

UPDATE ON RECENT ACTIVITIES

(ASX: KDL) Kimberley Diamonds Ltd (**KDL**) would like to provide its shareholders with an update on recent activities.

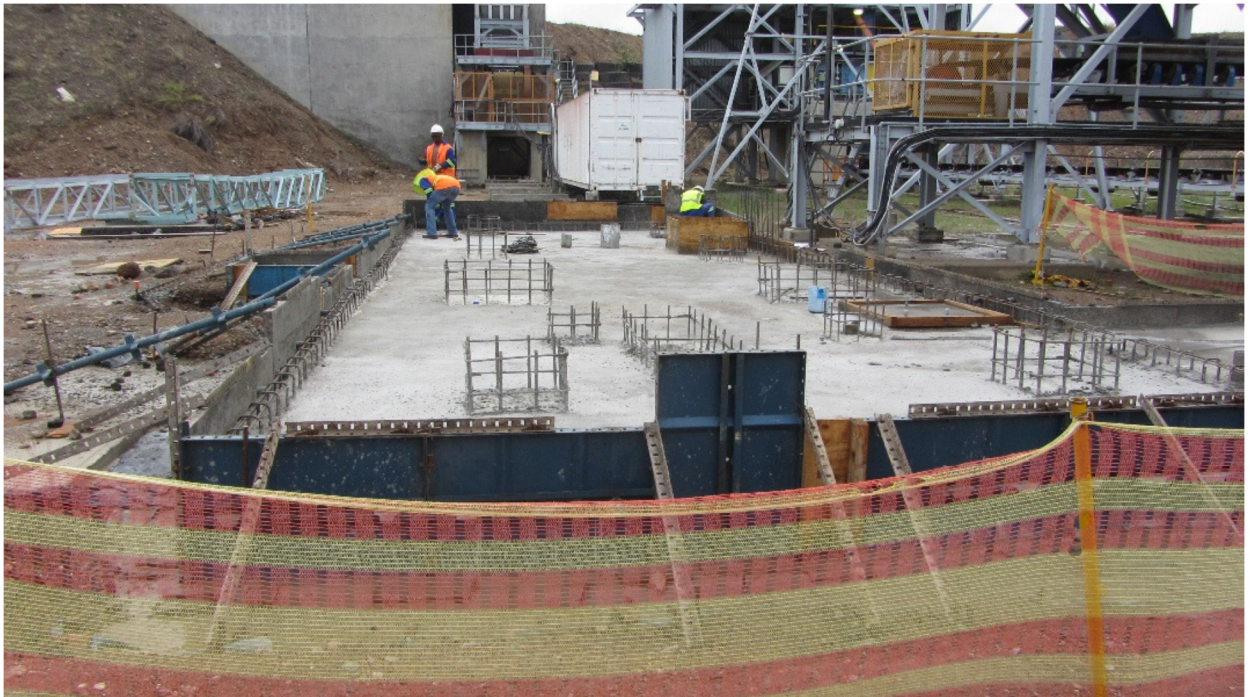
Construction Progress at Lerala Mine

On-site civil construction work is progressing well at our Lerala Mine in Botswana and remains on schedule to allow for the commencement of module installation during December. Off-site fabrication of the major modules for the Recovery, Primary Scrubber and Secondary Crusher is nearly complete and those components will be ready for transport to the Lerala Mine in early December. Fabrication work on the Conveyors, Stacker Conveyor and the 400T Bin is also progressing well and presents no scheduling issues at this stage.



Area 102 (Primary Scrubber Module): Casting of floor slab

From early December the focus will switch from civil construction activities to mechanical erection and installation of the various plant modules and components. The installation phase is scheduled to be well advanced when activities cease for the Christmas break on 22 December 2015. Installation activities will resume 6 January 2016 and continue until the plant is completed (which is scheduled for February 2016). Recommissioning of the plant is currently scheduled for April 2016.



Area 102 (Primary Scrubber Module): Floor slab cast completed



Area 300 (Recovery Module): Installing QC decking in civil section of high security area of recovery

Lerala Alluvial Investigation

As reported to the ASX on 16 October 2015, the discovery of possible alluvial deposits adjacent to the diamond-bearing kimberlite pipes at Lerala necessitated an immediate investigation because two of the high priority target zones overlap the site of the proposed new tailings dam. Accordingly, the scheduled development of the tailings dam has been delayed while the investigation is undertaken.

Initial results of the investigation suggest that the potential alluvial gravel deposit may have a relatively small over-lap with the proposed site of the tailings dam. Accordingly, the overall delay to the project is unlikely to exceed three months.

Under the revised schedule, construction of the tailings dam is scheduled to commence in January 2016 and plant recommissioning and first production is scheduled to occur in April 2016.

Assistance with capital raising for Lerala

As announced on 26 May 2015, KDL engaged Summit Capital Ltd (**Summit**), a company associated with KDL's Chairman, Mr Alex Alexander, to provide advisory services in respect of KDL's efforts to raise funds for the recommissioning of Lerala (**Mandate**). The Mandate was due to expire on 18 November 2015, but has been extended by agreement between the parties as Summit continues to assist KDL with its ongoing fundraising activities.

The Board of KDL is satisfied that this engagement is on arms length and ordinary commercial terms.

KDL will pay Summit a commission of 2% of the total value of any funds received by KDL as debt and 5% of any funds received as equity, arising from any funding agreement introduced or negotiated by Summit. KDL will also pay Summit a commission for any underwriting introduced or negotiated by Summit at a rate of 2% of total underwritten amount. The Mandate will terminate on 20 May 2016, unless the capital raising completes earlier, or unless terminated earlier by agreement between the parties.

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