This is in order to obtain representative grade and revenue results, due to the relatively low grade of the lamproite ore found in the Ellendale pipes. The samples are marked out in the pit following interpretation of blast mark-ups. The sample material is mined and transported to an isolated sample stockpile. In some cases minor zones of internal dilution are evident in the ore. Normal practice of sending material to low grade is followed but the number of trucks diverted is recorded. However the grade is only assigned to the material sent to the sampled ore stockpile. **E4 & E4 Satellite** The E4 grade sample database consists of a collection of surface sample results (bulk sample pits and trenches), as well various types of Auger and Large Diameter Drill holes collected prior to the purchase of KDC by Gem Diamonds. Most of these pre-Gem era samples were collected by the Ashton-Rio Tinto Joint Venture (AJV), prior to the acquisition of Ellendale by KDC, whilst the balance were collected by KDC. These older samples have been supplemented by Bauer Large Diameter Auger (LDA) samples, collected by KDC. Very few details other than the general sample collection method are known for most of the older (AJV) samples. Various auger tools were used for the AJV auger samples, but a Wirth tool appears to have been often used Bauer samples were collected using the Bauer BG36 tool, which employed either 1.5m or 2.5m diameter auger buckets. The sample material was placed in a three-sided metal box adjacent to the hole before being picked up by a front-end loader and placed in an ADT. The ADT then trammed these samples to the Blina plant area, where they were placed on a sterilised pad to await treatment. **Low Grade Stockpiles** The LG2 low grade stockpile grade has been calculated based on the average production grade from production records during September 2013, where 432,642 tonnes of the low grade dump were treated through the production plant. The grade of the LG1 low grade stockpile has been made by using 50% of the average mined grade prior to 2010 based on the existing assigned resource grade of 5 cpht. This is a low confidence estimate due to the lack of accurate depletion data prior to 2010. **Lights Stockpiles** The lights dumps were sampled during 2013 and 2014 with 7 samples taken over the 3 separate dumps. The sample locations were chosen to try and sample as many of the different time zones within the dumps as possible, however due to the practicalities of taking the samples they had to be taken around the edges of the dumps, which meant they were not entirely spatially representative of the dump as a whole. A 27 000 tonne bulk sample of E9 Main lights Stockpile was taken in June 2015. A 100m long x 6m deep bulk sample was excavated from an area in the south of the main lights stockpile, and transported to the E9 plant for treatment using normal production treatment parameters. The concentrate was kept separate and treated through the recovery plant The main objective was to determine the grade and recover stones for diamond valuation (Table 7).

Criteria	Commentary

Ellendale Alluvial

A 1 092 tonne bulk sample of E9 alluvial gravel was taken in June 2015. The sample was treated using normal production treatment parameters. The concentrate was kept separate and treated through the recovery plant. The main objective was to determine the grade and recover stones for diamond valuation (Table 7).

Table 7 Ellendale Bulk Sampling

SOURCE	SAMPLE ID	DATE	PIT ZONE	TONNAGE	CARATS	GRADE (cpht)
Lights Stockpile	E9 Main lights Stockpile	June 2015	E9	27 000	280.46	1.04
E9 Alluvial gravel	E9 North Sample 10A	June 2015	E9	1 092	63.73	5.83

Sample treatment

E9

Surface bulk samples from discrete lithological facies were transported to the E9 plant as a single source feed. Sample material was run through the plant for 30 minutes prior to the concentrate bins being changed and the start of the sample recorded, in order to minimize contamination. The sample was then run until the tonnage target was achieved. The concentrate was processed separately at the final recovery plant, and valued as a discreet parcel in Perth.

Samples are carried out through the main production facility at Ellendale, with a bottom deck screen cut off of 1.5mm and a top deck screen cut off of 14mm.

The production plant consists of 2 primary crushing units feeding to 3 scrubbers, feeding to 3 dense media separation (DMS) units. The concentrate produced from the DMS units is transferred to a final recovery where the concentrate is screened into 2 size fractions +3mm and -3mm and then processed through 3 Flowsort units. The -3mm Flowsort concentrate is then put through an attritioner before being hand sorted and the +3mm concentrate goes straight to being hand sorted. The hand sort is carried out within a glove box. The diamonds recovered are weighed within the glove box before being taken to be acidized and cleaned. The cleaned stones are then sieved, counted and weighed.

E4 & E4 Satellite

Detailed information about the treatment of the AJV samples is unavailable.

The Blina sample plants were used to process the E4 2008 Bauer (LDA) samples. These plants were designed to recover diamonds in the 1.2 to 14mm size range. The plants did not have crushing capability and trommel and grizzly oversize was weighed and considered not to have been processed. Samples were weighed using a weightometer fitted to the front-end loader that fed the plants.

The top screen size was enforced by a scrubber/trommel with square 19mm mesh. There is no crushing circuit in any of the Blina sampling plants, with the scrubber/trommel being relied upon for comminution. Oversize ejected from the scrubber/trommel is weighed and this mass is accounted for in the sample grade calculation. Concentration is by conventional DMS and wet X-Ray (Flowsort) methods.

Micro diamond samples for the 2011 exploration drilling were sent to Geoanalytical Laboratories Saskatchewan Research Council in Canada, an internationally accredited (ISO17025) laboratory specialising in microdiamond analysis.

Pre 2008, microdiamond samples were assayed at Kimberley Diamond Company's own in house Microdiamond laboratory. This facility used heavy liquid separation. Concentrates were obtained by using a series of heavy liquids – Tetrabromoethane (TBE) and Methylene Iodide which were followed by HCl washing and Sodium Peroxide fusion. Diamonds were picked from the concentrate using a mineralogical microscope.

Lights Stockpiles

The Lights samples were treated using normal production treatment parameters.

On completion of the sample – either by treating the entire sample available, or a time limit being reached, the surge bins were run down to depletion, and the concentrate collected and transported to

Criteria	Commentary
	recovery. The concentrate was then treated through recovery separately to normal production with care taken to avoid contamination. The recovered diamonds were cleaned weighed and screened, then dispatched to Perth for valuation. **Low Grade Stockpiles** The low grade material was treated through the E9 production plant in full production mode, continuously over the course of approximately 35 days. **Ellendale alluvial** The Alluvial sample was treated using normal production treatment parameters. The concentrate was then treated through recovery separately to normal production with care taken to avoid contamination. The recovered diamonds were cleaned weighed and screened, then dispatched to Perth for valuation.
Carat	One fifth (0.2) of a gram (often defined as a metric carat or MC).
Sample grade	All resource and sample grades are expressed as carats per hundred tonnes (cpht). No adjustment is made for moisture content within the samples.
Reporting of Exploration Results	No exploration has been done at E9, E4 and E4 Satellite during the reporting period.
Grade estimation for reporting Mineral Resources and Ore Reserves	**E9** The bulk samples are separated into their appropriate pit zones and a zonal average grade is calculated for input into the resource model. Each sample within a given pit zone is proportionally split based on its vertical distance from the current mining surface RL. West pit and Far East pit zones are calculated using a 2% proportional reduction of each sample per metre, so that any sample more than 50m from the current pit surface, has no influence on the calculated resource grade and the most proximal samples have the most influence. East pit zones use a 1.33% proportional reduction per metre, so that samples more than 75m from the current pit surface have no influence on the resource grade. The reason for the extended influence in East pit is due to the pit being closer to the end of its mine life, thus the pit is much narrower and is deepening much faster. Therefore in order to keep enough grade samples to calculate a resource grade, the field of influence was increased. **E4** Close to surface, the coverage of the grade sample data available for E4 is relatively good, being sometimes on a 25m regular grid, or in the form of long trenches. However, the coverage deteriorates fairly rapidly with depth, with the exception of zone 1 and especially zone 22, where a number of drillholes (both Bauer LDA and historical LDD) do penetrate to depth (on about a 100m grid). Due to the wide spacing and irregular sample sizes, Mixed Support Kriging has been used to estimate the resource for E4 constrained by major lithological boundaries. **E4 Satellite** The E4 Satellite estimate was conducted by the Mineral Resource Superintendent using Ordinary Kriging on a dataset of Bauer and Wirth Drill samples combined with trench and bulk samples, constrained by major lithological boundaries. **Lights Stockpiles** The estimation of the lights dump has been based on an average sample grade weighted by sample size for each of the separate dumps. **Low Grade Stockpiles** The grade estimate of the LG2 low grade stockpile has been derived from the average actual production results between 6th Sept and 11th October 2013. The grade of the LG1 low grade stockpile has been made by using 50% of the average mined grade prior to 2010 based on the existing assigned resource grade of 5 cpht. This is a low confidence estimate due to the lack of accurate depletion data prior to 2010. **Ellendale Alluvial** The grade estimation of the Ellendale Alluvial gravel has been based on the sedimentological model devised by KDL's Competent Person during Jan - Jun 2015 making use of exploration data as obtained by Blina Diamonds between 2006 and 2009 during their extensive exploration campaign of the Ellendale alluvial deposits.

