



## **KIMBERLEY DIAMONDS LTD**

ACN 150 737 563

### **NOTICE OF 2015 ANNUAL GENERAL MEETING**

-and-

#### **EXPLANATORY MEMORANDUM**

-and-

#### **PROXY FORM**

TIME: 11.00am (Sydney time)

DATE: Wednesday, 25 November 2015

PLACE: Menzies Hotel Sydney  
14 Carrington Street  
SYDNEY NSW 2000

This Notice of Annual General Meeting and the Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

## NOTICE OF 2015 ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of Kimberley Diamonds Ltd (**Kimberley** or the **Company**) will be held at the Menzies Hotel, 14 Carrington Street, Sydney NSW 2000 at 11.00am (Sydney time) on Wednesday, 25 November 2015.

The Explanatory Memorandum and Proxy Form attached to this Notice are intended to be read in conjunction with and form part of this Notice. Terms and abbreviations used in this Notice are defined in the Glossary attached as Annexure A to the Explanatory Memorandum.

### BUSINESS

#### ANNUAL REPORT

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, which includes the Financial Report, the Directors' Report and the Auditor's Report.

#### RESOLUTIONS

##### **Resolution 1                      Adoption of Remuneration Report (non-binding)**

To consider and, if thought fit, to pass the following **non-binding resolution**:

*That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as published in the Annual Report be adopted.*

##### **Resolution 2                      Election of Director – Rod Sainty**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*That Rod Sainty, who retires by rotation in accordance with clause 23.1 of the Constitution, be re-elected as a Director of the Company.*

##### **Resolution 3                      Election of Director – Yong Xiao**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*That Yong Xiao, who retires by rotation in accordance with clause 23.1 of the Constitution, be re-elected as a Director of the Company.*

##### **Resolution 4                      Approval of a 10% placement facility**

To consider and, if thought fit, to pass the following resolution as a special resolution:

*That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue by the Company of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.*

## **Resolution 5                      Removal of auditor**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*That Ernest & Young be removed as the auditor of the Company pursuant to section 329 of the Corporations Act.*

## **Resolution 6                      Appointment of auditor**

To consider, and if thought fit, to pass the following resolution as a special resolution:

*That, subject to the passing of Resolution 5, Hall Chadwick be appointed as the auditor of the Company pursuant to section 327D of the Corporations Act, having consented to do so under section 328A of the Corporations Act.*

## **PROXIES, ATTORNEYS AND CORPORATE REPRESENTATIVES**

Shareholders are entitled to appoint up to two proxies to act generally at the Annual General Meeting on their behalf, and to vote in accordance with their directions on the Proxy Form. A proxy need not be a Shareholder.

Where two proxies are appointed, each proxy can be appointed to represent a specified proportion or number of the votes of the Shareholder. If no number or proportion of votes is specified, each proxy may exercise half of the Shareholder's votes.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each Resolution by marking the appropriate boxes on the Proxy Form.

Where permitted, the Chairman of the Annual General Meeting will vote undirected proxies for each Resolution. This includes Resolution 1 on the basis that the Proxy Form expressly authorises the Chairman to vote undirected proxies even if the resolution is connected directly or indirectly with the remuneration of a Director. **Accordingly, if you want to vote against any of the items of business, you should direct your proxy how to vote in respect of that resolution.**

If you appoint a Director (other than the Chairman of the meeting), or any of the Company's other Key Management Personnel or a Closely Related Party of that person, as your proxy and do not direct your proxy how to vote on Resolution 1, the proxy will not be permitted to vote your proxy on that resolution. **Accordingly, if you want your vote to be counted on that resolution, you should direct your proxy how to vote in respect of it.**

A corporation which is a Shareholder, or which has been appointed a proxy, may appoint an individual to act as a representative to vote at the Annual General Meeting. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Annual General Meeting evidence of his or her appointment unless it has previously been provided to the Share Registry.

