STATEMENT OF MINERAL RESOURCES AND ORE RESERVES AS AT 31 DECEMBER 2015

Kimberley Diamonds Limited ("KDL" or "the Company") is pleased to release a Statement of Mineral Resources and Ore Reserves as at 31 December 2015. The statement has been prepared in accordance with the JORC Code 2012.

The statement presents a revised estimate of Mineral Resources and Ore Reserves for the Lerala Diamond Mine in Botswana and an initial JORC 2012 compliant estimate of Mineral Resources at the Lomero polymetallic deposit in Andalucia, Spain.

Lerala Diamond Mine ("Lerala") is located approximately 300km north-east of Gaborone, the capital of Botswana. The resource is hosted by five kimberlite pipes designated K2 to K6 and was acquired by KDL in February 2014 through the Company's acquisition of Mantle Diamonds Limited. A major refurbishment and re-engineering of the treatment plant is well advanced and, subject to funding, diamond production is scheduled to commence in late FY2016.

The estimates of Mineral Resources and Ore Reserves for **Lerala** have been substantially revised following a recent comprehensive review and re-interpretation of all available geological and geotechnical data and a revision of financial inputs.

The new estimate of Ore Reserves has necessitated a revision of the Life of Mine plan and that revision is expected to impact the overall project valuation. The results of the optimisation and project valuation will be advised as soon as it has been completed.

The **Lomero gold-silver-copper-zinc project** ("Lomero") is located 80km north of the deep-water port of Huelva in Andalucia, Spain, within Spain's premier mineral district, the Iberian Pyrite Belt. Lomero is a tabular volcanogenic massive sulphide (VMS) deposit with elevated gold content. Previous mining operations extracted at least 2.6 million tonnes of massive sulphide ore containing an average grade of 5g/t gold and 1.2% copper. KDL is evaluating the potential for a profitable re-development of Lomero, utilising the local mining infrastructure.

A new JORC 2012 compliant resource estimate for Lomero was received from Snowden mining consultants on 29 December 2015. The new estimate is at marked variance with the previous 2012 estimate under the Canadian compliance standard NI43-101 by Behre Dolbear International, UK. The reasons for and significance of that variance are unresolved at this date and the variance requires further investigation. The outcome of further investigations will be announced when completed.

Diamond Mineral Resources

Table I: Mineral Resource Summary as at 31 December 2015

			31 DECEMBER 2015 RESOURCE STATEMENT				30 JUNE 2015 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	6.3	20.5	1,285	$61	3.1	25.4	799	$61
	K3		4.6	30.4	1,397	$79	2.8	44.1	1,253	$79
	K4		1.8	31.0	550	$79	0.7	53.4	381	$79
	K5		2.3	25.7	591	$79	1.5	17.8	275	$79
	K6		No Indicated Resource				0.3	30.3	90	$79
	ROM Stockpiles		0.1	22.5	21	$79	0.0	0.0	0	$0
	TOTAL INDICATED LERALA		15.0	25.6	3,845	$73	8.5	32.8	2,799	$74
	K2	Inferred	0.9	13.8	131	$61				$61
	K3		1.5	28.6	415	$79	1.5	26.7	401	$79
	K3 marginal breccia		1.2	9.9	123	$79				
	K4		0.3	32.2	92	$79	0.2	20.8	43	$79
	K5		0.2	46.1	113	$79				$79
	K6		0.4	28.3	125	$79				$79
	DB tailings		0.4	5.5	21	$40	0.1	13.0	10	$40
	Low grade stockpile		0.1	8.9	9	$79				
	TOTAL INFERRED LERALA		5.1	20.2	1,027	$76	1.8	25.4	454	$78
	TOTAL LERALA		20.1	24.2	4,872	$74	10.3	31.5	3,253	$74
TOTAL KDL INDICATED RESOURCE			15.0	25.6	3,845	$73	8.5	32.8	2,799	$74
TOTAL KDL INFERRED RESOURCE			5.1	20.2	1,027	$76	1.8	25.4	454	$78
TOTAL KDL RESOURCE			20.1	24.2	4,872	$74	10.3	31.5	3,253	$74

* 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

- The estimated Diamond Mineral Resources of the Company as at 31 December 2015 were 20.1 million tonnes (Mt) at 24.2 carats per hundred tonnes (cpht) containing 4.9 million carats.
- Mineral Resources are reported inclusive of Ore Reserves
- The new Diamond Mineral Resource represents an increase of 9.8 Mt and 1.6 million carats over the Mineral Resource estimate at 30 June 2015 of 10.3 Mt at 31.5 cpht for 3.3 million carats (EXCLUDING resources from the KDC assets which ceased to be part of KDL on 1 July 2015).
- A major review and re-interpretation of all geological data and of the criteria for the estimation of Indicated and Inferred Resources led to a refinement in the geological model and estimation process.
- The review and re-interpretation resulted in a substantial change in the Indicated and Inferred Mineral Resources relative to the 30 June 2015 Statement. The previous resource estimates were limited by an open pit optimisation process which did not consider the possibility of extraction by alternative methods. In addition, the criteria for determining the classification of mineral resources for each pipe was revised, which increased the Indicated Resource.

Further detail is provided in the Lerala JORC 2012 Table 1 that accompanies this statement.

Diamond Ore Reserves

Table II: Ore Reserve Summary as at 31 December 2015

SOURCE	ZONE	RESERVE CLASS	31 DECEMBER 2015 RESERVE STATEMENT				30 JUNE 2015 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	3.0	23.8	712	$61	0.8	35.3	287	$61
	K3		4.8	28.2	1,360	$79	2.7	32.3	865	$79
	K4		1.5	26.6	405	$79	0.6	32.2	197	$79
	K5		2.4	22.7	533	$79	0.7	20.0	134	$79
	K6		No Probable Reserve				0.2	29.9	59	$79
	PROBABLE RESERVES LERALA		**11.7**	**25.8**	**3,009**	**$75**	**5.0**	**31.0**	**1,541**	**$76**
TOTAL PROBABLE RESERVES KDL			**11.7**	**25.8**	**3,009**	**$75**	**5.0**	**31.0**	**1,541**	**$76**

* 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

- The estimated Diamond Ore Reserve of the Company at 31 December 2015 was 11.7 million tonnes (Mt) at 25.8 carats per hundred tonnes (cpht), containing 3.0 million carats.
- All Ore Reserves are in the Probable category.
- The new Ore Reserve estimate represents an increase of 6.7 Mt and 1.46 million carats over the Ore Reserve estimate at 30 June 2015 of 5.0 Mt at 31.0 cpht containing 1.54 million carats.
- The increase in the estimate of Ore Reserves is primarily due to:
  - a significant increase in the Indicated Mineral Resources that resulted from a review of the geological model;
  - the application of updated Modifying Factors, particularly pit slope angles from a recent geotechnical review as well as input cost assumptions developed internally and from a mining contract tender; that resulted in new Whittle-optimised open pit shells;
  - detailed pit designs developed around the revised Whittle-optimised pit shells
- The Diamond Ore Reserves are located only at the Lerala Diamond Mine in Botswana.
- There were no acquisitions that added to the Diamond Ore Reserves since the last update.
- The stated Ore Reserve grades are head feed grades.

Further detail is provided in the Lerala JORC 2012 Table 1 that accompanies this statement.

Gold and Base Metal Mineral Resources

Lomero gold-silver-copper-zinc project in Spain

A new resource estimate of the Lomero massive sulphide polymetallic deposit was received on 29 December 2015 from independent consultants Snowden do Brasil Consultoria Limitada ("Snowden") and Ingenieria y Consultoria en Recursos del Subsuelo S.L. ("CRS").

The resource estimation was undertaken in compliance with the terminology and guidelines of the Australasian Code for reporting of Mineral Resources and Ore Reserves (the JORC Code, 2012).

Snowden estimated the total Lomero resource (Indicated and Inferred) as 8.1 million tonnes at an average grade of 2.3g/t gold, 31g/t silver, 0.56% copper, 0.68% lead and 1.4% zinc (Table III, below). Based on this estimate, the Lomero resource contains approximately 600,000 oz of gold, 8.1 million oz of silver, 45 tonnes of copper, 55 tonnes of lead and 110 tonnes of zinc.

The new estimate is materially different to the previous resource estimate completed in 2012 by Behre Dolbear International Ltd, UK, under the Canadian compliance standard NI43-101. That estimation reported an Inferred Resource of 6.07 million tonnes at an average grade of 4.25g/t gold and 88.7g/t silver, suggesting a total gold content of 830,000 oz.

The reasons for the marked variance between the two estimates are unresolved at this date and the variance requires further investigation. The outcome of the investigations will be announced when completed.

Components of the Snowden resource estimate

The December 2015 Snowden estimation classified and reported Lomero as an Indicated and Inferred Resource, and split the resource into a portion considered to have reasonable prospects of being economically mined by open pit and another portion considered to have reasonable prospects of being economically mined from underground.

The resource was reported above a cut-off grade of 0.5g/t gold for the open pit portion and above a cut-of grade of 1.5g/t gold for the underground portion, as shown in Table III, below.

The reader is referred to the Lomero JORC 2012 Table 1 that accompanies this statement and to the full Technical Report prepared by Snowden, which is reproduced in full on the KDL website at www.kdl.com.au.

Table III: Lomero Resource at 0.5g/t Au cut-off Open pit and 1.5g/t Au cut-off Underground*

Source	Mining Method	Category	KTonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %
Lomero	Open pit	Indicated	1,926	2.77	34.08	0.70	0.86	2.01
		Inferred	4,115	1.71	24.69	0.57	0.54	1.04
		Total Open Pit	**6,041**	**2.05**	**27.68**	**0.61**	**0.64**	**1.35**
	Underground	Indicated	199	5.18	65.40	0.36	1.39	1.80
		Inferred	1,858	2.86	39.26	0.43	0.75	1.33
		Total Underground	**2,057**	**3.09**	**41.78**	**0.42**	**0.81**	**1.38**
	Total	**Indicated**	**2,125**	**3.00**	**37.01**	**0.67**	**0.91**	**1.99**
		Inferred	**5,973**	**2.07**	**29.22**	**0.52**	**0.60**	**1.13**
		Total	**8,098**	**2.31**	**31.27**	**0.56**	**0.68**	**1.36**

**Note: Cu, Pb and Zn grades are reported to two significant figures, which may result in apparent discrepancies.*

Source: Zangrandi, M., and Coullaut Sáenz de Silicia, J.L., 2015: Lomero-Poyatos Estimate, Snowden Consultoria Limitada do Brasil, 29 December 2015, p.10.

Statements of Compliance – Diamond Mineral Resources and Ore Reserves

The information in this statement that is based on 3D modelling, mine planning and optimisation techniques at Lerala Diamond Mine was developed and compiled by Mr Pierre Fourie under the direction of the Competent Persons named below. Mr Fourie is an independent mining engineering consultant employed by Rock Forage Inc and contracted for this purpose by Kimberley Diamonds Ltd. The Competent Persons named below are confident that Mr Fourie has sufficient competence and experience to undertake the modelling and optimisation activity under their direction and Mr Fourie 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 statement that relates to Diamond Mineral Resources at Lerala Diamond Mine is based on information compiled or reviewed under the direction of Mr Stephen le Roux, a Competent Person who is a Member of the South African Council for Natural Scientific Professions. Mr le Roux is a full time employee of Kimberley Diamonds Ltd. Mr le Roux has sufficient experience that is 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 statement that relates to Diamond Ore Reserves at Lerala Diamond Mine is based on information compiled or reviewed under the direction of Mr Brett Thompson, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Thompson is a full time employee of Kimberley Diamonds Ltd. Mr Thompson has sufficient experience that is 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.