Criteria	Commentary
	Normal averaging of selected sub-sample data was used in the Resource calculations. Some of the selected sub-economic gravel layers in the upper sedimentary succession were cut-off and discarded as overburden. Due to depositional processes higher grades are concentrated mainly towards the bottom of the sedimentary succession.
Value estimation	All valuations used in the calculation of resource values are of diamonds recovered from the grade samples processed through the production plants. All valuations are done to the "220 price book", which is a standardised price book of Ellendale production based around end of 2008 prices. The final calculated zone values are then adjusted to current market prices. Ellendale production is split into Tiffany Quality (TQ) diamonds and Commercial Goods (CG) diamonds, as a contract agreement exists with Tiffany and Co for KDC to exclusively sell diamonds of specific quality, colour and size to them at an agreed price. All CG diamonds are sold separately by electronic auction. Due to the Ellendale production being split into TQ stones and CG stones, each portion within the grade samples are valued separately, so that the appropriate market increase can be applied and the most accurate valuation can be achieved. All valuations are carried out by IDV, which is a contracted company working for KDC to value and sell Ellendale diamond production. The final zone valuations are calculated by grouping all samples together within each pit zone and averaging out the value of the total recovered diamonds, to achieve a diamond value for TQ and CG stones for each zone. The current market conditions relative to the 220PB are then applied to the TQ and CG value separately, as they are often different due to the Tiffany uptake agreement. The final total value for each zone is then divided by the total carats to give an overall average $/carat for each zone.
Security and integrity	All bulk samples are treated through the main production plant and final recovery, thus are processed under the same level of security as normal production. All samples are processed using a flush period of sample material prior to the start of the sample and distinct start and finish time, so that DMS concentrate can be collected discretely from normal production. All samples are processed separate from normal production through the final recovery Flowsort machines and are then hand sorted separately. Although processing through a production plant is not ideal and there is a risk of contamination of the sample with diamonds hung up within the plant, as it is not possible to completely clean out the processing plant before each sample. Due to the size of the samples being processed the effect of this contamination on the final result is thought to be minimal and well within reasonable error margins. All diamond acidisation is carried out on site, along with the final sieving, weighing and photographing of the diamonds recovered from each sample. Each diamond sample is packaged and sealed separately from normal ROM production, so that the diamonds are kept separate during transport from the mine to the valuation office in Perth. All diamond transport is carried out by a contracted security company between the mine and the Perth valuation office. All diamonds are weighed in at Perth and reconciled with the recorded weights on site, to make sure no diamond losses have occurred. Once each sample has been valued in Perth by IDV, the diamonds are combined with production for sale, except for exploration and other special samples which are retained. All processing and valuation of diamonds is carried out in secure areas.
Classification	E4 and E9 diamond value estimations have resulted in an Indicated classification, due to: • Predicted values being formulated from accumulated diamond samples of more than 1,000 carats for each deposit and zone, which is recognised as being representative of run of mine production at Ellendale. • Predicted values plotting consistently within a 10% error margin of run of mine actual production values. • Diamond values remaining consistent within all separate resource deposits and zones relative to the "220 price book", over the history of the mine. • Sample diamond values being provided by IDV, using the same categories and processes used to value Ellendale's normal production. E4 Satellite diamond value estimations have resulted in an Inferred classification, due to: • The valuation being carried out on less than 1,000 carats. • Discrete diamonds from the deposit having never been sold at auction. • Diamonds recovered not being representative of the total resource.
In the cross sections below, faded colours represent material previously mined and shaded material represents material included in the geological model but excluded due to lack of "reasonable prospects of eventual economic extraction". The location and extent of the Ellendale alluvial resource is shown in figure 5 below.	