Completed Proxy Forms (together with any authority under which the Proxy Form was signed, or a certified copy of the authority) must be returned to our Share Registry, Boardroom Pty Limited by 11.00 am (Sydney time) on Monday 23 November 2015. Boardroom's contact details are as follows:

<b>Post</b>	GPO Box 3993 Sydney NSW 2001 Australia
<b>In person</b>	Level 12, 225 George Street, Sydney, NSW, 2000
<b>Telephone</b>	+61 2 9290 9600
<b>Facsimile</b>	+61 2 9290 9655

### **Voting Exclusion**

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

The accompanying Explanatory Memorandum and Proxy Form including voting instructions form part of this Notice.

### **Enquiries**

All enquiries in relation to the general meeting or the resolutions to be voted on should be directed to the Company Secretary (telephone +61 2 8243 7500).

### **ENTITLEMENT TO ATTEND AND VOTE AT THE 2015 ANNUAL GENERAL MEETING**

All Shareholders may attend the Annual General Meeting.

The Board has determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered as Shareholders at 7:00pm (Sydney time) on Monday, 23 November 2015.

### **BY ORDER OF THE BOARD**

A handwritten signature in cursive script, appearing to read 'Laila Green', is displayed within a light gray rectangular box.

Laila Green  
Company Secretary  
Kimberley Diamonds Ltd  
22 October 2015

## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting of the Company to be held at the Menzies Hotel, 14 Carrington Street, Sydney on 25 November 2015 at 11.00am (Sydney time).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

### Important dates and times

<b>Record time/date to determine shareholders eligible to vote</b>	7:00pm Sydney time on Monday, 23 November 2015
<b>Last time/date for receipt of valid proxies</b>	11:00 am Sydney time on Monday, 23 November 2015
<b>Annual General Meeting</b>	11:00 am Sydney time on Wednesday, 25 November 2015

### Nature of resolutions

All of the resolutions are ordinary resolutions, meaning that they can be passed by a simple majority of votes cast by the shareholders entitled to vote (i.e. 50%), except for Resolutions 4 and 6 which are special resolutions, meaning they can be passed by a 75% vote by all shareholders entitled to vote.

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### Annual Report

There is no requirement for Shareholders to approve the Annual Report; however, as required by section 317 of the Corporations Act, the Annual Report (constituting the Financial Report, the Directors' Report and the Auditor's Report) will be laid before the Company in the Annual General Meeting.

Shareholders will be offered the following opportunities at the Annual General Meeting:

- (a) discuss the Annual Report;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the Financial Report; and
- (d) the independence of the auditor in relation to the conduct of the audit

may be submitted no later than 5 Business Days prior to the Annual General Meeting to the Company Secretary at the Company's registered office.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at [www.kdl.com.au](http://www.kdl.com.au).

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## **Resolution 1      Adoption of Remuneration Report (non-binding)**

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report that sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporation Act provides that Resolution 1 is advisory only and does not bind the Board of itself. A failure of Shareholders to pass Resolution 1 will not require the Board to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act provides Shareholders with the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Annual General Meeting, Shareholders should be aware that, if there is a 'no' vote of 25% or more at the next annual general meeting, the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Annual General Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1 by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

The Remuneration Report is contained within the Annual Report. You may access the Annual Report by visiting the Company's website at [www.kdl.com.au](http://www.kdl.com.au). Alternatively, you may order a hard copy of the Annual Report by phoning +61 2 8243 7500.

### **Voting Exclusion Statement**

The Company will disregard any votes on Resolution 1 cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that person.

However, the Company need not disregard a vote cast if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

### **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 1.

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## **Resolutions 2-3                      Re-election of Directors**

Under the Constitution and the ASX Listing Rules, a Director (other than a Managing Director) must not hold office without re-election past the third Annual General Meeting following the Director's appointment or last election, or three years, whichever is the longer. There must be an election of Directors at each Annual General Meeting.

Accordingly, Mr Rodney (Rod) Sainty and Mr Yong Xiao, who retire by rotation, are standing for re-election at this meeting.

### **Resolution 2 - Re-election of Rodney Sainty**

Rod Sainty is an executive Director of KDL and was first appointed to the Board on 28 February 2012.