Statements of Compliance – Gold and Polymetallic Resources

The information in this statement that relates to gold and polymetallic Mineral Resources at Lomero, Spain was extracted from the report prepared under the direction of Mr Marcelo Zangrandi, a Competent Person who is a Member of the Australian Institute of Geoscientists and The Australasian Institute of Mining and Metallurgy. Mr Zangrandi is an independent Senior Consultant employed by Snowden Group, which was contracted by Kimberley Diamonds Ltd. Mr Zangrandi has sufficient experience that is 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 Zangrandi consents to the placement of his report in full on the KDL website.

The section of the statement that relates to gold and polymetallic Mineral Resources at Lomero, Spain was prepared 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 Kimberley Diamonds Ltd. Mr Sainty has sufficient experience that is 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 Sainty consents to the inclusion in the statement of the matters based on his information in the form and context in which it appears.

For further information please contact:

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

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

Lerala Diamond Mine Mineral Resource and Ore Reserve Statement
as at 31 December 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 26ºE and 28ºE)
	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
	MASL	Metres above sea level

<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.
1992 - De Beers completes 33 Large Diameter Drill holes (LDD) across the K2-K5 kimberlites. 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, 16 pits and trenches were excavated in K2 to K6 for the recovery of approximately 1,943 tonnes.
During 2004-5, DiamonEx drilled 18 x 17.5” diameter LDD holes using a Reverse-flush-air-assist or RC air hammer drilling techniques which were sampled at 20m intervals. A total of 59 drillholes (18 large diameter, 18 percussion and 23 diamond holes were drilled by DiamonEx.
In addition, 11 pits were excavated for the recovery of a total of 4,946 tonnes.
<table>
<tr><th></th><th colspan="2">No. LDD Holes Sampled</th></tr>
<tr><th>Pipe</th><th>De Beers</th><th>DiamonEx</th></tr>
<tr><td>K2</td><td>13</td><td>5</td></tr>
<tr><td>K3</td><td>11</td><td>5</td></tr>
<tr><td>K4</td><td>4</td><td>3</td></tr>
<tr><td>K5</td><td>5</td><td>4</td></tr>
<tr><td>K6</td><td>0</td><td>1</td></tr>
<tr><td>Total</td><td>33</td><td>18</td></tr>
</table>
</td></tr>
<tr><td>Drilling techniques</td><td>

Varying amounts of large diameter (LDD, 12” and 17½") reverse circulation drilling completed to acquire sufficient geological information and sample to determine geological modelling and resource estimation purposes.
Percussion drilling completed to gain additional geological information and refine the geological models.
Diamond drilling undertaken to gain detailed structural and geological data for geotechnical purposes, data which was also used in refining the geological models.

</td></tr>
<tr><td>Drill sample recovery</td><td>

The De Beers LDD samples were recovered through a cyclone and collected in standard large slung polyweave bags.
The DiamonEx LDD samples were recovered over a vibrating screen with a 1mm screen size and collected in standard large slung polyweave bags.

</td></tr>
<tr><td>Logging</td><td>
All drilled material was logged by both De Beers and DiamonEx, regardless of the technique of drilling.
RC and percussion drilling chips were logged for basic geological parameters, whilst diamond 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 of drillhole cores or drill chips.
All drilled (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>

De Beers samples were treated onsite through a DMS process plant. The LDD samples were crushed to -4mm before being put in the DMS cyclone, while pit samples were crushed to –13 mm before going to the cyclone. Concentrates from the DMS were sent to the De Beers Diamond Research Laboratory in Johannesburg, for the recovery of diamonds.
13 of the DiamonEx drillhole sample material were 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 entire DiamonEx sampling process was independently overseen by SRK, but not the drilling campaign.
</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.
All inconsistent holes were resurveyed in the field.
A recent (2014) LIDAR topography survey has been undertaken, and all elevations tied back to that.
</td></tr>
</table>

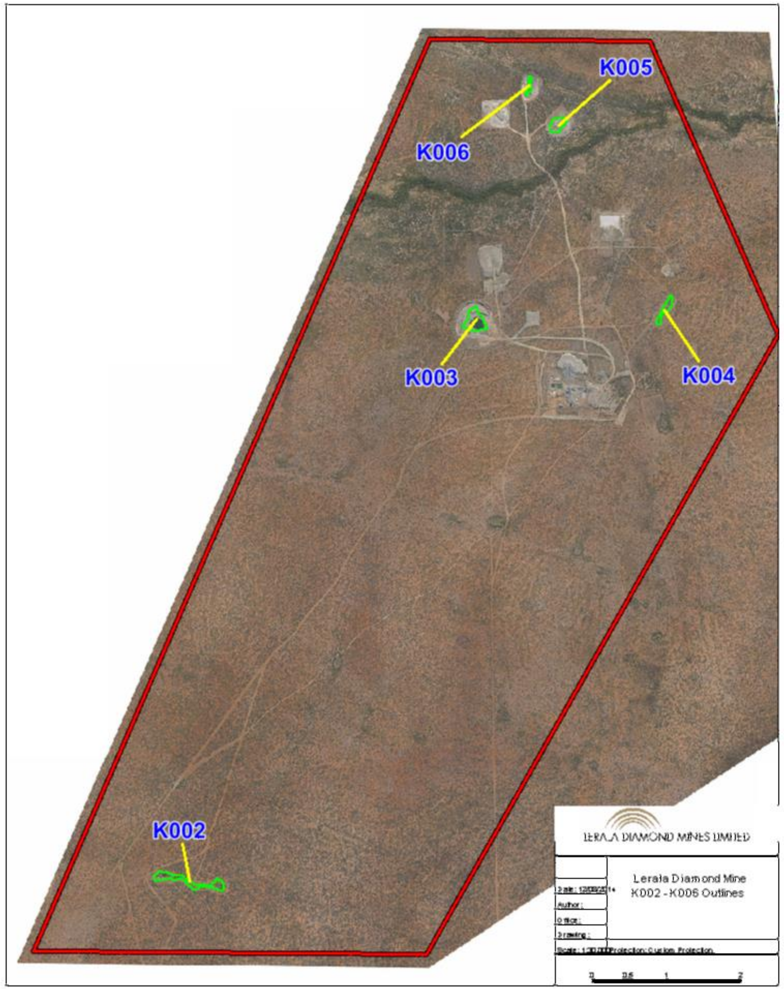
Criteria	Commentary
Data spacing and distribution	The data spacing used for the geological modelling is deemed suitable for determining geological continuity for this type of kimberlite body. A nominal grid of 40m for the LDD drilling was applied by De Beers. Additional infill drilling has been done by DiamonEx Discrete LDD grades as determined per 20m intervals for De Beers and DiamonEx LDD holes were combined in a total average per 20m section for each pipe for geological modelling and resource estimation purposes
Orientation of data in relation to geological structure	Due to the massive nature of the ore bodies, bias of sampling is not expected. All drillholes were positioned to target intersections of the kimberlite pipes for geological modelling and resource estimation purposes at varying dips and azimuths.
Sample security	Standard site security measures were in place for the De Beers sampling phase. Diamond recovery took place in a high security environment at De Beers GSPS. Sample bags were sealed until treatment. DiamonEx diamond recovery was undertaken only by senior management on site.
Audits or reviews	No external independent reviews of De Beers' exploration have taken place. Entire DiamonEx sampling process was independently overseen by SRK.

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 (which is 100% owned by Kimberley Diamonds Limited via its UK subsidiary Mantle Diamonds Limited under mining license 2006/29L issued by the Department of Mines of the Government of Botswana on 1^{st} September 2006 for a period of 15 years. Mining lease 2006/29L is of 21,860ha in extent 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 by Kimberley Diamonds Limited since acquiring the Lerala Mine. No additional deposits have been identified to date.

Geology	The geology of the south and eastern Botswana consists of two Archaean blocks, the Zimbabwe and Kaapvaal Cratons, separated by the Limpopo Mobile Belt. The Limpopo Mobile belt trends north-northeast and consists of a variety of highly metamorphosed rocks, mainly granitoid gneisses, and to a lesser extent amphibolites and quartz chlorite and biotite schists. The diamondiferous kimberlites of Lerala occur herein of which eight are known to exist – five being diamondiferous (K002 to K006) and the focus of the Lerala Mine. The diamonds in the project area occur in 5 kimberlite pipes, named as K002 to K006 (refer to orthographic projections below, not 100% to scale) Three other occurrences; K1, K7 and K8 lie some distance to the north-east and are sub-economic.



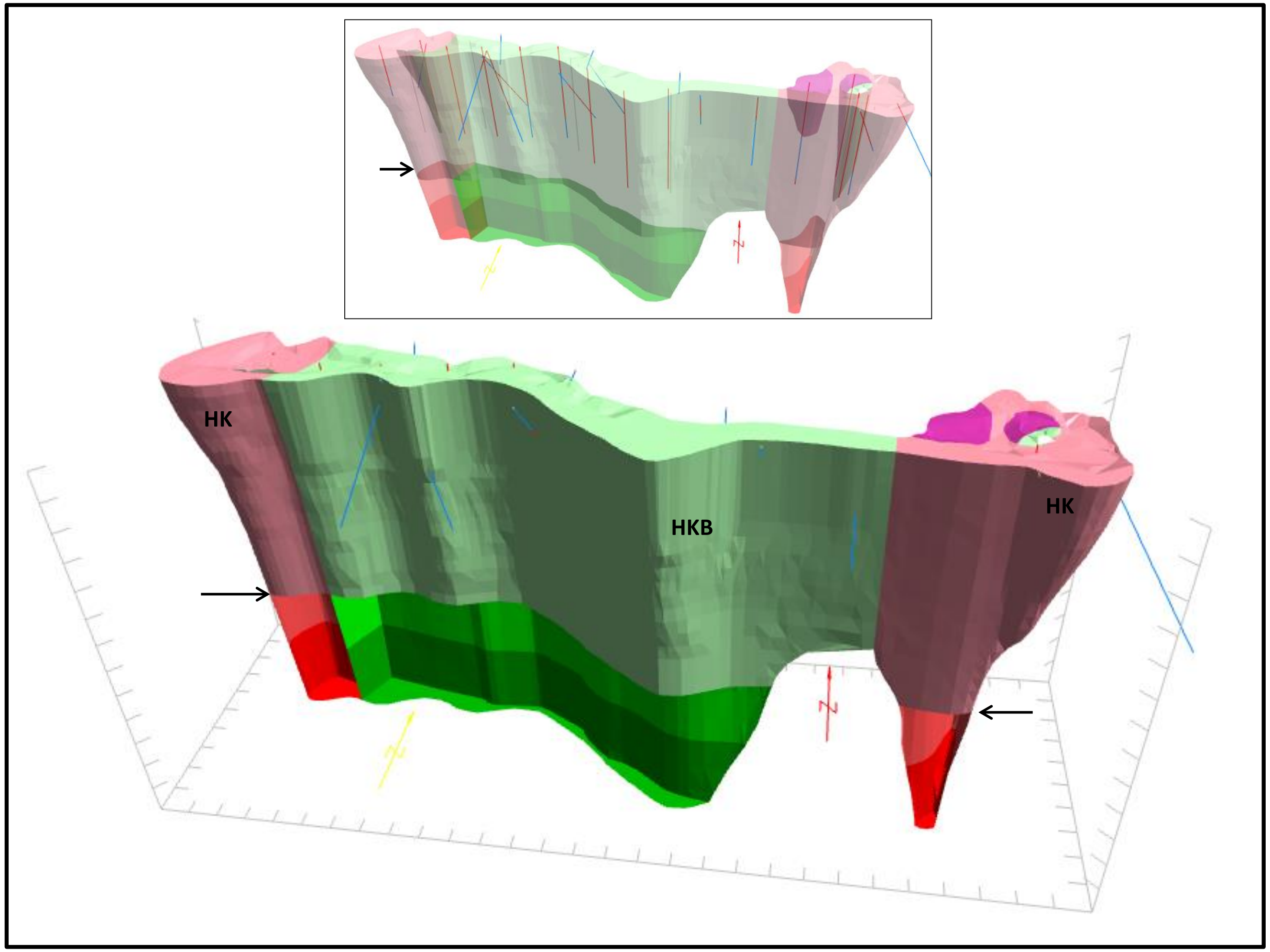
K2

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, LDD and core drilling positions (insert). The arrows show the base of the Indicated zone.