Criteria	Commentary

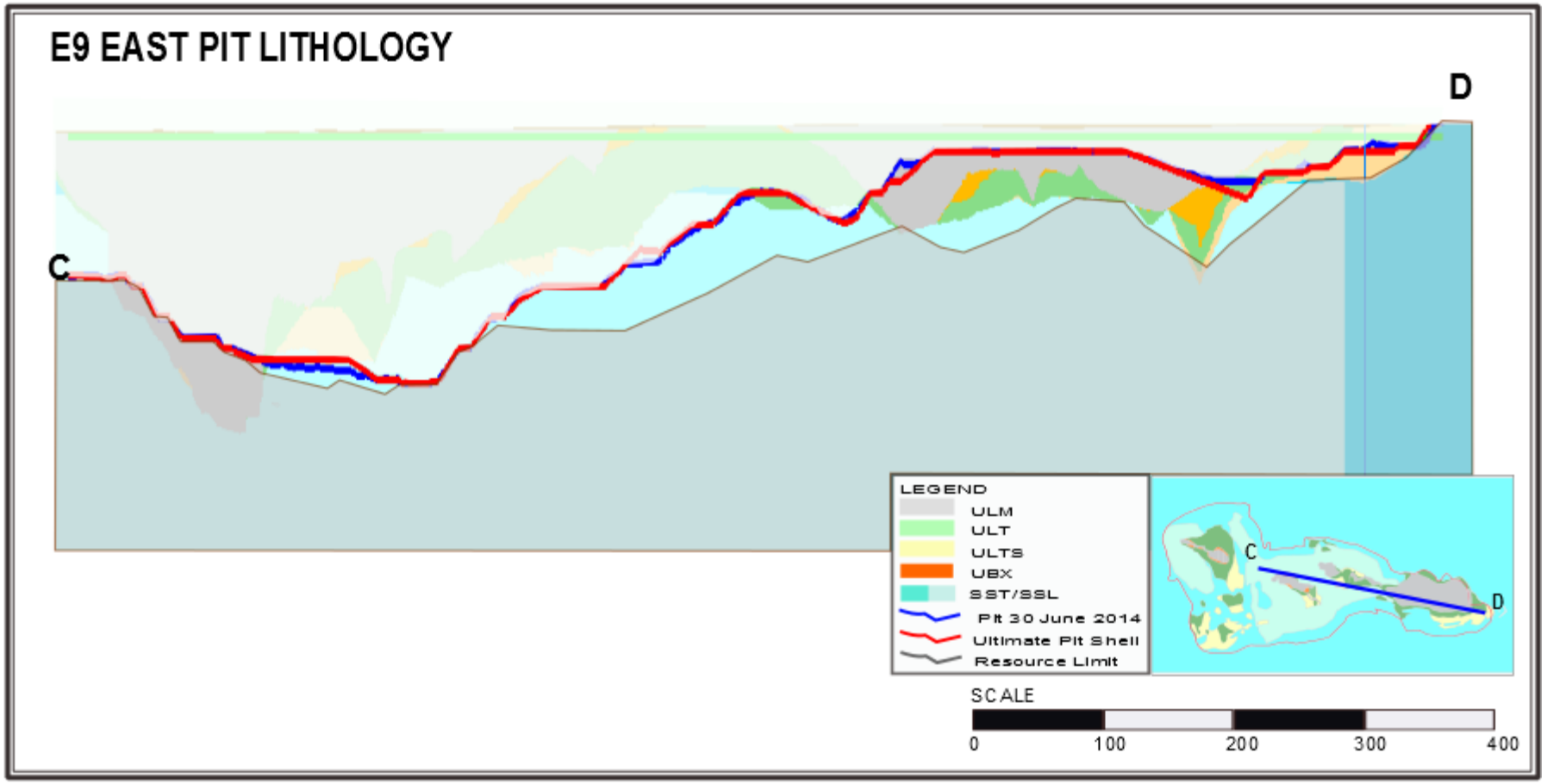


Figure 1 E9 Geology Sections East Pit

Criteria	Commentary

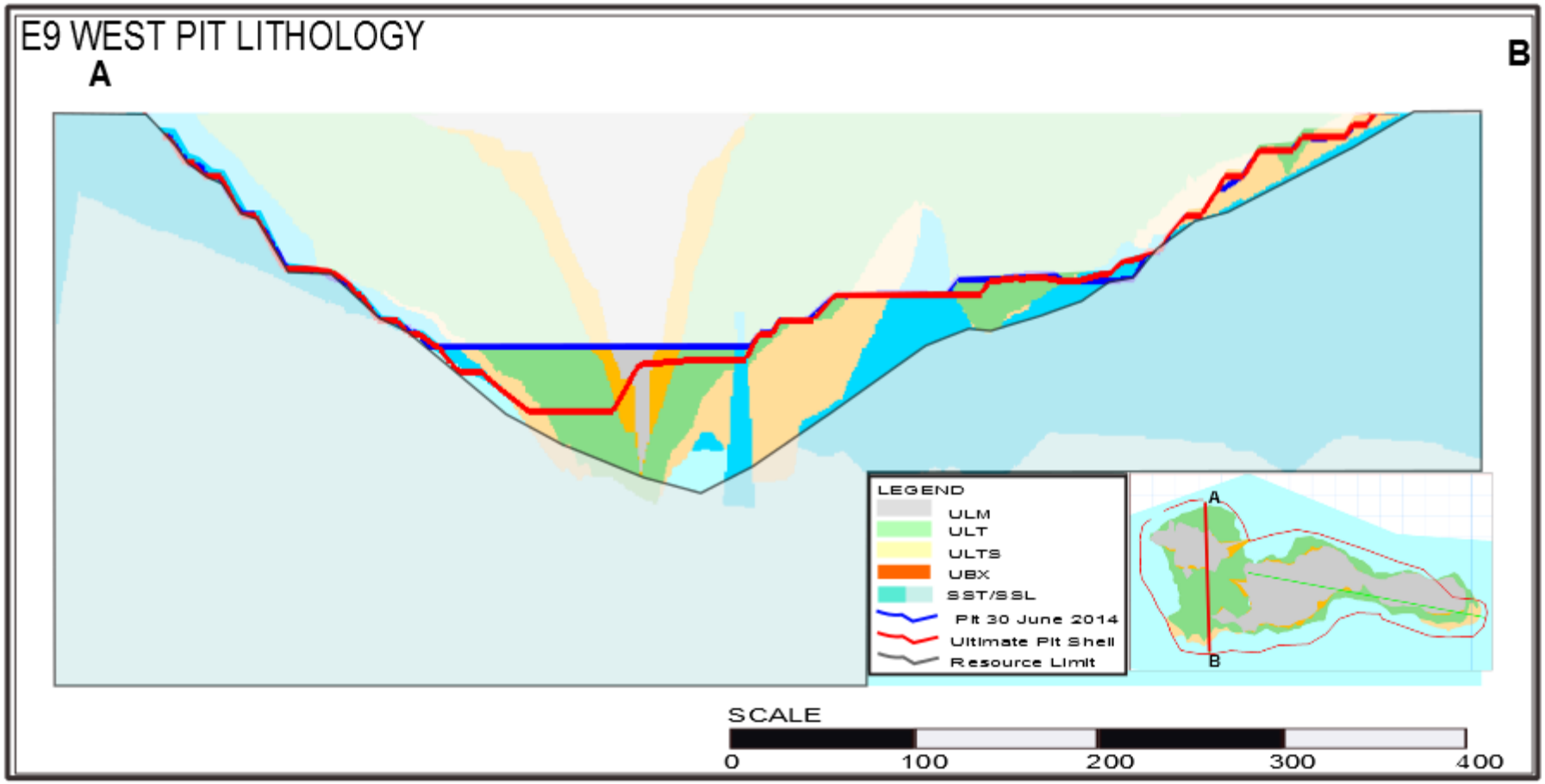


Figure 2 E9 Geology Sections West Pit

Criteria	Commentary

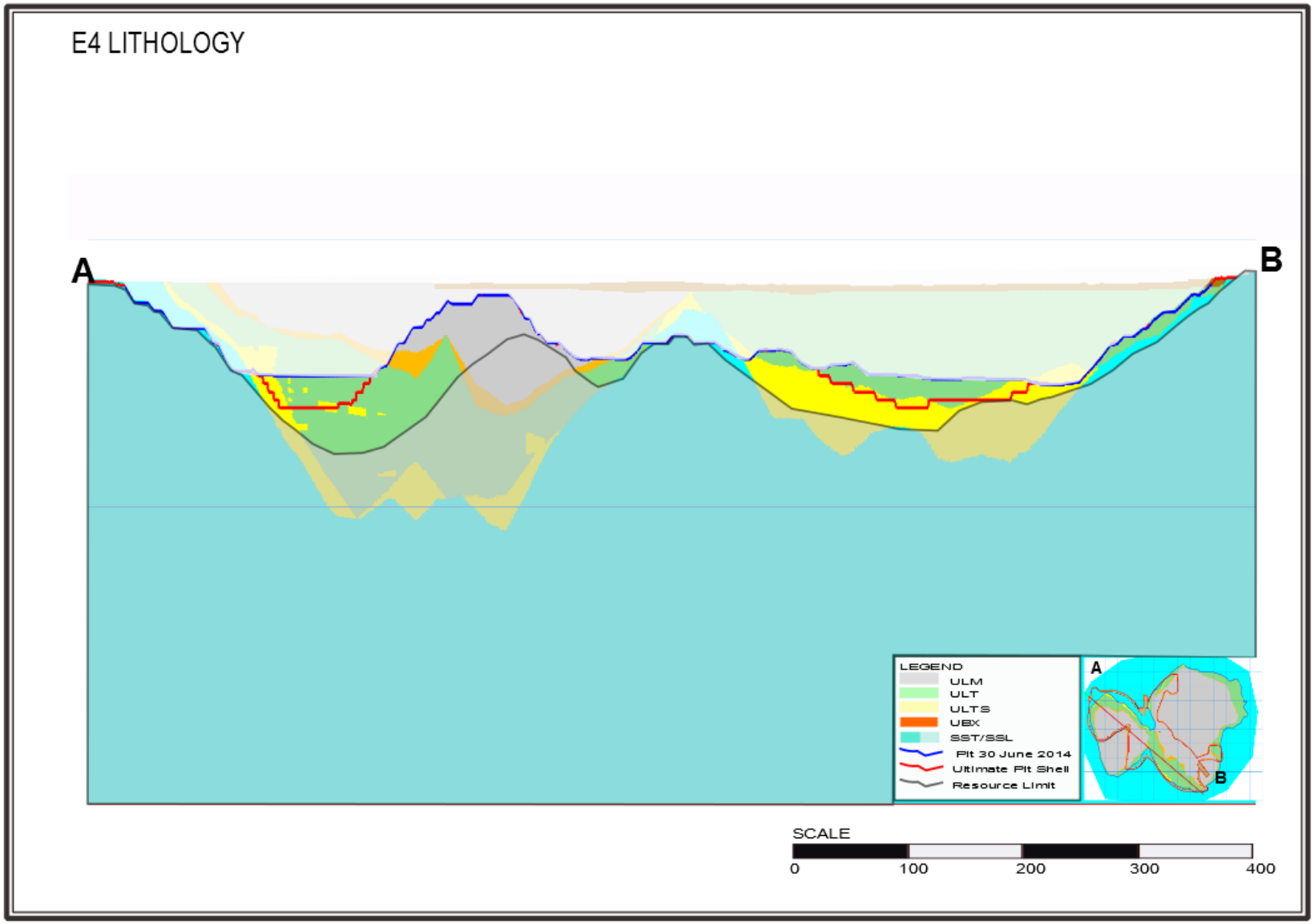


Figure 3 E4 Lithology Section

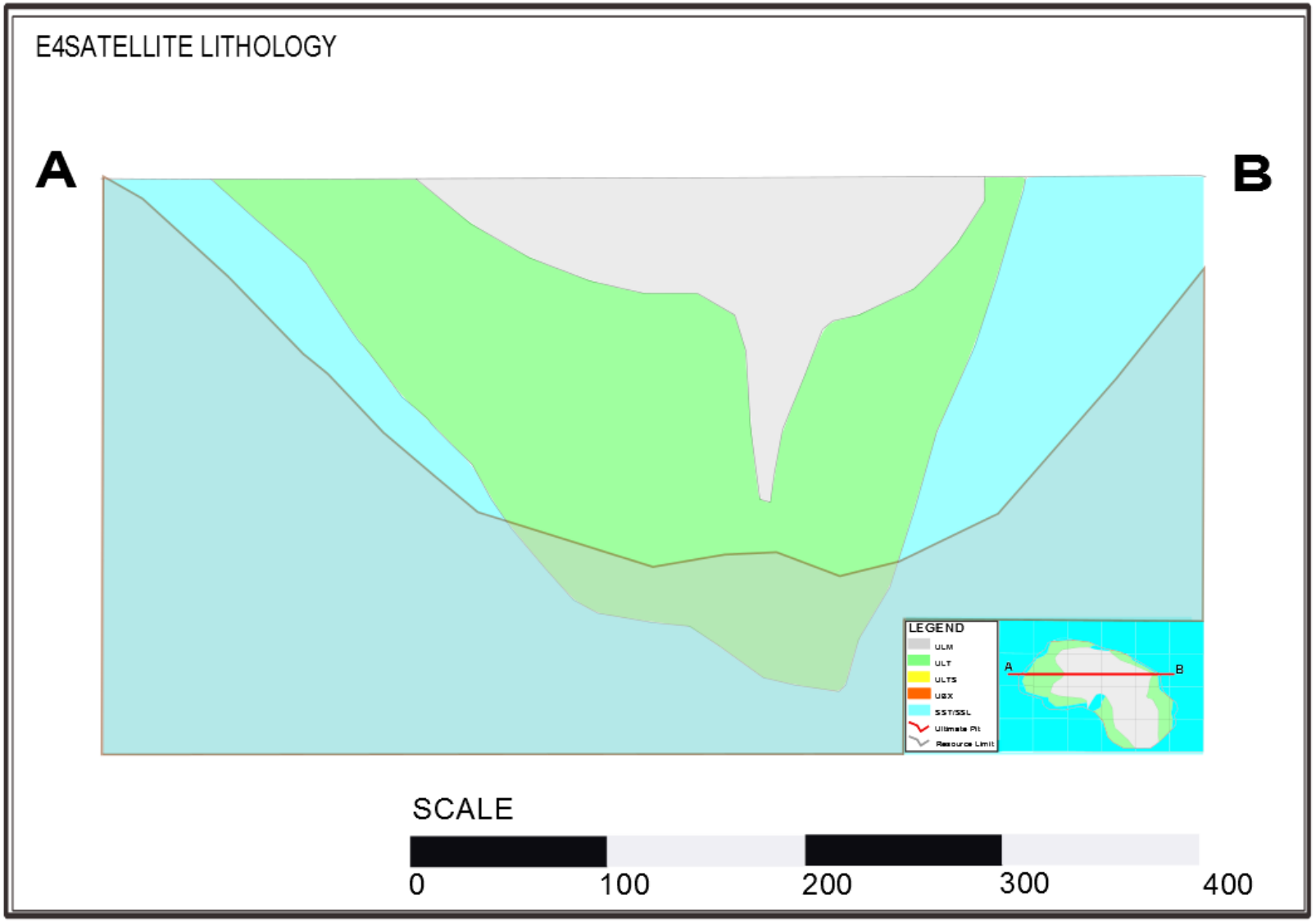


Figure 4 E4 Satellite Geology Section

Criteria	Commentary

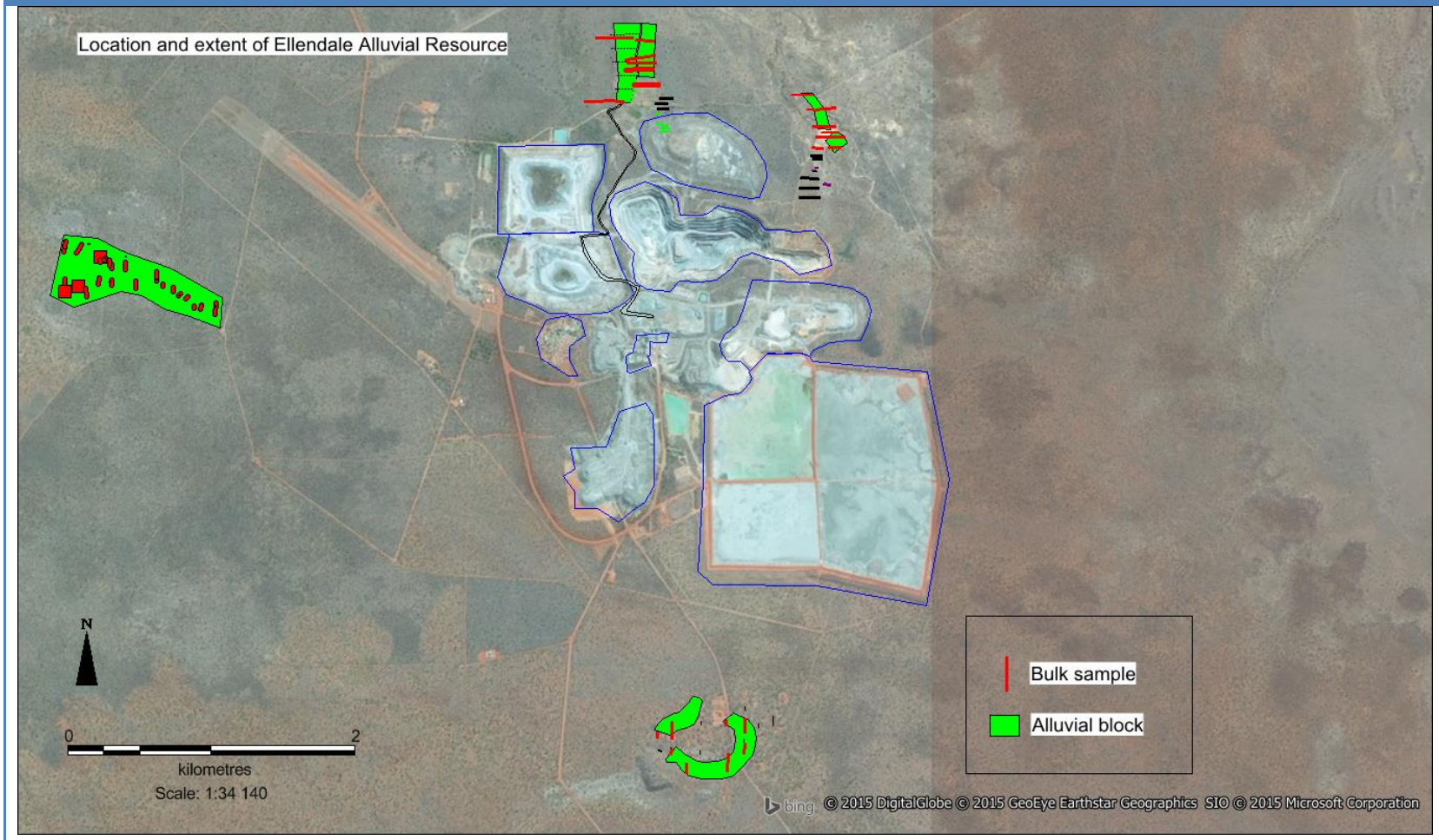


Figure 5 Location and extent of Ellendale Alluvial Resource

Smoke Creek Resource Statement
as at June 30th 2015
JORC Code, 2012 Edition – Table 1

KIMBERLEY DIAMOND COMPANY NL

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Abbreviations</td><td>
<table>
<tr><th>Abbreviation</th><th>Explanation</th></tr>
<tr><td>ADT</td><td>Articulated Dump Truck</td></tr>
<tr><td>BSS</td><td>Bottom Screen Size</td></tr>
<tr><td>cpht</td><td>Carats per hundred tonnes</td></tr>
<tr><td>Ct</td><td>Carat</td></tr>
<tr><td>DMS</td><td>Dense Media Separation</td></tr>
<tr><td>Ha</td><td>Hectares</td></tr>
<tr><td>KDC</td><td>Kimberley Diamond Company NL</td></tr>
<tr><td>ADM</td><td>Argyle Diamond Mines</td></tr>
<tr><td>ROM</td><td>Run-of-Mine</td></tr>
<tr><td>SG</td><td>Specific Gravity</td></tr>
<tr><td>SRK</td><td>SRK Consulting – worldwide mining and resource consultants</td></tr>
<tr><td>UTM–WGS84</td><td>Universal Transverse Mercator coordinate system using WGS 84 Datum.</td></tr>
<tr><td>KDL</td><td>Kimberley Diamonds Limited</td></tr>
</table>
</td></tr>