Rod is a geologist with 29 years of mineral exploration and mine geology experience for gold, copper, zinc and silver gained in several of Australia's most productive mineral provinces. For much of his career he has been based at operating mines in the Northern Territory, Tasmania, Queensland and Western Australia owned by mid-tier companies including Electrolytic Zinc, Pancontinental Mining, Plutonic Resources, and, recently, the junior miner Jabiru Metals. On top of his broad mine-site experience, Rod has acquired advanced skills in unravelling the complexities of volcanic-intrusive terrains, hydrothermal systems and volcanogenic massive sulphide (VMS) ore deposits.

To date, Rod has played key roles in the discovery of three ore deposits: the Baseline gold deposit near Kalgoorlie, the West 45 copper-zinc deposit near Charters Towers in north Queensland and, most recently, the Bentley copper-zinc deposit at Teutonic Bore, WA. All three discoveries became profitable mines, and one deposit (Bentley) is still being enlarged at this time.

For KDL, Rod played instrumental roles in the start-up of the company and the acquisition of Ellendale diamond mine. Since then, Rod has identified and successfully procured the Lomero project in Spain. Rod's current focus is the evaluation of that asset and of additional opportunities.

Rod has a Bachelor of Science (Hons) with a double major in Geology and Geophysics from the University of Sydney, a Graduate Diploma of Education from UNE and a Graduate Diploma of Management from UCQ.

### **Directors' Recommendation**

The Board (with Mr Sainty abstaining) recommends that Shareholders vote in favour of Resolution 2.

### **Resolution 3 - Re-election of Yong Xiao**

Yong Xiao is a non-executive Director of KDL and was first appointed to the Board on 6 March 2012.

Yong is currently an Executive with Beijing Casin Investment Holding Co., Ltd. He has built a highly successful business for Beijing Casin Investment Holding Co. Limited and led numerous investment transactions and projects for the company. Yong is a director of Australia Casin Resources Co.

Yong has a Finance Degree and Postgraduate Degree in Economic Management from the Southwestern University of Finance and Economics in China.

### **Directors' Recommendation**

The Board (with Mr Xiao abstaining) recommends that Shareholders vote in favour of Resolution 3.

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## **Resolution 4                      Special resolution for the approval of a 10% placement facility**

Listing Rule 7.1A enables eligible entities to seek Shareholder approval by special resolution to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10%**

**Placement Facility).** The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX300 Index and has a market capitalisation of \$300 million or less. The Company currently satisfies both the criteria, and it is anticipated that it will also satisfy both these criteria at the date of the Meeting.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to the formula below).

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Shares and Options. However, only the Shares are a quoted class of Equity Securities in relation to which an issue pursuant to Listing Rule 7.1A.2 applies.

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue, or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

where:

- A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement to issue:
- (A) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
  - (C) plus the number of fully paid ordinary shares issued in the 12 months with the approval of holders of ordinary shares under Listing Rule 7.1 or Listing Rule 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
  - (D) less the number of fully paid ordinary shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

- D** is 10%

- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or Listing Rule 7.4.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 105,740,349 Shares. The Company will have the capacity to issue:

- (i) 15,861,052 Equity Securities under Listing Rule 7.1; and
- (ii) 10,574,035 Equity Securities under Listing Rule 7.1A.



The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to the formula above).

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average market price (**VWAMP**) of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

The effect of Resolution 4 will be to allow the Board to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires the approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Technical information required by Listing Rule 7.3A:

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) Listing Rule 7.3A.1: Minimum price:

The Equity Securities will be issued at an issue price of not less than 75% of the VWMAP of the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) Listing Rule 7.3A.2: Risk of economic and voting dilution of existing Shareholders:

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in Table A below (assuming that no Options are exercised before the date of the issue of the Equity Securities). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting;
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date; or

- (iii) the Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

Table A below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2) as at 1 October 2015.