K3

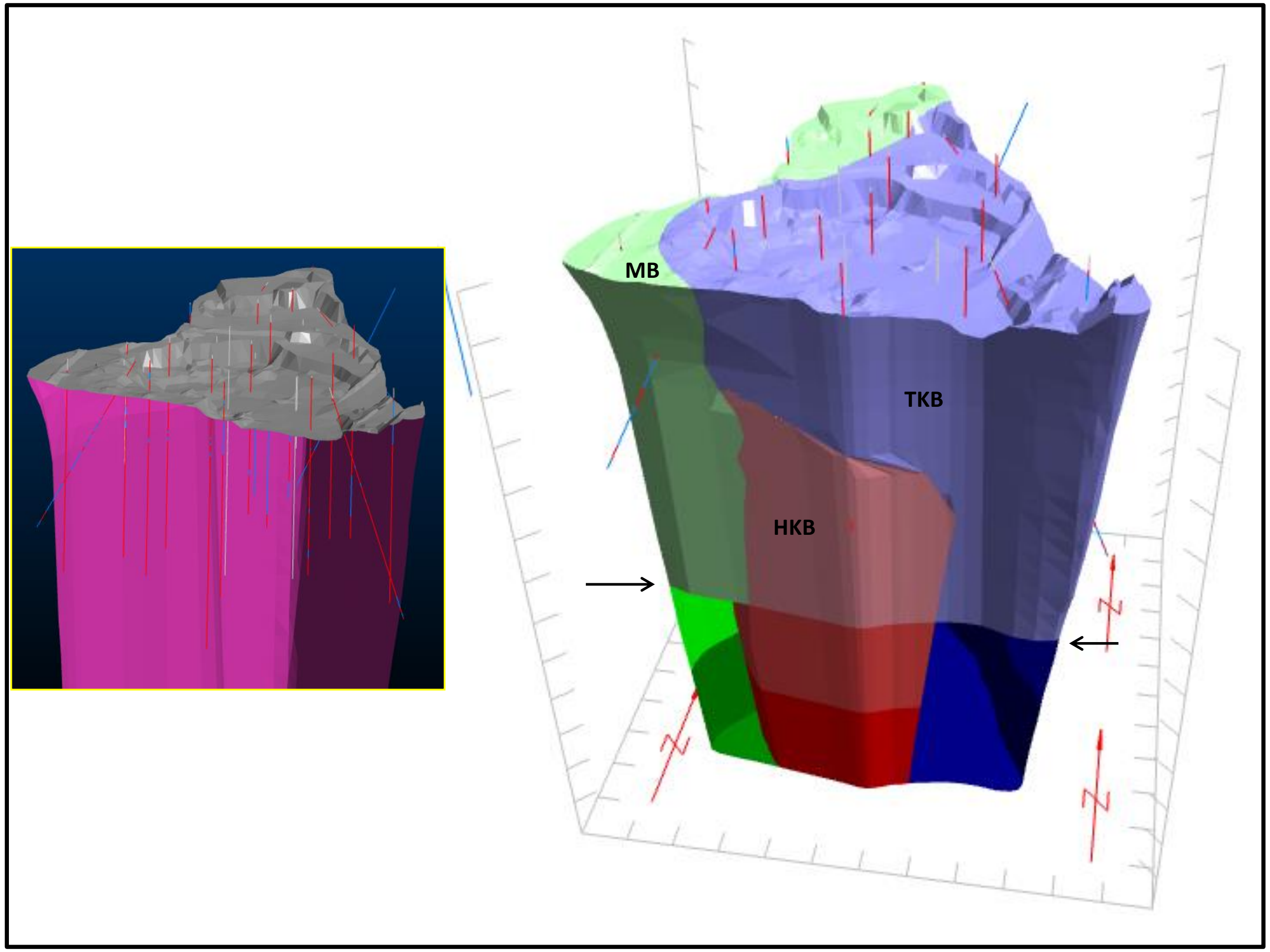
K3 is the largest of the pipes within the project area with a surface area of approximately 2.06ha. It is a north-south oriented bell shaped pipe with a maximum width of 200m in the south, and 10m in the north.

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 kimberlite breccia becomes prominent.

The kimberlite has a fragmental appearance due to abundant angular to subrounded country rock xenoliths set in a kimberlite matrix. Xenoliths of 0.3 - 3m are common with occasional blocks of up to 20m in 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, LDD and core drilling positions (insert). The arrows show the base of the Indicated zone



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.

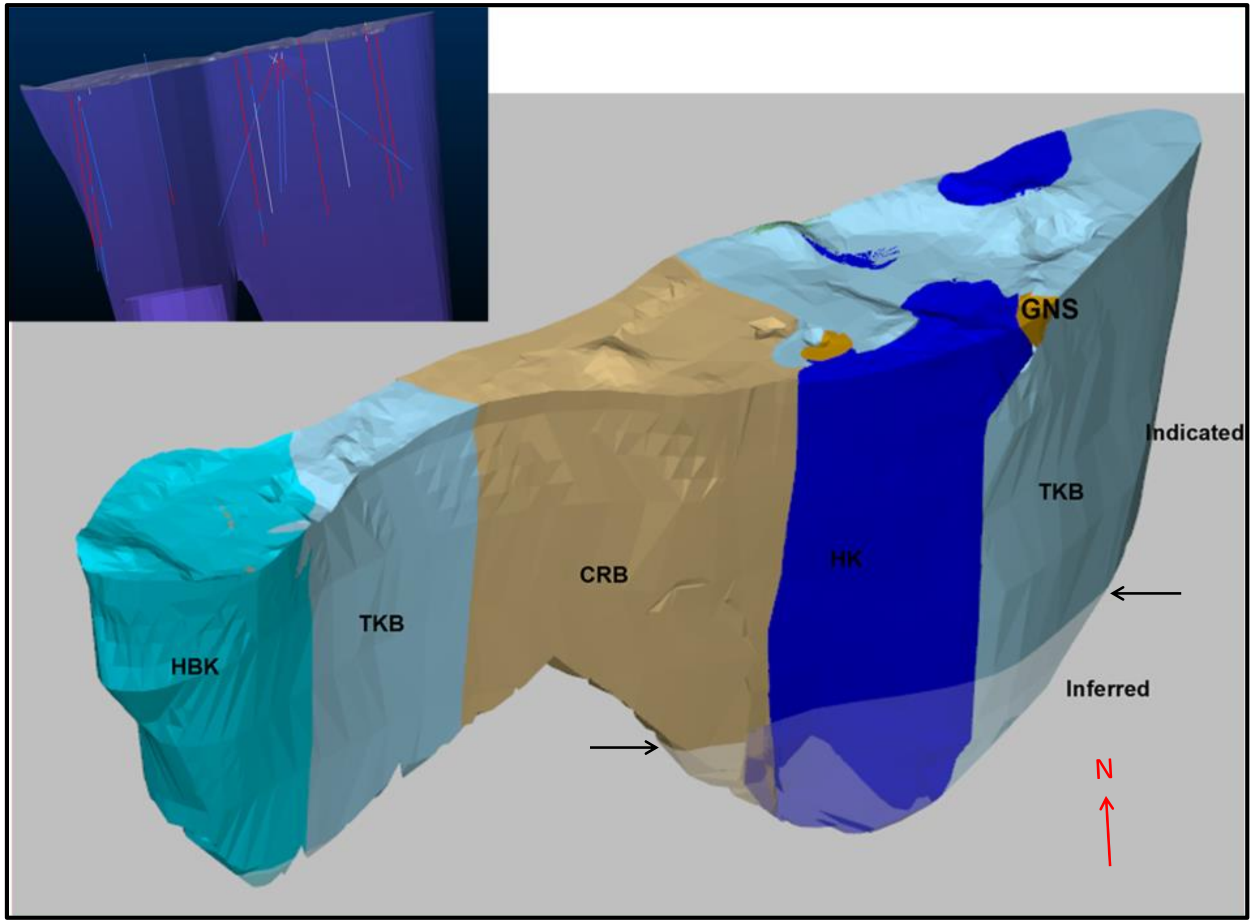
The tuffisitic kimberlite breccia is the dominant kimberlite type within the pipe. It occurs in the northern and southern parts of the pipe, and contains country rock xenoliths up to a couple of metres, but generally less than a few centimetres.

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, LDD and core drilling positions (insert). The arrows show the base of the Indicated zone