<tr><td>Sampling techniques</td><td>The data used in the resource estimate is based on a sampling campaign carried out by the operation's previous owners:

Argyle diamond mine (ADM) carried out a bulk sampling program spread out over the entire known alluvial resource. A total of 26 bulk samples were taken, which were each sub-sampled by depth in 1m intervals.

A total of 3,953.5 tonnes was excavated and processed in the form of both pits and trenches.</td></tr>
<tr><td>Drilling techniques</td><td>No drilling has been used in the estimation of the resource.</td></tr>
<tr><td>Drill sample recovery</td><td>No drilling has been used in the estimation of the resource.</td></tr>
<tr><td>Logging</td><td>The thickness of the gravel horizons in the bulk sampling pits and trenches was logged by ADM and has been used as a proxy for drill data in gravel thickness and volume calculations.

A total of 26 pits/trenches were logged for a total length of 132.7m</td></tr>
<tr><td>Sub-sampling techniques and sample preparation</td><td>Sub-sampling was carried out by ADM on all bulk samples by depth at 1m intervals. Each sub-sample was processed discretely and in its entirety. The recovered information was recorded separately for each sub-sample and then combined to give an overall average result for the complete bulk sample.

KDL did a thorough review of all the individual 1m sub sampling data and applied the averaging of data on selected horizons per bulk sample to define an Inferred Resource for the Smoke Creek deposit.