Table A also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or Shares issued under a takeover offer for the purposes of item 7 of section 611 of the Corporations Act) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

**Table A**

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0315 50% decrease in Issue Price	\$0.063 Issue Price	\$0.126 100% increase in Issue Price
<b>Current Variable A</b> 105,740,349 Shares	<b>10% Voting Dilution</b>	10,574,035 Shares	10,574,035 Shares	10,574,035 Shares
	<b>Funds raised</b>	\$333,082.10	\$666,164.21	\$1,332,328.41
<b>50% increase in current Variable A</b> 158,610,524 Shares	<b>10% Voting Dilution</b>	15,861,053 Shares	15,861,053 Shares	15,861,053 Shares
	<b>Funds raised</b>	\$499,623.17	\$999,246.34	\$1,998,492.68
<b>100% increase in current Variable A</b> 211,480,698 Shares	<b>10% Voting Dilution</b>	21,148,070 Shares	21,148,070 Shares	21,148,070 Shares
	<b>Funds raised</b>	\$666,164.21	\$1,332,328.41	\$2,664,656.82

Table A has been prepared on the following assumptions:

- (i) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
- (ii) no Options are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;

- (iv) Table A does not show an example of dilution that may be caused to a particular Shareholder by reason of a placement under the 10% Placement Facility, based on that Shareholder's holding at the date of this Annual General Meeting;
  - (v) Table A shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
  - (vi) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. The Options are not a quoted class of Equity Securities and therefore do not fall within the issue of Equity Securities under Listing Rule 7.1A.2; and
  - (vii) the issue price is \$0.063 being the closing price of the Shares on the ASX on 1 October 2015.
- (c) Listing Rule 7.3A.3: Date by which the Equity Securities may be issued:
- The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) Listing Rule 7.3A.4: Purposes for which the Equity Securities may be issued:
- The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3. The Company considers that it may issue Equity Securities as non-cash consideration for an acquisition or to consultants for services; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new mining or exploration projects (including expenses associated with such acquisition), continued exploration, development and mining expenditure on the Company's current assets and/or general working capital.
- The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 and Listing Rule 3.10.5A upon the issue of any Equity Securities.
- (e) Listing Rule 7.3A.5: Details of the allocation policy:
- The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (f) Listing Rule 7.3A.6: Previous approval under Listing Rule 7.1A:
- The Company did not obtain Shareholder approval under Listing Rule 7.1A at its 2014 annual general meeting held on 24 November 2015. The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2013 annual general meeting held on 29 November 2013.

The Company advises for the purposes of Listing Rule 7.3A.6(a) that no Equity Securities were issued in the 12 months preceding the date of the Annual General Meeting.

- (g) Listing Rule 7.3A.7: A voting exclusion statement:

**Voting Exclusion Statement**

The Company will disregard any votes on Resolution 4 cast by:

- (a) any person who may participate in the proposed 10% Placement Facility; and
- (b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the resolution is passed;

and any Associate of those persons.

However, the Company need not disregard a vote cast if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 4.

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**Resolution 5                      Removal of auditor**

Under section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting where 2 months notice of intention to move the resolution has been given to the company. The notice of intention to remove Ernst & Young was provided to the Company on 24 September 2015.

The Board has undertaken a review of the current market rates of a number of audit firms and determined that a change in auditor would provide a beneficial cost saving for the Company.

If Resolution 5 is passed, the removal of Ernst & Young as auditors of the Company will take effect at the close of this meeting. If Resolution 5 is not passed, Ernst & Young will remain the auditors of the Company.

The Board recommends that Shareholders vote in favour of Resolution 5.

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**Resolution 6                      Appointment of auditor**

Resolution 6 is conditional on the passing of Resolution 5.

Under section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Corporations Act.

If Ernst & Young is removed as the auditor of the Company under Resolution 5, the Directors propose that Hall Chadwick be appointed as auditor of the Company with effect from the close of this meeting.

Hall Chadwick has consented to act as auditor of the Company. In accordance with section 328B(1) of the Corporations Act, the Company has received a written notice of nomination from a Shareholder of the Company for Hall Chadwick to be appointed as the auditor of the Company. A copy of the notice of nomination of Hall Chadwick:

- (a) has been sent to Ernst & Young;
- (b) has been sent to Hall Chadwick; and
- (c) is annexed to this Notice of Meeting as Annexure B.

The Board recommends that Shareholders vote in favour of Resolution 6.