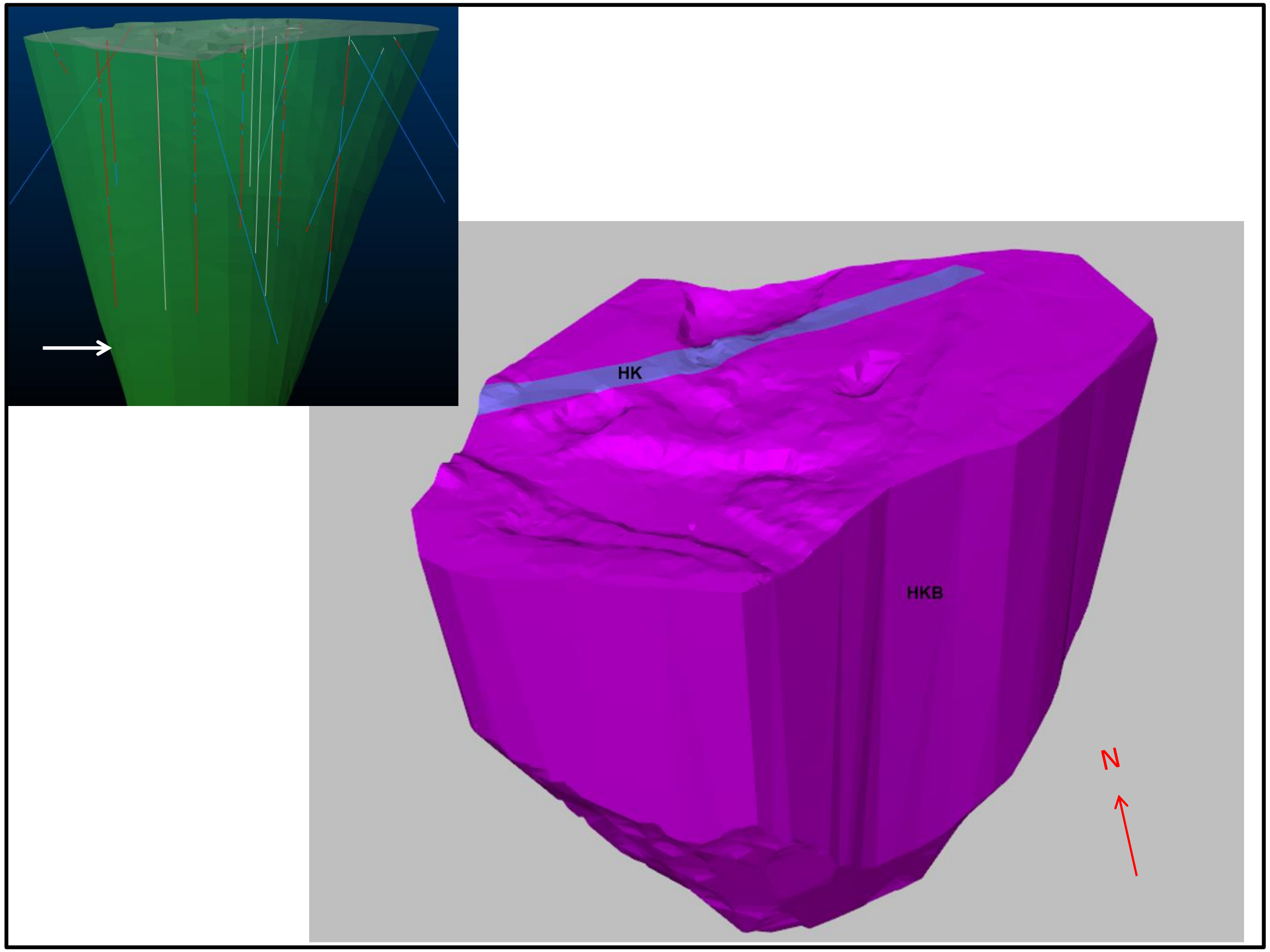
K5

K5 is ellipsoidal 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, LDD and core drilling positions (insert). The arrow shows the base of the Indicated zone



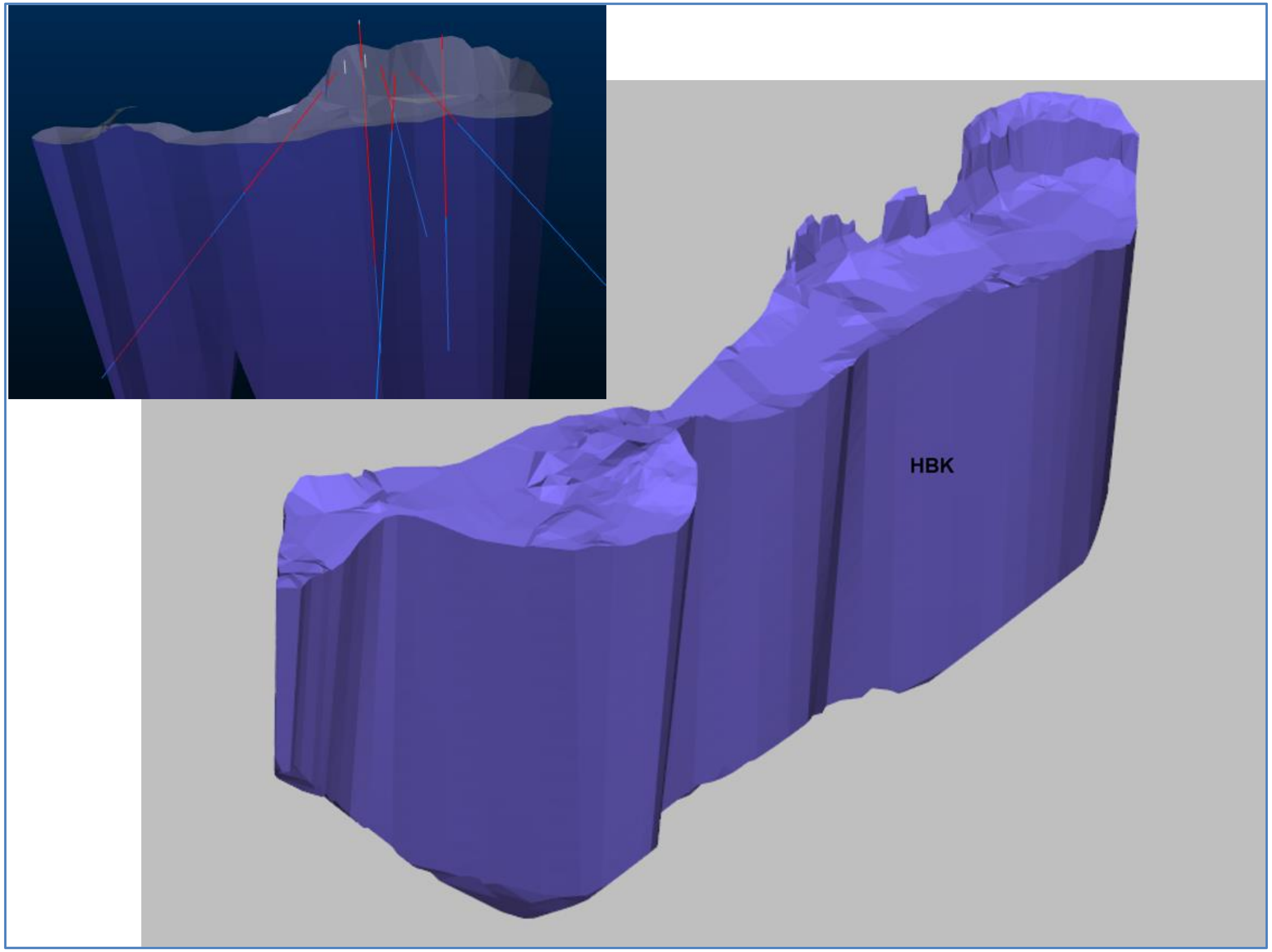
K6

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, LDD and core drilling positions (insert)



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.

	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	1,905	16	1,850	7	688	9	876	2	135	52	5,454
Diamond Core	5	496	4	412.5	5	497.6	5	450.5	4	394.8	23	2,251
Percussion	7	368	5	542	2	194	4	260	-	-	18	1,364
Grand Total	**30**	**2 769**	**25**	**2 805**	**14**	**1 379**	**18**	**1 586**	**6**	**529**	**93**	**9,069**

Data aggregation methods	Discrete LDD grades as determined per 20m intervals for de Beers and DiamonEx LDD holes were combined in a total average (arithmetic mean**)** per 20m section for each pipe for geological modelling and resource estimation purposes (refer table below: K4 LDD grades).

Excessively high LDD grades were cut to 50% of the original value at 6 LDD boreholes drilled at the K4, K5 and K6 pipes (K4 tabled below):

1. DXLD13 (30-50m level), 78.3 CPHT original grade. Cut to 39.1 CPHT (K4 – tabled below)
2. DXLD14 (70-90m level), 93.4 CPHT original grade. Cut to 46.7 CPHT (K4 – tabled below)
3. DBLD03 (70-90m level), 121 CPHT original grade. Cut to 60.5 CPHT (K4 – tabled below)
4. DBLD03 (10-30m level), 75.0 CPHT original grade. Cut to 37.5 CPHT (K5)
5. DXLD16 (70-90m level), 84.0 CPHT original grade. Cut to 42.0 CPHT (K5)
   DXLD16 (90-110m level), 147 CPHT original grade. Cut to 73.5 CPHT (K5)
6. DXLD18 (10-30m level), 87.0 CPHT original value. Cut to 43.5 CPHT (K6)

K4										
LDD Depth (m)	**DX LD14 CPHT**	**DB LD03 CPHT**	**DB LD04 CPHT**	**DX LD13 CPHT**	**DB LD02 CPHT**	**DX LD12 CPHT**	**DB LD01 CPHT**	**DB average CPHT**	**DEx average CPHT**	**DB&DEx average CPHT**
0-10				31				31.0		31.0
10-30	46	62	27	21	17	31	24	32.5	32.7	32.6
30-50	43	52	2	39	9	19	42	26.3	33.7	29.5
50-70	28	46	55	17	10	14	24	33.8	19.5	27.6
70-90	47	61	2	4	36	25	51	37.4	25.2	32.2
90-110		7	2							
Total	40.9	55.1	21.5	22.6	18.0			32.5	27.8	30.5

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. Numerous plan maps and sections have been generated for the Lerala Mine in various independent and in-house technical reports.
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 kimberlite exploration has taken place within the tenements by KDL or LDM. All kimberlite exploration and production data pertaining to the Lerala Mine has been inherited by previous owners/operators. Lerala geologists have determined that there is potential for alluvial deposits in the immediate vicinity of the diamondiferous kimberlite pipes at the Lerala Diamond Mine. If alluvial deposits are confirmed to exist and these are proven to be economic, this has the potential to extend the life and improve the overall value of the project (refer to - http://kdl.com.au/asx-announcements - 16 October 2015)
Further work	Plans for additional drilling to extend the Mineral Resources with depth, as well as to identify further exploration targets within the mining license. The focus will be on the K3 and K6 pipes including any potential alluvial deposits within the mining lease area or immediate surroundings.

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>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.

The historic De Beers and DiamonEx exploration data has been checked by SRK during their 2005 Mineral Resource estimate process.

Since KDL’s acquisition of the Lerala mine, KDL’s Competent Person, Chief Technical Officer and Chief Mining Engineer have 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, Venmyn Deloitte concluded that the “SQL Microsoft Access downhole project database is appropriate for the project with reported independent validation procedures have been undertaken” (September 2015)</td></tr>
<tr><td>Site visits</td><td>A site visit by SRK was undertaken to monitor the sample processing during the DiamonEx drilling program.

Mr Pierre Fourie an independent mining engineer and Member of the AusIMM responsible for the modelling of the Mineral Resources and Ore Reserves undertook a site visit to Lerala during October 2015.

Mr Jurgens Hamman an independent Principal Geotechnical Engineer (Pr. Sci. Nat. MSANIRE; MGSSA; MAusIMM) employed by MINING ONE PTY LTD undertook a revision of all geotechnical data and pit design parameters following a site visit to Lerala mid September 2015.

Representatives from Venmyn Deloitte, an independent South African based minerals industry consulting group, undertook a site visit to Lerala –mid October 2015.

The Competent Person reviewing the Mineral Resource estimate as at 31 December 2015 is a full time employee of Kimberley Diamonds Limited and has spent a great deal of time on the project, including numerous site visits during 2015.</td></tr>
<tr><td>Geological interpretation</td><td>The geological interpretation for the K2, K3, K4, K5 and K6 pipes is based on a standardised model of kimberlite emplacement. The initial geological interpretation for the kimberlite pipes is based on work undertaken by De Beers which has since been refined with the data gathered during DiamonEx exploration and the Mantle Diamonds trial mining phases.

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="16">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></td><td></td><td></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></td></tr>
</table>

Criteria	Commentary
	The De Beers Tailings Stockpile consists of tailings from the period of De Beers' trial mining. It consists of approximately 400,000 tonnes of material that has been subjected to limited re-crush processes
Dimensions	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. Each has been drilled and sampled to a depth of approximately 110m, the volumetric extent of which is fairly well understood. The deposit sizes at surface are shown in the table below:

Pipe	Size (ha)
K2	2.13
K3	2.06
K4	0.77
K5	1.03
K6	0.26

Estimation and modelling techniques

Modelling

Each kimberlite pipe has been modelled independently of the other pipes using all drilling and in pit mapping results to update the volumetric model.