All samples were processed through a DMS with a 1mm bottom cut-off.</td></tr>
</table>

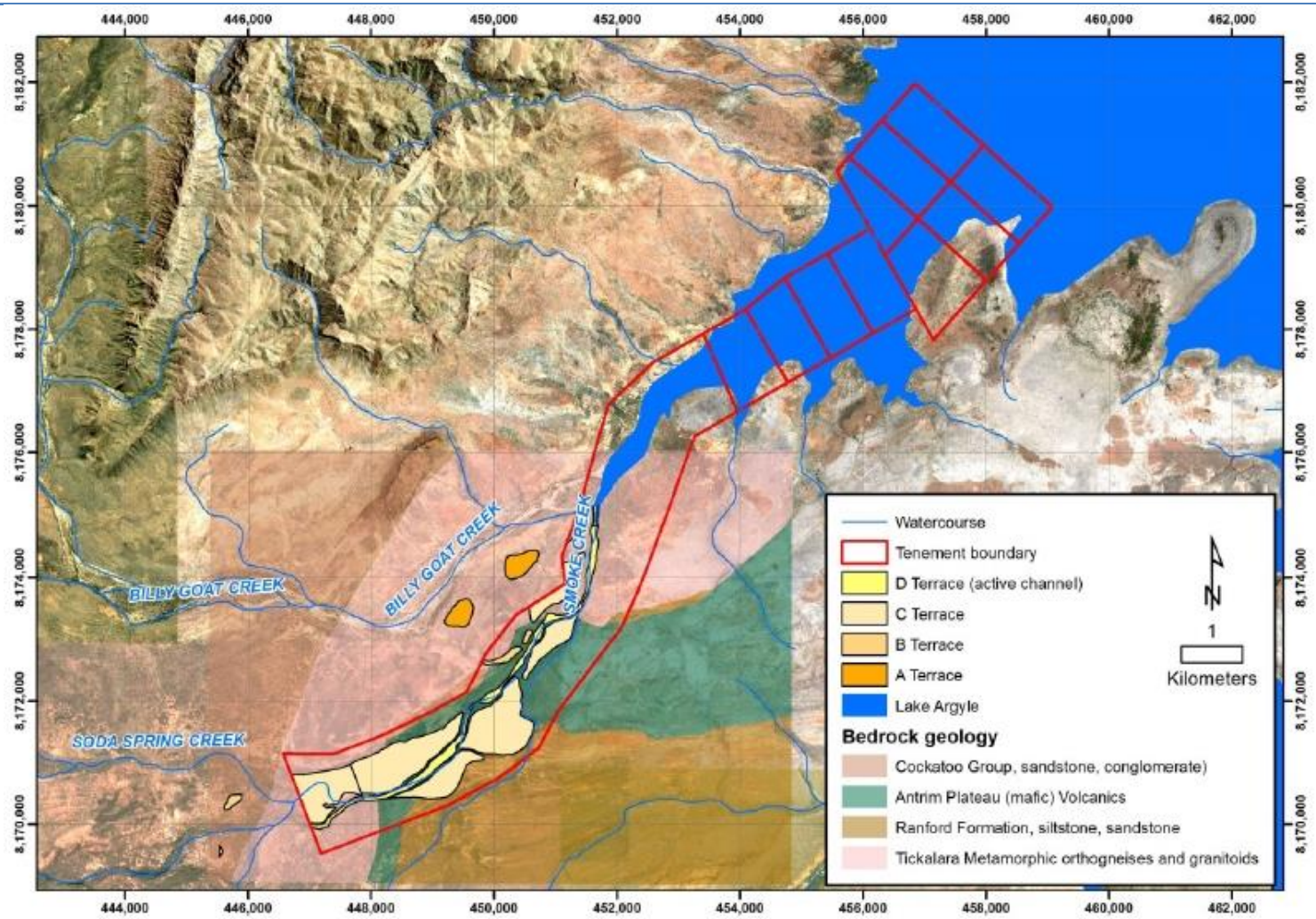
Criteria	Commentary
Quality of assay data and laboratory tests	The ADM samples were processed through their pre-existing alluvial diamond processing plant at the Argyle diamond mine.
Verification of sampling and assaying	All bulk samples were carried out through the ADM alluvial diamond processing plant and final recovery using industry standard protocols and are considered to be accurate enough for the purposes of calculating the Smoke Creek Resource. The results of the sampling program have not been verified by an independent company. All sampling data has independently been reviewed by KDL's Competent Person, Mr Stephen le Roux (Sedimentologist).
Location of data points	All bulk samples were chosen to intersect with lower terrace/floodplain gravels ("C Terraces") along the length of Smoke Creek, guided by infield geological mapping of the river terraces. The centroid of each pit was surveyed and recorded as UTM - WGS84 coordinates.
Data spacing and distribution	The data spacing used for the calculation of the geological resource is deemed suitable for the classification applied.
Orientation of data in relation to geological structure	Due to the varied nature of alluvial diamond deposits, the unbiased approach to choosing specific sample locations within the gravel terraces and the spatial separation of the samples, there is unlikely to be any bias towards a specific alluvial feature within the resource calculation. There is sufficient spread of bulk samples along the Smoke Creek to support the assessment of the deposit and to identify areas of higher grade due to the nature of sedimentary deposits such as: - the concentration of heavy minerals (including diamonds) in the bottom layers of the sedimentary succession - the formation of placer deposits adjacent to specific sections of the river due to the fluvial geomorphology of the river, - the depositional model for heavy minerals - the decrease in grade further away from the source and - elevation differences along the river The classification reflects a moderate level of confidence in the nature and location of the alluvial gravels.
Sample security	Basic on site security measures were in place for the ADM sampling phase and diamond recovery took place in a high security diamond recovery plant.
Audits or reviews	No external review of ADM diamond data has taken place.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	**Mineral tenement and land tenure status** The Smoke Creek project is held by Kimberley Diamonds Limited through its subsidiary Kimberley Diamond Company, under 22 prospecting licenses P80/1712-1725 and P80/1734-1741 granted between November 2010 and September 2011. The prospecting licenses cover an area of 2,699 Hectares. P80/1713 up to and including P80/1725 (13 tenements – granted 1/09/2011) expires on 31/08/2015 and need to be renewed

	P 80/1712 and P 80/1734 - 41 have an expiry date of 8/11/2018 (9 tenements) Kimberley Diamonds Limited acquired the project from Venus Metals Corporation Limited in February 2014.
Exploration done by other parties	The project was initially explored and sampled by Argyle Diamond Mines (ADM). A thorough geological mapping and sampling program was carried out on the alluvial gravels of Lower Smoke Creek, which has subsequently been used to calculate the resource estimate in this document. Venus Metals Corporation Ltd, carried out an aborted sampling campaign in 2011. Due to issues with processing plant performance and sample integrity the campaign was cut short and the results have been deemed to be compromised. Therefore the results have not been included in the resource estimate.
Geology	The Smoke Creek Project is located on the lower reaches of the Smoke Creek towards Lake Argyle and the Project area comprises of 22 Prospecting licences covering a series of mapped terraces of which the ten northernmost leases are located in areas of annual flooding of Lake Argyle. The diamonds in this area are contained within alluvial terrace gravels associated with Smoke Creek, a small ephemeral tributary of the Ord River (which now flows directly into Lake Argyle). The source of the diamonds is the AK1 lamproite mined by Argyle Diamond Mines (Rio Tinto), which was discovered in 1979. The regional geology onto which the alluvial gravels have been deposited consists of the Marboo Formation (Low grade, turbiditic metasediments), Galloping Creek Formation (Feldspathic sandstones and conglomerates), Ranford Formation (siltstones, quartz sandstones and dolomites) and Antrim Plateau Volcanics (Basalts and minor sediments). The local geology is comprised of metamorphic rocks such as deformed felsic and mafic gneiss overlain by silt and sandstone and some volcanic rocks. These rocks have been eroded and redeposited in a series of alluvial deposits between Miocene and Holocene times to form three old terraces (terrace A, B and C) and the active drainage channel (D). The gravel terraces downstream from AK1 were mapped by ADM and Boxer (2005) and put into their own classification from A to D. “D Terraces” being the active channel deposits and “A Terraces” being the oldest upper terrace deposits. Within the Smoke Creek tenements only C and D terraces have been observed and mapped. The oldest terrace gravels (A), occur 8m above the Lake Argyle floodplain and are strongly ferruginised (iron rich soils) and reach gravel thicknesses of up to 4m thick. Terrace A gravels are not developed in the study area. Terrace B gravels occur about 4m above the Lake Argyle floodplain and are about 2m thick and are less ferruginised with respect to those of Terrace A. Terrace B gravels are not developed in the study area. Terrace C deposits are characterised by a white calcrete coating, and comprise material derived directly from the Argyle pipe and reworked/eroded material from Terrace A and B deposits. Terrace C gravels form the largest volume of gravels in the study area and have been extensively mined near the Argyle pipe. The Terrace C gravels are between 2 and 3m thick in Smoke Creek. The mapped terraces clearly show the change of the river bed over time, from Miocene to present day, which were reworked in some places and re-deposited as surface enriched placer deposits.



Interpreted bedrock geology and alluvial terraces (after Boxer 2005)

The alluvial deposits consist of sorted sand and gravel horizons, coarsening with depth, with cobbles up to 200mm in diameter. Gravels vary from matrix to clast supported, often becoming increasingly clast supported with depth. Clasts are predominantly sub-angular surrounded with a sandy clay matrix. The gravel horizons vary from 2m to 7m in thickness.

Drill hole Information

No drilling has been used in the calculation of the resource; however the depths from surface of the bulk sample pits/trenches have been used as proxies for drill data.