## ANNEXURE A

### Glossary

In this Explanatory Memorandum the following terms, abbreviations and acronyms have the following meaning:

<b>\$</b>	means Australian Dollars.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Annual General Meeting</b>	means this 2015 annual general meeting of Shareholders.
<b>Annual Report</b>	means the Directors' Report, the Financial Report and the Auditor's Report with respect to the year ended 30 June 2015.
<b>Associate</b>	has the same meaning it has in the Corporations Act.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.
<b>Auditor's Report</b>	means the auditor's report on the Financial Report.
<b>Board</b>	means the board of Directors of the Company.
<b>Business Day</b>	means a day that is not a Saturday, Sunday or public holiday in Sydney.
<b>Chair or Chairman</b>	means the person appointed to chair the Annual General Meeting convened by this Notice.
<b>Closely Related Party</b>	means a spouse or child of the person or has the meaning given in section 9 of the Corporations Act.
<b>Company or Kimberley</b>	means Kimberley Diamonds Ltd (ACN 150 737 563).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001 (Cth)</i> .
<b>Director</b>	means a director of the Company.
<b>Directors' Report</b>	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Equity Securities</b>	has the same meaning it has in the Listing Rules.
<b>Explanatory Memorandum</b>	means the Explanatory Memorandum that accompanies and forms part of this Notice.
<b>Financial Report</b>	means the annual financial report prepared under Chapter 2M of the Corporations Act.
<b>Key Management Personnel</b>	means persons having authority and responsibility for planning, directing and controlling the activities of the Company and/or its controlled entities, directly or indirectly, including any Director (whether executive or otherwise) of the Company and/or its controlled entities.
<b>Listing Rules</b>	means the official listing rules of the ASX, as amended from time to time.
<b>Notice</b>	means the notice of the Annual General Meeting, which accompanies this Explanatory Memorandum and of which this Explanatory Memorandum forms part.
<b>Option</b>	means an option to acquire a Share.

<b>10% Placement Facility</b>	has the same meaning it has in the body of the Explanatory Memorandum in relation to Resolution 4.
<b>10% Placement Period</b>	has the same meaning it has in the body of the Explanatory Memorandum in relation to Resolution 4.
<b>Proxy Form</b>	means the proxy form which accompanies this Notice.
<b>Related Party</b>	has the same meaning it has in the Listing Rules.
<b>Relevant Interest</b>	has the same meaning it has in the Corporations Act.
<b>Remuneration Report</b>	means the remuneration report of the Company contained in the Directors' Report.
<b>Resolution</b>	means a resolution in this Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the registered holder of a Share.
<b>Trading Day</b>	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
<b>Two Strikes Rule</b>	has the same meaning it has in the Corporations Act.
<b>VWAP</b>	means volume weighted average price.

In the Notice and the Explanatory Memorandum, words importing the singular include the plural and vice versa.

## ANNEXURE B

13 October 2015

The Directors  
Kimberley Diamonds Ltd  
Level 39, Australia Square Tower  
264-278 George Street  
Sydney NSW 2000

Dear Sirs

### Notice of nomination of auditor

In accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), Summit Equities Pty Ltd (ACN 112 479 553), being a member of Kimberley Diamonds Ltd, hereby nominates Hall Chadwick for appointment as auditor of Kimberley Diamonds Ltd at the Annual General Meeting to be held on 25 November 2015 or any adjournment of that meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Alexandre Alexander', written over a horizontal line.

Alexandre Alexander  
Director  
Summit Equities Pty Ltd

A handwritten signature in black ink, appearing to read 'Liang Xie', written over a horizontal line.

Liang Xie  
Director  
Summit Equities Pty Ltd



**All Correspondence to:**

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Sydney time) on Monday 23 November 2015.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Sydney time) on Monday, 23 November 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# KIMBERLEY DIAMONDS LTD

ACN 150 737 563

☐

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Kimberley Diamonds Ltd** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Menzies Hotel Sydney, 14 Carrington Street, Sydney NSW 2000 on Wednesday, 25 November, 2015 at 11:00am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Kimberley Diamonds Ltd.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To re-elect Mr Rodney Sainty as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To re-elect Mr Yong Xiao as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of a 10% placement facility ( <b>Special Resolution</b> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Removal of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of auditor ( <b>Special Resolution</b> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015