De Beers generated Gemcom models for each of the 5 pipes from which tonnages and average recovered carats were estimated with average recorded grades assigned based on the respective kimberlite lithologies. These models were updated by SRK to include the DiamonEx drilling results.

Pipe shell models were generated by Mantle Diamonds in 2012 to 100m below surface, which were further revised by Kimberley Diamonds Limited (KDL) during 2014. In this most recent exercise undertaken in November – December 2015 by KDL, new 3D models were generated based on all available historical data and compared with existing models for continuity. In addition confidence levels on the available data were reviewed and it was considered reasonable to project pipe boundaries and lithological boundaries up to 100m below the lowest sampling horizon.

Based on these revised confidence limits, the **Indicated** Mineral Resource zone reflects a volume projected within pipe boundaries to a maximum depth of 50m below the lowermost measurements of grade (LDD bulk sampling) in each pipe whereas the **Inferred** zone which had limited geological definition and no grade information has been extrapolated to a maximum depth of 50m below the base of the Indicated zone.

An **Exploration Target zone** is projected a further 50m below the Inferred Mineral Resource zone and contains no existing data and has therefore not been included in the resource.

A summary table of the elevations for each pipe for the transition between Indicated and Inferred Mineral Resources is shown below.

	Indicated **		Inferred *	
Pipe	From	To MASL	From MASL	To MASL
K2	840	677	677	627
K3	820	659	659	609
K4	820	669	669	619
K5	816	662	662	612
K6	811	716	716	666

Grade Estimation

Discrete LDD grades as determined per 20m intervals for De Beers and DiamonEx LDD holes were combined in a total average (arithmetic mean**)** per 20m section for each pipe for geological modelling and resource estimation purposes (refer Data aggregation methods).

Excessively high LDD grades were cut to 50% of the original value at 6 LDD boreholes drilled at the K4, K5 and K6 pipes (refer Data aggregation methods).

Criteria	Commentary
	LDD boreholes were clustered to provide average grades per 20m interval and assigned for the Indicated Mineral Resource. Long elongated kimberlite bodies such as K2 were divided into 4 separate sections based on lithology differences and average grades were calculated per 20m interval for each discrete lithological section.

Distinct low grade facies such as the Marginal Breccia zone at K3 were modelled separately according to grade. Floating reefs or large xenoliths (amphibolite) as found in the K3 pipe were assigned zero values and are treated as waste.

Grades for the Inferred zone were obtained by assigning the average of the lowermost 20m section of LDD grades obtained per kimberlite to that part of the Mineral Resource.

Surface bulk sample and trial mining results were not used to extrapolate grades for the Indicated and Inferred Mineral Resource zones. Only **LDD grades** were used in the grade model designed for each pipe.

The K3- ROM stockpile grades are based on an average grade obtained by Mantle by treating 260 723 tons (73 403 carats recovered at a grade of 28.15 CPHT) less 20% to make provision for undetermined mining dilution, and has been assigned as an Indicated Mineral Resource.

The K3-Low grade stockpile is based on LDD sampling done on the low grade Marginal Breccia zone at K3 less 30% to make provision for undetermined mining dilution, and has been assigned as an Inferred Mineral Resources

The De Beers Lights tailings stockpile is based on an average grade obtained by De Beers by treating 54 568 tons at recovered grade of 5.5 CPHT, and has been assigned as an Inferred Mineral Resource.

Revenue Estimation

The revenue estimates for each pipe have been generated from a sample of 851.23 carats produced during the DiamondEx sampling program in 2005 (refer table below), 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.

The table below shows the total carats recovered by the previous owners to date:

Date	Ownership	Study type	Carats recovered
1989-1992	De Beers Prospecting Botswana	Evaluation of K2 – K6. LDD drilling, pitting & trenching	562
1997-2001	Tswapong Mining Company (Pty) Ltd	Trial Mining	46 000
2002-2010	DiamonEx Limited	- LDD drilling - Bulk sampling to verify De Beers information - Bulk sampling (Economic analysis) - Mining	138 1 108 851 49 000
2010-2012	Mantle Diamonds	Trial Mining	73 000
		Total	**170 659**

Criteria	Commentary

Lerala Mineral Resource

Lerala Resources as at 31 December 2015

Source	Resource Classification	Tonnes Mt	Grade CPHT	Carats K cts	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
K2	Indicated	6.27	20.52	1,285	61	1.00mm	12.52
K3		4.60	30.40	1,397	79		24.01
K4		1.77	31.04	550	79		24.52
K5		2.30	25.75	591	79		20.34
K6		No Indicated Resource					-
ROM stockpiles		0.09	22.50	21	79		17.78
	Lerala Indicated Resource	15.02	25.59	3,845	73		18.68
K2	Inferred	0.95	13.76	131	61	1.00mm	8.39
K3		1.45	28.57	415	79		22.57
K3 marginal breccia		1.24	9.90	123	79		
K4		0.28	32.18	92	79		25.42
K5		0.24	46.07	113	79		36.40
K6		0.44	28.29	125	79		22.35
DB tailings		0.38	5.50	21	40		2.17
Low grade stockpile		0.10	8.93	9	79		7.05
	Lerala Inferred Resource	5.09	20.18	1,027	76		15.32
Lerala Resource		20.11	24.22	**4,871**	74	1.00mm	17.83

Lerala Resources as at 30 June 2015

Source	Resource Classification	Tonnes Mt	Grade CPHT	Carats K cts	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
K2	Indicated	3.14	25.44	799	61	1.00mm	15.52
K3		2.84	44.09	1,253	79		34.83
K4		0.71	53.41	381	79		42.20
K5		1.55	17.76	275	79		14.03
K6		0.30	30.26	90	79		23.90
	Lerala Indicated Resource	8.54	32.76	2,799	74		24.20
K2	Inferred				61	1.00mm	
K3		1.50	26.68	401	79		21.08
K4		0.21	20.82	43	79		16.45
K5					79		
K6					79		
Tailings		0.08	13.00	10	40		5.14
	Lerala Inferred Resource	1.79	25.41	454	78		19.85
Lerala Resource		10.33	31.49	**3,253**	74	1.00mm	23.45

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

Criteria	Commentary
Moisture	Moisture contents of samples have not been separately measured. DiamonEx samples were pre-weighed with a 3t crane prior to treating.
Cut-off parameters	Cut off grades have not been used in the resource estimation as it assumed that bulk mining will target the extraction of all the ore within each individual pit shell. The **Indicated** Mineral Resource zone accounts for an area projected to a maximum depth of **50m below lowermost measurements of grade** (LDD bulk sampling) in each pipe whereas the **Inferred** zone which had limited geological definition and no grade information is extrapolated to a maximum depth **of 50m below the base of the Indicated zone**. No optimised pit shell models, using project financial forecasts, were used in the estimation of Mineral Resources. Cut off limits for the Mineral Resources are based on discrete cut off elevations as determined for the base of the Indicated and Inferred categories (refer "*Estimation and modelling techniques" and "Classification"* sections).
Mining factors or assumptions	It is assumed that an open pit mining method will be used; however consideration has been given to the possibility of exploiting deeper pit areas outside normal open pit mining limits using "Vertical Pit" mining techniques. Internal dilution has already been accounted for in the estimation of the diamond grades during the LDD and bulk sampling programmes, nevertheless additional provision has been made in the reserve model for internal dilution not accounted for during the LDD program. This was estimated for each pipe by reducing the average grade per 20m horizon by 4% from surface down to a 50m depth (2% for K2 and K6) and with 2% from 50m depth downwards. External dilution (influenced by factors like type of kimberlite/wall rock contact, ease of distinguishing between kimberlite and country rock during production etc.) were accounted for by applying a 1.5m 'dilution skin' around the Mineral Resource with a subsequent increase in tonnages (waste) and reduction of grade.
Metallurgical factors or assumptions	The resource grades are estimated at a 1.0mm bottom size cut-off.

Criteria	Commentary
	The processing plant has been designed to recover +1mm -18mm diamonds by means of primary crushing, scrubbing and screening, secondary and tertiary crushing, with sized product feeding to a DMS plant. Lites tailings >6mm will returned to the re-crush circuit. Diamond concentration will be undertaken by a 200t/hr DMS plant with diamond recovery by Flowsort X-Ray units and final handsort.
Environmental factors or assumptions	No environmental factors have been assigned to the resource estimate as no environmental issues are expected to impact on the project. The mining license makes provision for the adequate storage of tailings.
Bulk density	**SG measurements on Large diameter Drill holes (De Beers)** During the de Beers LDD drilling phase, samples of 20m length were collected starting at 10m below the collar of each hole. Chips for logging and other metallurgical tests such as for Specific Gravity (SG) determinations were collected every 20m for each LDD hole drilled at the K2-K6 kimberlites. SG was determined by measuring the mass of chips divided by the volume of water that they displace. Mass was determined with a digital mass balance with a 2g accuracy. Volume was determined using a 2000ml measuring cylinder with 20ml gradations. Three aliquots of 2kg each were tested and the results averaged. The total of six kilograms of chips for each 20m LDD sample was taken from the largest chips after the screening analysis had been completed. A total of 144 samples were taken at K2, K3, K4, K5 and K6 pipes and the results are depicted in the table below:

Descriptive stats for SG (g/cm³). Exclude samples consisting either wholly or mostly of wall rock.

LDD SG results	All K's	K2	K3	K4	K5	K6
Number of samples	144	50	53	18	21	2
Mean	**2.69**	**2.72**	**2.66**	**2.70**	**2.68**	**2.80**
Variance	0.01	0.01	0.01	0.01	0.00	0.00
Standard Dev.	0.10	0.12	0.07	0.10	0.06	0.03
Min	2.29	2.29	2.46	2.56	2.59	2.78
25%	2.63	2.64	2.61	2.62	2.64	
Median	2.69	2.74	2.67	2.68	2.67	2.80
75%	2.77	2.79	2.70	2.77	2.71	
Max	2.90	2.90	2.78	2.89	2.85	2.82

SG measurements on core samples (De Beers)

SG measurements were also taken on core samples done at the K3 and K2 pipes. These SG's were determined by measuring the mass of approximately 30cm of dry core and the weight of the core while immersed in water. The mass was measured with a digital mass balance with 0.1g accuracy. The results are depicted in the table below:

Core SG results	K2	K3
Number of samples	79	49
Mean	**2.76**	**2.81**
Variance	0.01	0.02
Standard Dev.	0.10	0.15
Min	2.60	2.33
25%	2.68	2.73
Median	2.76	2.78
75%	2.80	2.93
Max	3.23	3.03

Criteria	Commentary

A comparison of statistics from LDD and core samples reveals that for both K2 and K3 the mean core SG is 3.3% to 3.7% higher than the mean chip SG. The SG measuring method for core is an inherently better method than that used for measuring the SG of LDD chips which may have problems with bulking factors and water absorption.

SG measurements in bulk samples and trial mining phase (De Beers)

The base of the pit was cleared of rubble and an area of approx. 1 square meter was levelled using a clino-rule. A plastic apron with a 30 x 30cm hole cut in the middle was laid over the site and the kimberlite in the 30 x 30cm hole removed to a depth of about 40cm. A plastic refuge bag was then placed in the hole and then filled with water from a measuring cylinder. Three measurements were recorded to determine the specific gravity of a sample: 1) Mass of dry specimen, 2) Mass of water displaced and 3) Mass of wet specimen. The measurements were recorded on a 'specific gravity data sheet'. SG was then determined as Mass of specimen / Mass of water displaced + (mass of wet specimen – mass of dry specimen). The specific gravity measurements were done per specific kimberlite facies in the different mining blocks.