Sample	Depth (m)	Easting	Northing
SC22	4	448,957	8,170,362
SC23	6	448,436	8,170,959
SC24	7	449,325	8,171,569
SC25	7	450,083	8,171,513
SC26	5	449,907	8,172,451
SC27	5	450,525	8,173,152
SC28	5	450,975	8,172,808
SC29	3	451,270	8,174,052
SC30	3	451,671	8,174,610
SC31	3	451,604	8,175,764
SC32	7	452,077	8,176,394
SC33	6.5	452,857	8,177,041
SC34	6	453,507	8,177,002
SC35	6.5	453,276	8,177,170
SC36	7	451,249	8,173,348
SC37	4.2	449,615	8,171,839
SC38	5	447,909	8,170,348
SC66	6	448,633	8,170,634
SC67	7	449,247	8,170,505
SC68	4	449,305	8,171,245
SC69	6	449,630	8,171,226
SC70	6	451,420	8,175,115
SC71	2	452,075	8,175,907
SC72	2	451,792	8,175,575
SC91	5	452,530	8,176,735
SC92	4.5	453,740	8,176,460

Data aggregation methods

The ‘D’ terrace represents the active channel deposits and is located within and directly adjacent to the active Smoke Creek drainage channel and is the youngest of all terraces present. Grades obtained from bulk samples located on the ’D’ terrace were very low compared to grades obtained on the older ‘C’ terrace. Thirteen (13) of the 26 bulk samples are located on the ‘D’ terrace and were excluded from the Resource calculations.

The 13 samples and sub-samples that were excluded from the Resource calculations are shown in the table below:

PitID	Sample	From	To	Length (m)	Carats	Tonnes	Grade (cpht)
SC26	SC26-1	0	1	1	3.39	38.8	9
SC26	SC26-2	1	2	1	0.6	36.5	2
SC26	SC26-3	2	3	1	2.71	37.2	7
SC26	SC26-4	3	4	1	0.72	35.2	2
SC26	SC26-5	4	5	1	2.38	34.7	7
				5	9.8	182.4	5.4
SC27	SC27-1	0	1	1	0.12	30.3	0
SC27	SC27-2	1	2	1	0.16	28.3	1
SC27	SC27-3	2	3	1	1.74	29.7	6
SC27	SC27-4	3	4	1	0.71	31.2	2
SC27	SC27-5	4	5	1	0.82	35	2
				5	3.55	154.5	2.3
SC29	SC29-1	0	1	1	0.31	31	1
SC29	SC29-2	1	2	1	0.39	32.6	1
SC29	SC29-3	2	3	1	0.04	34.4	0
				3	0.74	98	0.8
SC32	SC32-1	0	1	1	0.62	31.2	2
SC32	SC32-2	1	2	1	0.32	29.1	1
SC32	SC32-3	2	3	1	1.29	35.7	4
SC32	SC32-4	3	4	1	5.26	39.3	13
SC32	SC32-5	4	5	1	1.89	33.8	6
SC32	SC32-6	5	6	1	1.17	37	3
SC32	SC32-7	6	7	1	2.25	35	6
				7	12.8	241.1	5.3
SC34	SC34-1	0	1	1	1.16	30.8	4
SC34	SC34-2	1	2	1	0.84	30.7	3
SC34	SC34-3	2	3	1	0.79	28	3
SC34	SC34-4	3	4	1	1.14	30.3	4
SC34	SC34-5	4	5	1	1.33	42	3
SC34	SC34-6	5	6	1	2.52	35.4	7
				6	7.78	197.2	3.9
SC35	SC35-1	0	1	1	0.46	27.9	2
SC35	SC35-2	1	2	1	0.38	27.4	1
SC35	SC35-3	2	3	1	0.07	30.6	0
SC35	SC35-4	3	4	1	0.12	35.4	0
SC35	SC35-5	4	5	1	0.14	33.1	0
SC35	SC35-7	6	7.5	1.5	0.01	16.8	0
				6.5	1.18	171.2	0.7

PitID	Sample	From	To	Length (m)	Carats	Tonnes	Grade (cpht)
SC36	SC36-1	0	1	1	0	0	0
SC36	SC36-2	1	2	1	1.11	30.9	4
SC36	SC36-3	2	3	1	1.39	35.4	4
SC36	SC36-4	3	4	1	1.57	32.7	5
SC36	SC36-5	4	5	1	1.32	31.7	4
SC36	SC36-6	5	7	2	1.45	17.7	8
				7	6.84	148.4	4.6
SC37	SC37-1	0	1	1	0.27	27	1
SC37	SC37-2	1	2	1	0.27	27.9	1
SC37	SC37-3	2	3	1	0.45	31.2	1
SC37	SC37-4	3	4.2	1.2	0.03	15.5	0
				4.2	1.02	101.6	1.0
SC38	SC38-1	0	1	1	1.61	27.4	6
SC38	SC38-2	1	2	1	0.07	27	0
SC38	SC38-3	2	3	1	0.08	28.1	0
SC38	SC38-4	3	4	1	1.26	30.9	4
SC38	SC38-5	4	5	1	1.34	31.2	4
				5	4.36	144.6	3.0
SC66	SC66-1	0	1	1	2.93	27.9	11
SC66	SC66-2	1	2	1	1.3	29	4
SC66	SC66-3	2	3	1	0.9	14.8	6
SC66	SC66-4	3	4	1	0.8	29.9	3
SC66	SC66-6	4	6	2	0.74	12.7	6
				6	6.67	114.3	5.8
SC68	SC68-1	0	1	1	2.82	24.2	12
SC68	SC68-2	1	2	1	0.53	24.2	2
SC68	SC68-3	2	3	1	1.15	27.68	4
SC68	SC68-4	3	4	1	0.47	15.11	3
				4	4.97	91.19	5.5
SC70	SC70-1	0	1	1	0.4	26.75	1
SC70	SC70-2	1	2	1	1.73	31.55	5
SC70	SC70-3	2	3	1	1.75	22.1	8
SC70	SC70-4	3	4	1	2.7	32.7	8
SC70	SC70-5	4	5	1	1.9	30.5	6
SC70	SC70-6	5	6	1	1.28	15.15	8
				6	9.76	158.75	6.1
SC91	SC91-1	0	1	1	2.22	29.85	7
SC91	SC91-2	1	2	1	0.55	32.55	2
SC91	SC91-3	2	3	1	4.99	30.85	16
SC91	SC91-4	3	4	1	2.42	30.55	8
SC91	SC91-5	4	5	1	2.12	31	7
				5	12.3	154.8	7.9

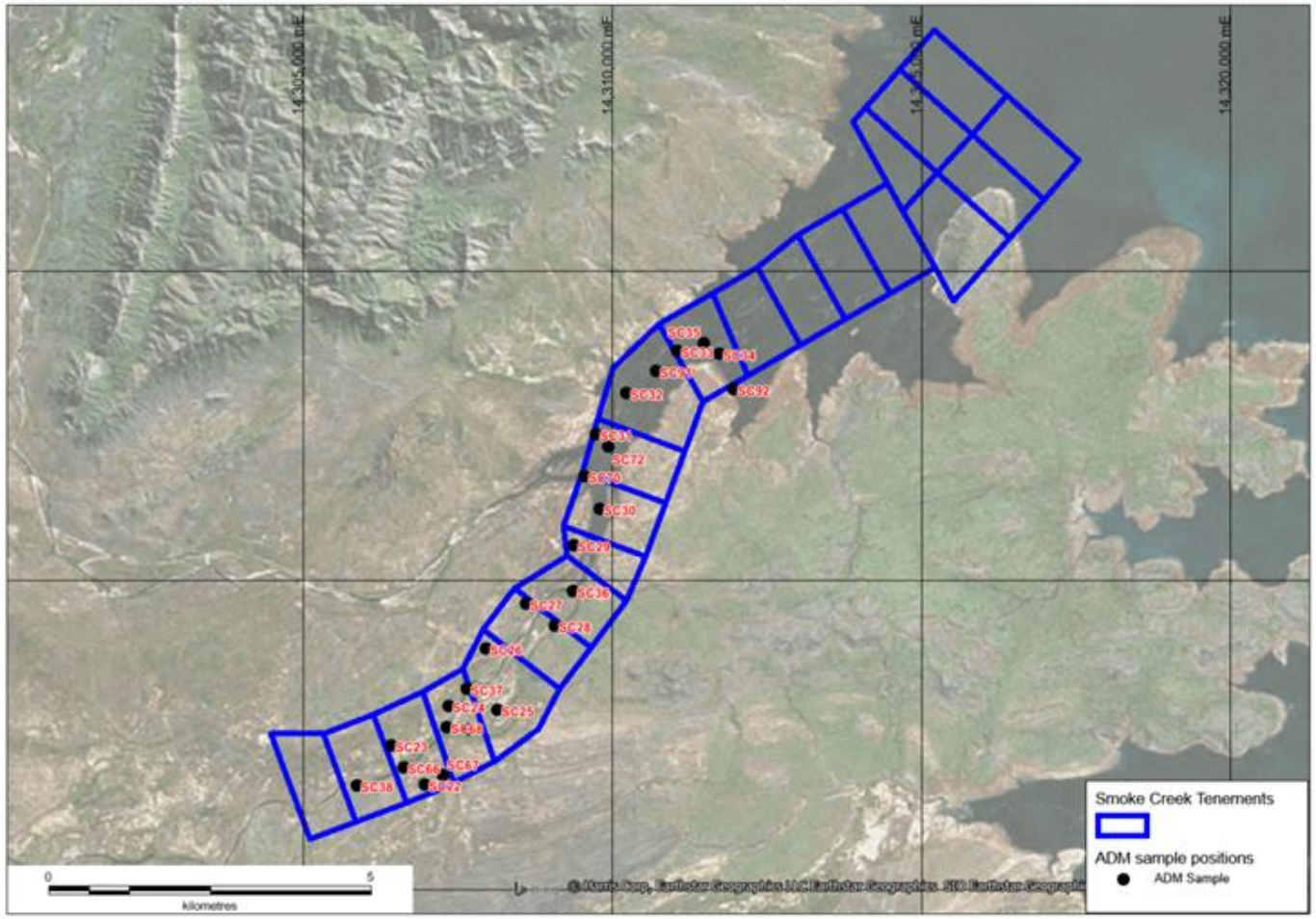
The data of the samples and sub-samples that are located on the older C-terrace is shown in the table below. Terrace C gravels form the largest volume of gravels in the study area. Due to depositional processes higher grades are concentrated mainly towards the bottom of the sedimentary succession.