The results of the SG measurements undertaken per specific kimberlite facies in the different trial mining blocks are shown in the table below. Note that all the results are from kimberlite specimen's taken in the weathered zone and therefore the results are consistently lower than the results which were achieved during the LDD and Core drilling SG determinations.

Trial mining SG Results. () = number of readings used for calculation of average SG

Pipe	Block	Green HK	Grey HK	HKB	KB	HK	TKB	MB
K2	2W	2.28 (10)	2.09 (17)	2.22 (37)				
K2	2C1			2.14 (14)				
K2	2E	2.10 (40)	2.76 (12)		2.81 (18)			
K3	1A						2.17 (25)	2.51 (14)
K3	1B						2.31 (25)	2.62 (12)
K3	2B						2.28 (21)	2.48 (2)
K4	1A				2.65 (14)	2.59 (19)	2.77 (24)	
K4	5A				2.44 (8)			2.28 (5)
K5	1A			2.49 (31)				2.74
K5	3B			2.51 (54)				
K5	3C			2.55 (37)				
K5	3D			2.63 (52)				
K5	3E			2.44 (19)		2.30 (11)		
K5	4B			2.84 (49)		2.52 (12)		
K6	1A			2.84 (8)		2.37 (5)		2.73 (10)
K6	1A-2			2.87 (4)		2.36 (5)		2.91 (8)
K6	1B			2.70 (7)		2.37 (7)		
K6	1B-2							
K6	2A			2.87 (8)		2.40 (5)		2.75 (2)
K6	2A-2			2.69 (3)		2.38 (13)		

SG measurements on geotechnical core samples (DiamonEx)

SG measurements were also taken by DiamonEx on core samples drilled at the K3 and K2 pipes.

The results are depicted in the table below:

Criteria	Commentary
	DiamonEx SG results on core obtained from geotechnical drilling (table below)

Hole No	Sample No	Downhole depth (m)	Vertical depth (m)	Weathering State	Weight (g)	Volume (cm3)	SG (g/cm3)
K3GT01	1	7.00	6.06	Highly weathered kimberlite	558	255	2.19
	2	9.90	8.57	Highly weathered kimberlite with granitic xenoliths	622	240	2.59
	3	14.60	12.64	Highly weathered kimberlite with granitic xenoliths	657	270	2.43
	4	20.50	17.75	Highly weathered kimberlite with granitic xenoliths	674	267	2.52
	5	24.10	20.87	Within transition zone from highly weathered to less weathered	630	254	2.48
	6	26.10	22.60	Less weathered kimberlite	778	284	2.74
	7	30.90	26.76	Fresh kimberlite	770	272	2.83
	8	37.30	32.30	Fresh kimberlite with granitic xenoliths	778	288	2.70
	9	43.65	37.80	Fresh kimberlite with granitic xenoliths	679	245	2.77
	10	58.45	50.62	Fresh kimberlite with granitic xenoliths	529	190	2.78
	11	74.95	64.91	Fresh kimberlite with less granitic xenoliths	386	135	2.86
	12	85.00	73.61	Fresh kimberlite with granitic xenoliths	830	295	2.81
	13	96.00	83.14	Fresh kimberlite with granitic xenoliths	747	267	2.80
	14	100.10	86.69	Fresh kimberlite with granitic xenoliths	562	194	2.90
				Average	**9200**	**3456**	**2.66**
K2GT01	1	22.25	19.27	Highly weathered and friable hypabyssal kimberlite, no xenoliths	591	235	2.51
	2	22.65	19.61	Highly weathered and friable hypabyssal kimberlite, no xenoliths	471	186	2.53
	3	24.40	21.13	Weathered but not friable hypabyssal kimberlite, no xenoliths	656	271	2.42
	4	26.00	22.52	Weathered but not friable hypabyssal kimberlite, no xenoliths	652	270	2.41
	5	30.70	26.59	Weathered, slightly friable hypabyssal kimberlite, no xenoliths	462	171	2.70
	6	33.20	28.75	Weathered, slightly friable hypabyssal kimberlite, no xenoliths	505	185	2.73
	7	34.60	29.96	Very slightly weathered, almost fresh hypabyssal kimb, no xenos	625	210	2.98
	8	40.00	34.64	Very slightly weathered, almost fresh hypabyssal kimb, no xenos	662	228	2.90
	9	44.50	38.54	Fresh hypabyssal kimberlite, no xenoliths	392	125	3.14
	10	45.85	39.71	Fresh hypabyssal kimberlite, very few xenoliths	323	90	3.59
	11	50.60	43.82	Fresh hypabyssal kimberlite, with xenoliths	302	95	3.18
	12	56.00	48.50	Fresh hypabyssal kimberlite, with xenoliths	326	95	3.43
				Average	**5967**	**2161**	**2.76**
K5GT04	1	3.95	3.03	Weathered kimberlite with granitic xenoliths	435	160	2.72
	2	5.15	3.94	Weathered kimberlite with granitic xenoliths	512	190	2.69
	3	7.30	5.59	Moderately weathered kimberlite with granitic xenoliths	630	228	2.76
	4	13.50	10.34	Moderately weathered kimberlite with granitic xenoliths	608	220	2.76
				Average	**2185**	**798**	**2.74**
K4GT04	1	6.50	5.74	Fresh to very slightly weathered kimberlite with granitic xenoliths	533	181	2.94
	2	8.70	7.68	Fresh to very slightly weathered kimberlite with granitic xenoliths	626	215	2.91
	3	10.85	9.58	Fresh kimberlite with less granitic xenoliths	405	135	3.00
	4	14.70	12.98	Fresh kimberlite with granitic xenoliths	644	224	2.88
	5	22.20	19.60	Fresh kimberlite with granitic xenoliths	642	217	2.96
	6	28.30	24.99	Fresh kimberlite with smaller granitic xenoliths	641	212	3.02
	7	40.60	35.85	Fresh hypabyssal kimberlite, fine grained with small xenoliths	590	190	3.11
	8	46.60	41.15	Fresh hypabyssal kimberlite, fine grained with few small xenoliths	671	229	2.93
				Average	**4752**	**1603**	**2.96**

Criteria	Commentary
	A density of 2.7 g/cm^3 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 DiamonEx during their LDD, core drilling and trial mining campaigns.
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:

Criteria	Commentary
	<table><tr><th></th><th colspan="2">Indicated **</th><th colspan="2">Inferred *</th></tr><tr><th>Pipe</th><th>From</th><th>To MASL</th><th>From MASL</th><th>To MASL</th></tr><tr><td>K2</td><td>840</td><td>677</td><td>677</td><td>627</td></tr><tr><td>K3</td><td>820</td><td>659</td><td>659</td><td>609</td></tr><tr><td>K4</td><td>820</td><td>669</td><td>669</td><td>619</td></tr><tr><td>K5</td><td>816</td><td>662</td><td>662</td><td>612</td></tr><tr><td>K6</td><td>811</td><td>716</td><td>716</td><td>666</td></tr></table> Drilling coverage in the indicated zone is generally good with both grade and geological definition drilling present up to 50m above the base of the Indicated zone. Pipe shell models were generated by Mantle Diamonds in 2012 to 100m below surface, which were revised by Kimberley Diamonds during 2014. During November – December 2015, a complete review and re-modelling exercise was undertaken by KDL in consultation with independent experts which resulted in the base of the pipe boundary and lithological boundaries being projected a further 100m below the lowest sampling elevation. **Indicated Mineral Resource (**)** The Indicated Mineral Resource zone accounts for an area projected to a maximum depth of 50m below lowermost measurements of grade (LDD bulk sampling) in each pipe. **Inferred Mineral Resource (*)** The Inferred zone which had limited geological definition and no grade information covers an area 50m below the base of the Indicated zone and where applicable, an Exploration Target zone covering 50m below the Inferred Mineral zone. The Exploration target zone contains no existing data and has therefore not been included in the resource. The K3- ROM stockpiles is based on an average grade obtained by Mantle by treating 260 723 tons (73 403 carats recovered at a grade of 28.15 CPHT) less 20% to make provision for undetermined mining dilution, and has been assigned as an Indicated Mineral Resource. The K3-Low grade stockpile is based on LDD sampling done on the low grade Marginal Breccia zone at K3 less 30% to make provision for undetermined mining dilution, and has been assigned as an Inferred Mineral Resources The De Beers Lights tailings stockpile is based on an average grade obtained by De Beers by treating 54 568 tons at recovered grade of 5.5 CPHT, and has been assigned as an Inferred Mineral Resource.
Audits or reviews	The base information for the estimation of the resource was reviewed by SRK in 2006. No further independent reviews have been undertaken since. Since KDL's acquisition of the Lerala mine, KDL's Competent Persons – Mineral Resources Manager and Chief Technical Officer as well as various Consultants have 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, in September 2015 Venmyn Deloitte concluded that the "SQL Microsoft Access downhole project database is appropriate for the project with reported independent validation procedures have been undertaken" (Independent Experts' Report on the Lerala Diamond Mine in Botswana for Kimberley Diamonds Limited)
Discussion of relative accuracy/ confidence	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 recovered grade may be affected by sporadic higher than normal internal dilution which appears to be higher within the first 50m of the Lerala pipes. Internal dilution for each pipe was accounted for by reducing the average grade per 20m horizon with a factor of 4% from the surface down to 50m depth (2% for K2 and K6) and with 2% from 50m depth downwards. The confidence in the 4% dilution factor for the first 50m of the pipes is medium to 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 processes 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.

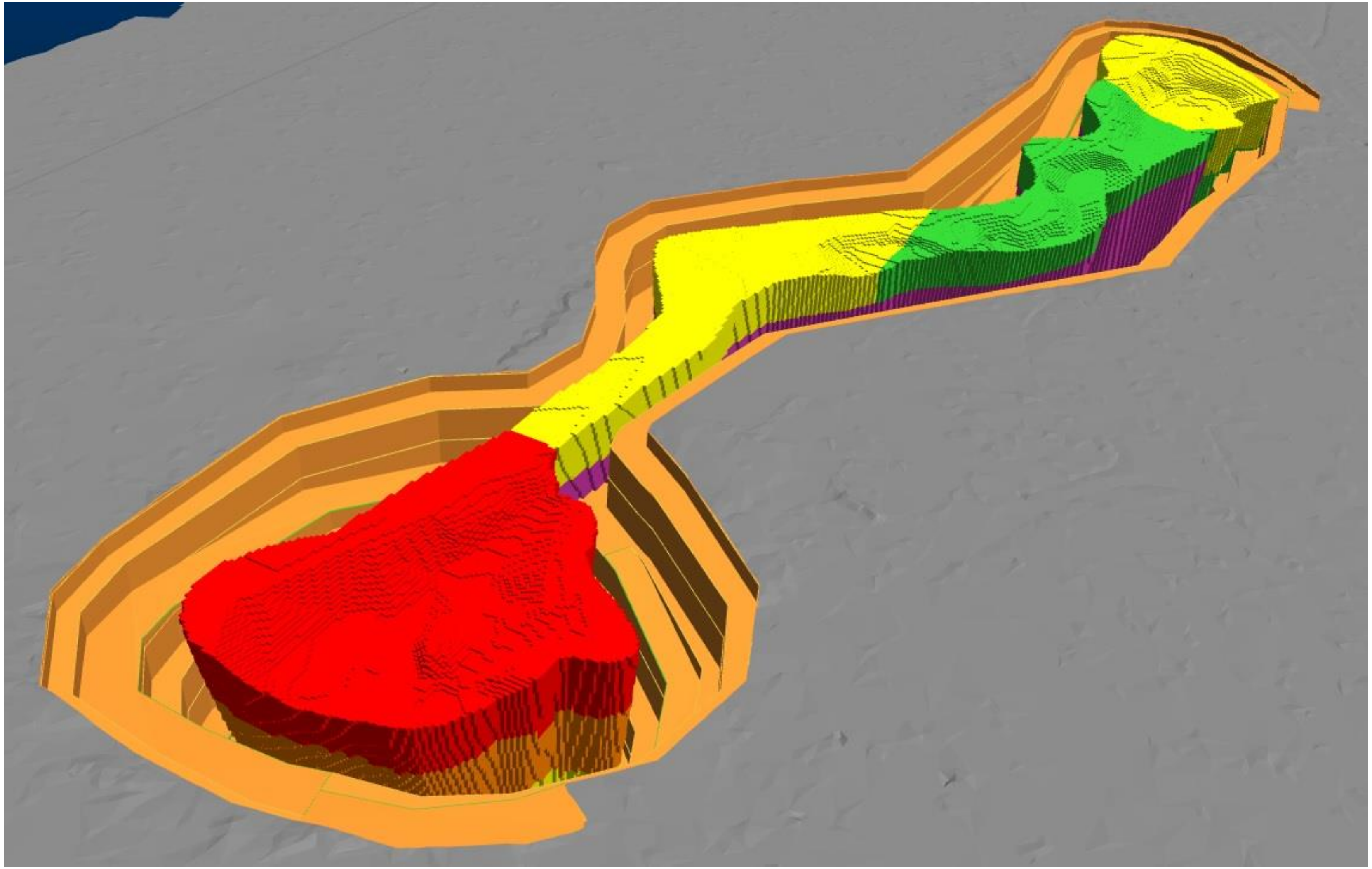
Section 4 Estimation and Reporting of Ore Reserves

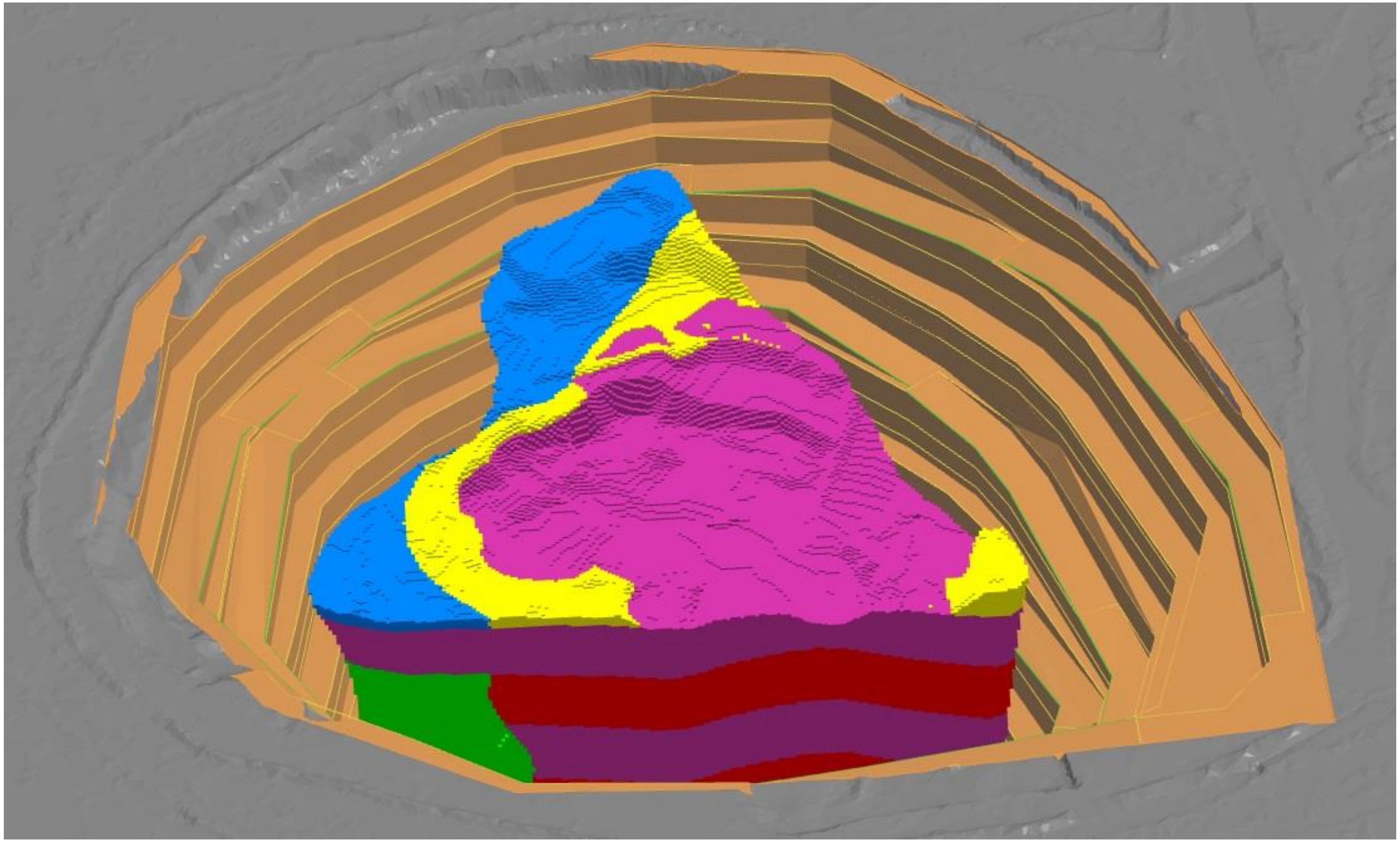
(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

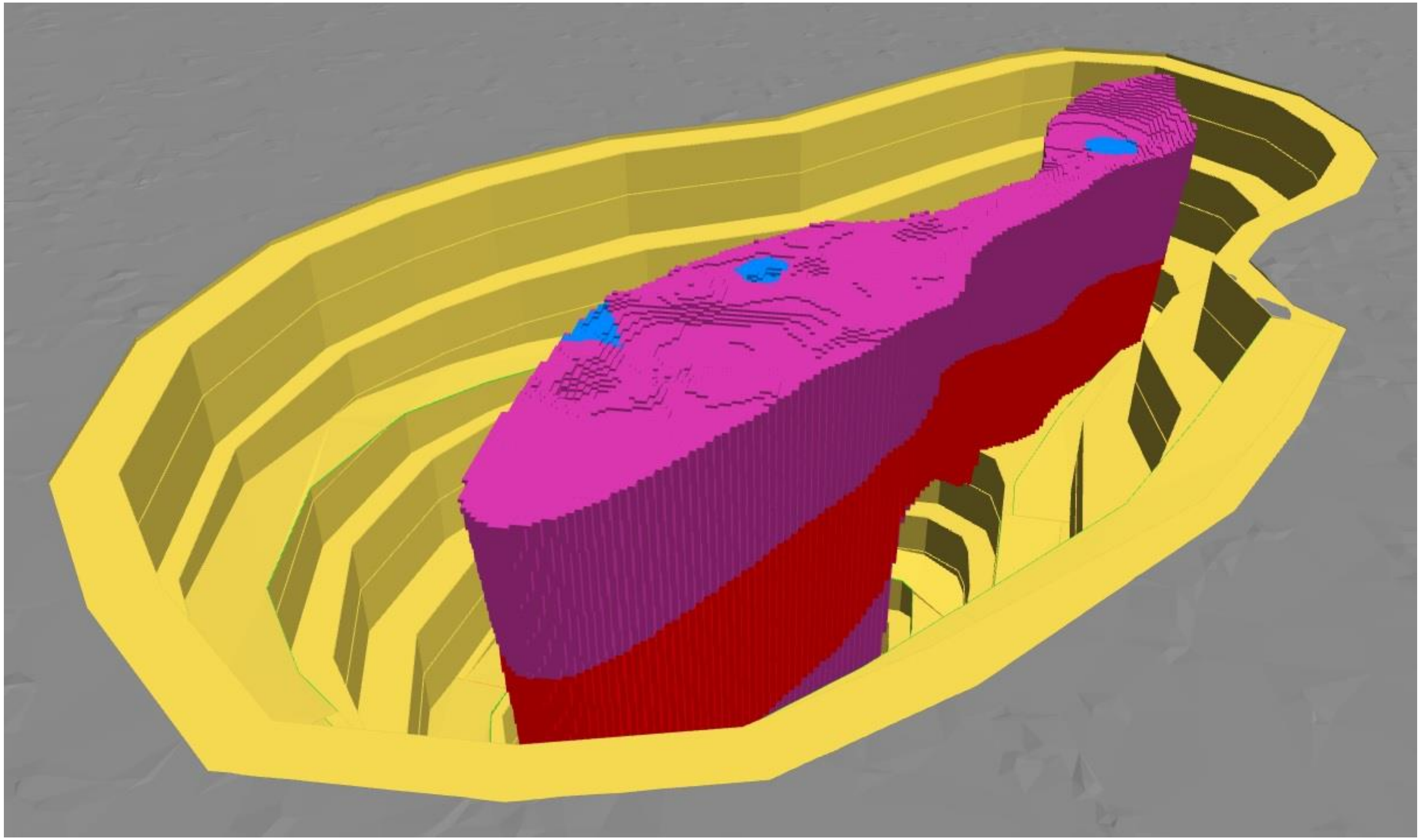
Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	The Ore Reserve is based on the Kimberley Diamond Limited Mineral Resource Estimate for Lerala as at 31 December 2015.
Site visits	A site visit by SRK was undertaken to monitor the sample processing during the DiamonEx drilling program. Numerous visits have been undertaken by Kimberley Diamonds since acquiring the project. Mr Pierre Fourie an independent mining engineer and Member of the AusIMM responsible for the modelling of the Mineral Resources and Ore Reserves undertook a site visit to Lerala during October 2015. Mr Jurgens Hamman an independent Principal Geotechnical Engineer (Pr. Sci. Nat. MSANIRE; MGSSA; MAusIMM) employed by MINING ONE PTY LTD undertook a revision of all geotechnical data and pit design parameters following a site visit to Lerala mid September 2015. Representatives from Venmyn Deloitte, an independent South African based minerals industry consulting group, undertook a site visit to Lerala –mid October 2015. The Competent Person reviewing the Ore Reserve estimate as at 31 December 2015 is a full time employee of Kimberley Diamonds Limited and has spent a great deal of time on the project, including numerous site visits during 2015.
Study status	The study, from which the Ore Reserves as at 31 December 2015 were estimated, has been done at Pre-Feasibility study level with sufficient confidence to develop the project. A mine plan that is technically achievable and economically viable has 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. Refurbishment and upgrading of the plant and infrastructure is currently in progress for completion late FY2016. It is planned to commence mining during late 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 Whittle pit optimisation exercise on the resource model for each pipe and to generate an optimised pit shell, followed by detailed pit design, scheduling and financial modelling. The mining method at Lerala for this phase of exploitation 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. Slope design parameters were revised during October 2015 and are considered practical and safe for the Lerala wall rock conditions. Grade control will be managed by utilising mapping, face mark ups and visual control of loading operations by pit technicians. In addition grade control officers will monitor production drilling operations in ore to identify potential internal waste which will be managed accordingly. Bulk sampling through the production plant will be conducted as required. Internal dilution has already been accounted for in the estimation of the diamond grades during the LDD and bulk sampling programmes, nevertheless additional provision has been made in the reserve model for internal dilution not accounted for during the LDD program. This was done for each pipe by reducing the average grade per 20m horizon with 4% from surface down to 50m depth (2% for K2 and K6) and with 2% from 50m depth downwards. External dilution (influenced by factors like type of kimberlite/wall rock contact, ease of distinguishing between kimberlite and country rock during production etc.) was accounted for by applying a 1.5m 'dilution skin' around the Mineral Resource with a subsequent increase in tonnages (waste) and reduction of grade. A mining recovery factor of 98% was applied on tonnage basis. This was assumed due to the well-defined geological contacts, competent wall rock, the planned use of separate ore and waste blasting and the relatively small mining equipment. A plant recovery factor of 95% was applied. A minimum mining width of 20 metres is used. The mining infrastructure will require upgrading and adding to, including in-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.