As highlighted in the table below, averaging of selected sub-sample data was used in the Resource calculations. The top layers were cut-off and discarded as overburden.

PitID	Sample	From	To	Length (m)	Carats	Tonnes	Grade (cpht)
SC22	SC22-1	0	1	1	55.69	29.9	186
SC22	SC22-2	1	2	1	0.94	29.9	3
SC22	SC22-3	2	3	1	7.96	30.5	26
SC22	SC22-4	3	4	1	0.36	32.8	1
				4	65.0	123	52.8
SC23	SC23-1	0	1	1	1.15	31.3	4
SC23	SC23-2	1	2	1	1.87	31.4	6
SC23	SC23-3	2	3	1	0.42	29.9	1
SC23	SC23-4	3	4	1	0.84	32.3	3
SC23	SC23-6	5	6	1	6.39	35	18
SC23	SC23-7	6	7	1	24.1	33.4	72
				2	30.5	68	44.6
SC24	SC24-1	0	1	1	1.05	29.9	4
SC24	SC24-2	1	2	1	4.76	31.6	15
SC24	SC24-3	2	3	1	7.57	33.6	23
SC24	SC24-4	3	4	1	26.21	36.5	72
SC24	SC24-5	4	5	1	11.67	37.9	31
SC24	SC24-6	5	6	1	66.24	33.2	200
SC24	SC24-7	6	7	1	5.17	33.4	15
				4	109.3	141	77.5
SC25	SC25-1	0	1	1	10.63	28.7	37
SC25	SC25-2	1	2	1	1.99	28.9	7
SC25	SC25-3	2	3	1	2.09	35.7	6
SC25	SC25-4	3	4	1	1.5	38	4
SC25	SC25-5	4	5	1	4.27	36.3	12
SC25	SC25-6	5	6	1	2.83	37.3	8.0
SC25	SC25-7	6	7	1	8.7	30.7	28.0
				1	8.7	31	28.3
SC28	SC28-1	0	1	1	19.28	31	62
SC28	SC28-2	1	2	1	15.23	28.6	53
SC28	SC28-3	2	3	1	3.5	31.3	11
SC28	SC28-4	3	4	1	0.64	32.7	2
SC28	SC28-5	4	5	1	2.43	33.7	7
				5	41.1	157	26.1
SC30	SC30-1	0	1	1	13.36	30.3	44
SC30	SC30-2	1	2	1	0.04	30.6	0
SC30	SC30-3	2	3	1	0.33	33.8	1
				3	13.7	95	14.5

PitID	Sample	From	To	Length (m)	Carats	Tonnes	Grade (cpht)
				3	13.7	95	14.5
SC31	SC31-2	1	2	1	1.39	40.6	3
SC31	SC31-3	2	3	1	73.72	39.9	185
SC31	SC31-4	3	4	1	0.14	35	0
				2	73.9	75	98.6
SC33	SC33-1	0	1	1	4.8	33.1	15
SC33	SC33-2	1	2	1	1.58	37.1	4
SC33	SC33-3	2	3	1	0.38	36.4	1
SC33	SC33-4	3	4	1	0.9	38.1	2
SC33	SC33-5	4	5	1	13.52	37.8	36
SC33	SC33-6	5	6	1	3.66	39.1	9
SC33	SC33-7	6	6.5	0.5	5.31	36.4	15
				2.5	22.5	113	19.8
SC67	SC67-1	0	1	1	3.59	29.8	12
SC67	SC67-2	1	2	1	2.92	23.3	13
SC67	SC67-3	2	3	1	0.72	29.8	2
SC67	SC67-4	3	4	1	4	11.3	35
SC67	SC67-5	4	5	1	0.6	11.65	5
SC67	SC67-6	5	6	1	19.73	12.1	163
SC67	SC67-7	6	7	1	16.25	15.25	107
				4	40.6	50	80.7
SC69	SC69-1	0	1	1	1.46	30.3	5
SC69	SC69-2	1	2	1	0.8	25.1	3
SC69	SC69-3	2	3	1	7.06	28.7	25
SC69	SC69-4	3	4	1	1.94	15.35	13
SC69	SC69-5	4	5	1	1.15	16.85	7
SC69	SC69-6	5	6	1	2.03	24.1	8
					12.2	85	14.3
SC71	SC71-1	0	1	1	7.61	34.2	22
SC71	SC71-2	1	2	1	1.97	15.82	12
				2	9.6	50.0	19.2
SC72	SC72-1	0	1	1	2.04	32.4	6
SC72	SC72-2	1	2	1	11.3	36.7	31
SC72	SC72-3	3	3	0	7.76	33.35	23
				1	19.1	70	27.2
SC92	SC92-1	0	1	1	5.12	31.9	16
SC92	SC92-2	1	2	1	1.45	31.8	5
SC92	SC92-3	2	3	1	4.39	32.3	14
SC92	SC92-4	3	4	1	5.08	32.95	15
SC92	SC92-5	4	4.5	0.5	6.39	26.8	24
				2.5	15.9	92	17.2

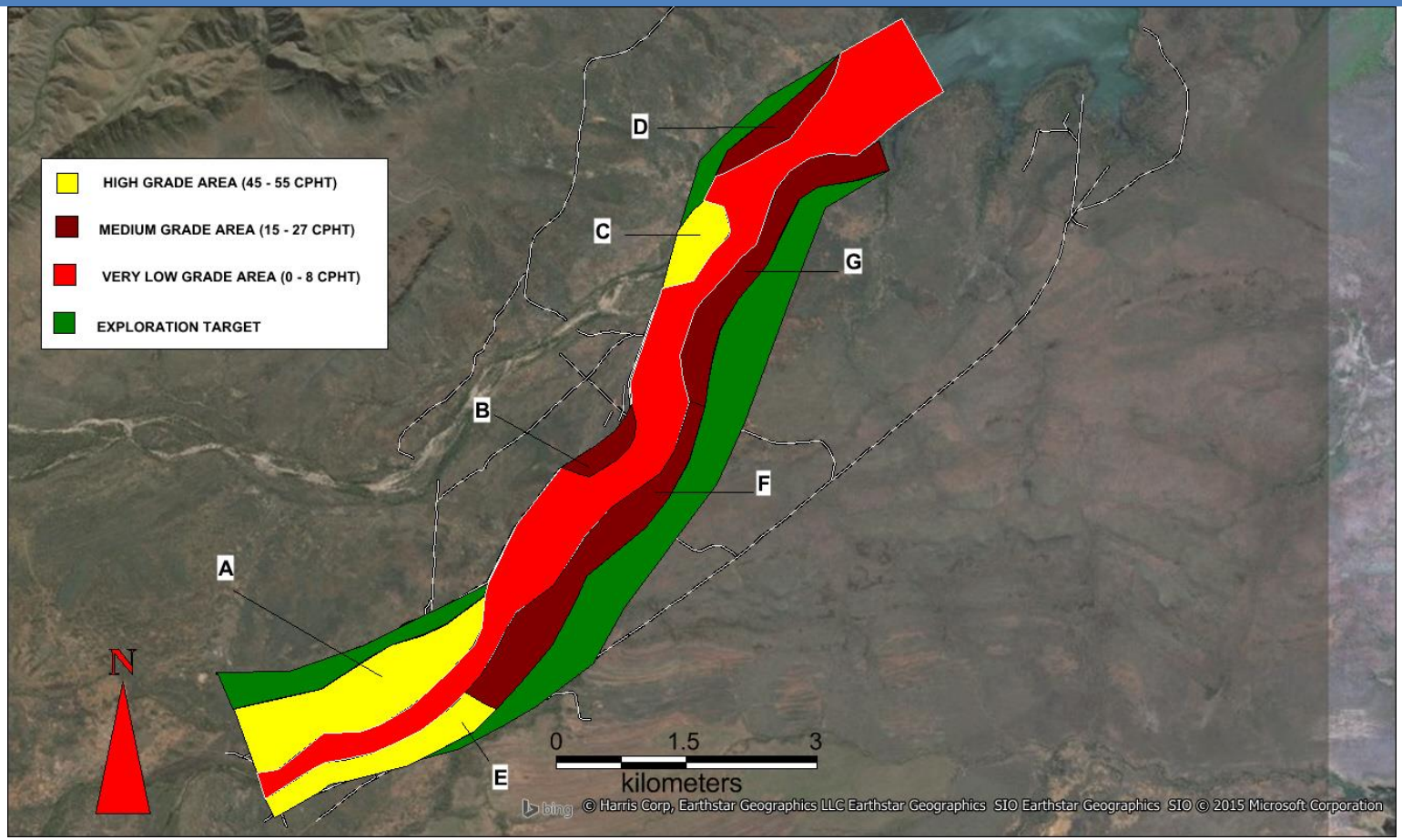
Relationship between mineralisation widths and intercept lengths	Due to the massive nature of the deposit, all widths are effectively true widths.

Diagrams	
Balanced reporting	Exploration results have been reported in sufficient detail to avoid presenting an unfairly biased view of the results.
Other substantive exploration data	No recent exploration has taken place within the tenements by KDL.
Further work	Additional bulk samples need to be excavated on selected areas within the deposit, in order to increase the level of confidence of the resource.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
Database integrity	All data has been recorded in Excel spreadsheets and has been cross validated with previous resource estimates, to ensure the data has not been corrupted over time.
Site visits	A site visit by KDL was carried out prior to the project acquisition in February 2014. KDL's Competent Person visited the site during May 2015.
Geological interpretation	The geological interpretation of the alluvial gravel resource is based on work carried out by ADM. The extents of the terrace gravels were mapped by on site geologists using topography, vegetation and rock outcrops. The gravel thickness was measured by on site geologists during the excavation of bulk sample pits/trenches. The depth data was then recorded along with the sampling results. The accuracy of the geological mapping has yet to be confirmed by geophysics and or further trenching, however is considered to be accurate enough for the resource classification given. The spatial representation of the bulk sampling and gravel thickness data is considered to be enough for an inferred classification only. The geological mapping and the gravel thickness data have been used to define the area and volume of the resource areas.
Dimensions	The alluvial resource is spread throughout the Smoke Creek tenements and varies mainly between the "C" and to a lesser extent the "D" type terraces. The total resource area was re-calculated during April 2015 and covers an area of 591Ha (compared to 315.3 ha as stated during June 2014). Some of the pits were located outside the mapped terrace outlines and were adjusted by SRK during 2014 and reviewed and slightly readjusted by KDL's Competent Person during 2015 to incorporate the sample pits. Both outlines are the best minimum estimate of the extent of the terraces cover across the project.
Estimation and modelling techniques	**Grade Estimation** The grade estimation has been based on the Sedimentological model devised by KDL's Competent Person, Stephen le Roux during April 2015. Using the mapping of the terrace boundaries and the positioning of the bulk samples that were taken by ADM, a depositional model was developed which clearly distinguishes between high grade, medium grade and very low grade areas. After (1) reviewing the sub-sample data of each pit (2) applying sedimentary depositional principals for the deposit along a braided river system and (3) using a normal average of selected sedimentary gravel horizons per pit, an average grade for each **depositional area** was developed as shown in the resource block map below:

Criteria	Commentary
	 Areas below 10cpht have been excluded from the resource due to being deemed to be sub-economic. An Exploration target was also identified which does not form part of this Resource Statement.

Criteria	Commentary
	Table 1 Smoke Creek Resource

Block	AREA (m2)	Resource Classification	TOTAL GRAVEL (ton)	CARATS ct	GRADE CPHT	BOTTOM SCREEN CUT OFF (mm)	VALUE (USD/ct)
A	1 721 137	Inferred	10 843 163	5 963 740	55	1.0	40
B	213 021		766 876	115 031	15		
C	385 720		1 180 303	531 136	45		
D	390 076		2 106 410	421 282	20		
E	730 497		5 259 578	2 892 768	55		
F	1 383 756		7 472 282	2 017 516	27		
G	1 084 482		5 856 203	1 171 241	20		
TOTAL	**5 908 689**		**33 484 816**	**13 112 714**	**39**	**1.0**	**40**
Smoke Creek Inferred Resource			**33 484 816**	**13 112 714**	**39**	**1.0**	**40**

Note that a density of 1.2 ton/m^3 was used in the previous resource calculations (2014), which is questionable and too low for an alluvial deposit of this nature. A bulk density of 1.8 ton/m^3 was used in the revised resource calculations which resulted in an increase in tonnages and a consequent increase in carats (Table 1 above).

Revenue Estimation

Diamonds from the Smoke Creek tenement area have never been independently valued. However for the purposes of calculating an economic resource a value of $40/carat has been used, based on an approximately 50% upgrade in value due to natural alluvial processes from the run of mine production of the AK1 lamproite.

Moisture	Moisture contents of samples have not been separately measured.
Cut-off parameters	A cut-off grade of 10cpht has been used in the calculation of the resource; this is deemed to be below what would be reasonably considered to be economic presently or in the future.
Mining factors or assumptions	No mining factors have been assigned to the resource estimate
Metallurgical factors or assumptions	No metallurgical factors have been assigned to the resource estimate
Environmental factors or assumptions	No environmental factors have been assigned to the resource estimate
Bulk density	Bulk densities per sampling pit as, determined by ADM, were not available for verification. An in situ density of 1.8t/m3 has been used for the Smoke Creek Resource estimate

Criteria	Commentary
	(June 2015). The previous resource estimate (2014) was done using a density of 1.2 ton/m^3 which is questionable and too low for an alluvial deposit of this nature.
Classification	The resource classification has been based on the calculated grade. Anything below 10cpht is excluded from the resource, anything above 10cpht is considered to be Inferred, due to the spatial representation of the sampling data and the error margins associated with the mapping of the terrace boundaries.
Audits or reviews	The base information for the estimation of the resource was reviewed by SRK in 2014. A further re-evaluation of the resource was done by KDL's Competent person in April 2015
Discussion of relative accuracy/ confidence	The resource has been classified as an inferred resource due to the sampling showing consistent diamond mineralisation throughout the alluvial gravels at levels likely to be economic. However there are not enough samples in any one area of the resource in order for any part of the resource to be classified as Indicated.

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

Criteria	Commentary
Indicator minerals	No indicator mineral sampling has been undertaken at Smoke Creek.
Source of diamonds	Smoke Creek diamonds are from a secondary alluvial gravel deposit, with a primary source confirmed to be the AK1 lamproite currently mined by ADM (Rio Tinto). Exact details of the diamonds recovered from the alluvials at Smoke Creek are sparse; however they are likely to be significantly higher quality than the AK1 run of mine production, due to the upgrade in quality normally associated with alluvial processes.
Sample collection	The data used in the resource estimate is based on a sampling campaign carried out by the operation's previous owners: Argyle diamond mine (ADM) carried out a bulk sampling program spread out over the entire known alluvial resource. A total of 26 bulk samples were taken, which were each sub-sampled by depth in 1m intervals. A total of 3,953.5 tonnes was excavated and processed in the form of both pits and trenches.
Sample treatment	The ADM samples were processed through their pre-existing alluvial diamond processing plant at the Argyle diamond mine.
Carat	One fifth (0.2) of a gram (often defined as a metric carat or MC).
Sample grade	All resource and sample grades are expressed as carats per hundred tonnes (cpht). No adjustment is made for moisture content within the samples. All results are quoted to a 1.00mm bottom cut-off unless otherwise stated.
Reporting of Exploration Results	Recent exploration has not been undertaken at Smoke Creek
Grade estimation for reporting Mineral Resources and Ore Reserves	The grade estimation has been based on the Sedimentological model devised by KDL's Competent Person, Stephen le Roux (Sedimentologist) during April 2015. Using the mapping of the terrace boundaries and the positioning of the bulk samples that were taken by ADM, a depositional model was developed which clearly distinguishes between high grade, medium grade and very low grade areas.

Criteria	Commentary
	After (1) reviewing the sub-sample data of each pit (2) applying sedimentary depositional principals for the deposit along a braided river system and (3) using a normal average of selected sedimentary gravel horizons per pit, an average grade was calculated for each **depositional area**.
Value estimation	Diamonds from the Smoke Creek tenement area have never been independently valued. However for the purposes of calculating an economic resource a value of $40/carat has been used, based on an approximately 50% upgrade in value due to natural alluvial processes from the run of mine production of the AK1 lamproite.
Security and integrity	All ADM samples were processed through their alluvial processing plant and final recovery, using industry standard security procedures and practices.
Classification	The resource classification has been based on the calculated grade. Anything below 10cpht is excluded from the resource, anything above 10cpht is considered to be Inferred, due to the spatial representation of the sampling data and the error margins associated with the mapping of the terrace boundaries. Due to the samples taken by ADM being of sufficient size to recover a reasonable number of carats, actual recovered grades have been used in the resource calculations.