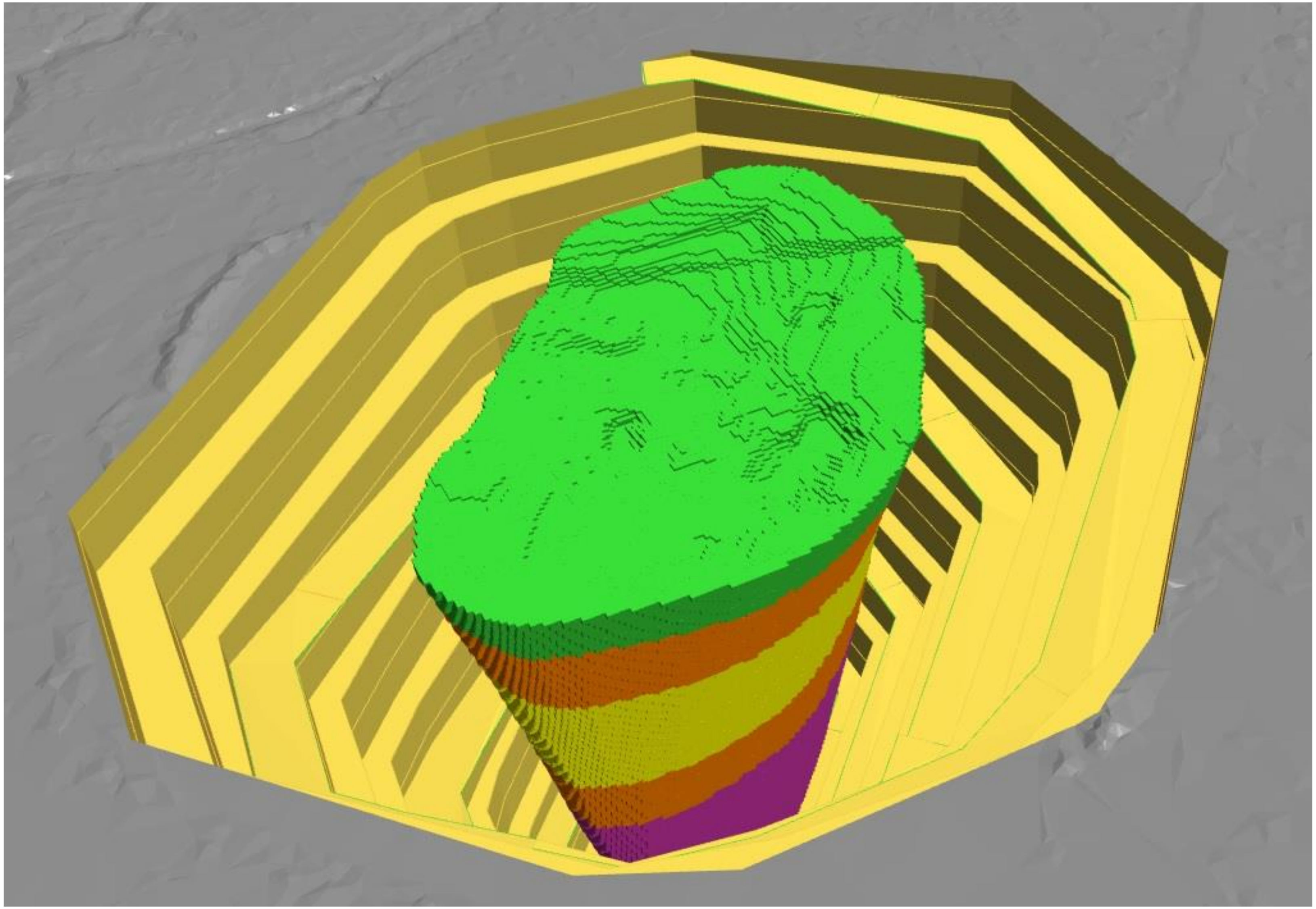
Criteria	Commentary
Metallurgical factors or assumptions	After the planned modifications have been carried out, the processing plant at Lerala will be capable of treating the Ore Reserve at an annualised rate of approximately 1.4 Mtpa. The treatment process will consist of primary, secondary and tertiary 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 with the input from experienced metallurgical consultants in treating ore from the K3 and K6 pipes at a production scale and K2, K4, and K6 at a bulk sample scale. 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. KDL reported on 29 October 2015 that the Botswana Department of Environmental Affairs had approved the Environmental Impact Assessment (EIA) for the re-opening of the Lerala Diamond Mine. Several specialist studies have been undertaken to refine site specific environmental data, which has informed the revision of the EMP. Final approval included the approvals for the fine and 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 tendered 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 however a degree of short term volatility is anticipated. 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 a discount rate of 8%. A range of industry forecasts have taken a view on real diamond prices (key sensitivity), for example real diamond prices were escalated by 6.4% per annum in the "The Global Diamond Report 2013" published by Bain and Co and this is not dissimilar from a number of other studies. However KDL has considered a medium to long term diamond price escalation factor of 4% in financial modelling. The project NPV is positive.

Criteria	Commentary
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. In September 2015, Lerala held a blessing ceremony at the Lerala Diamond Mine. The blessing ceremony was held at the request of the local community and was aimed at mobilising the community to provide its support and best wishes for the success of the mine. Approximately 400 people from the Lerala community attended the ceremony and the project will be a major employer in the community and at this stage enjoys the support of the local community.
Other	No material naturally occurring risks have been identified. The agreement for the modifications to the plant by Consulmet and subsequent construction activity is well advanced.
Final Pit Shells	**Final Optimised Pit Shells from which Ore Reserves have been Estimated**

Criteria	Commentary
	K2 Final Pit Shell 

Criteria	Commentary
	K3 Final Pit Shell 

Criteria	Commentary
	K4 Final Pit Shell 

Criteria	Commentary
	K5 Final Pit Shell 

Criteria	Commentary
	No Probable Ore Reserves have been estimated for K6
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.

Lerala Mineral Reserve

SOURCE	ZONE	RESERVE CLASS	31 DECEMBER 2015 RESERVE STATEMENT TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)	30 JUNE 2015 RESERVE STATEMENT TONNAGE (Mt)	GRADE (cpht)	CARATS (k cts)	VALUE (USD/ct)
Lerala	K2	Probable	3.0	23.8	712	$61	0.8	35.3	287	$61
	K3		4.8	28.2	1,360	$79	2.7	32.3	865	$79
	K4		1.5	26.6	405	$79	0.6	32.2	197	$79
	K5		2.4	22.7	533	$79	0.7	20.0	134	$79
	K6		**No Probable Reserve**				0.2	29.9	59	$79
	PROBABLE RESERVES LERALA		**11.7**	**25.8**	**3,009**	**$75**	**5.0**	**31.0**	**1,541**	**$76**
TOTAL PROBABLE RESERVES KDL			**11.7**	**25.8**	**3,009**	**$75**	**5.0**	**31.0**	**1,541**	**$76**

* 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

Criteria	Commentary
Audits or reviews	The current reserve estimated as at 31 December 2015, has not been externally audited but has been reviewed by the Competent Person in December 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

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Indicator minerals</td><td>No indicator mineral sampling has been undertaken at Lerala in recent times. De Beers undertook indicator mineral sampling in the early days of exploration which was not documented.</td></tr>
<tr><td>Source of diamonds</td><td>Lerala diamonds are sourced from primary kimberlite deposits, intruded within the Limpopo Mobile belt.</td></tr>
<tr><td>Sample collection</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 K002-K005 and drilled 33 holes 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, 16 pits and trenches were excavated in K2 to K6 for the recovery of approximately 1,943 tonnes.

During 2004-5, DiamonEx drilled 18 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>13</td><td>5</td></tr>
<tr><td>K3</td><td>11</td><td>5</td></tr>
<tr><td>K4</td><td>4</td><td>3</td></tr>
<tr><td>K5</td><td>5</td><td>4</td></tr>
<tr><td>K6</td><td>0</td><td>1</td></tr>
<tr><td>Total</td><td>33</td><td>18</td></tr>
<tr><td></td><td></td><td></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.</td></tr>
<tr><td>Sample treatment</td><td>The De Beers' LDD and Pit samples were treated onsite through a DMS process plant with diamonds recovered from the concentrate at their GSPS laboratory in Johannesburg. The LDD samples were crushed to -4mm before being put in the DMS cyclone. The De Beers Tailings sample was treated through the existing production plant and crushed to -13mm before going to the cyclone.

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>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>No recent exploration has been undertaken at Lerala by Kimberley diamonds</td></tr>
<tr><td>Grade estimation for reporting Mineral Resources and Ore Reserves</td><td>Discrete LDD grades as determined per 20m intervals for de Beers and DiamonEx LDD holes were combined in a total average (arithmetic mean) per 20m section for each pipe for geological modelling and resource estimation purposes (refer Data aggregation methods).

Excessively high LDD grades were cut to 50% of the original value at 6 LDD boreholes drilled at the K4, K5 and K6 pipes (refer Data aggregation methods).

LDD boreholes were clustered to provide average grades per 20m interval and assigned for the Indicated Mineral Resource.

Long elongated kimberlite bodies such as K2 were divided into 4 separate sections based on lithology differences and average grades were calculated per 20m interval for each discrete lithological section. Distinct low grade facies such as the Marginal Breccia zone at K3 was modelled separately according to grade. Floating reefs or big xenoliths (amphibolite) as found in the K3 pipe were assigned zero</td></tr>
</table>

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td></td><td>
values and are treated as waste. Grades for the Inferred zone were obtained by assigning the average of the lowermost 20m section of LDD grades obtained per kimberlite to that part of the Mineral Resource.
Surface bulk sample and trial mining results were not used to extrapolate grades for the Indicated and Inferred Mineral Resource zones. Only LDD grades were used in the grade model designed for each pipe.
The K3- ROM stockpiles is based on an average grade obtained by Mantle by treating 260 723 tons (73 403 carats recovered at a grade of 28.15 CPHT) less 20% to make provision for undetermined mining dilution, and has been assigned as an Indicated Mineral Resource.
The K3-Low grade stockpile is based on LDD sampling done on the low grade Marginal Breccia zone at K3 less 30% to make provision for undetermined mining dilution, and has been assigned as an Inferred Mineral Resources
The De Beers Lights tailings stockpile is based on an average grade obtained by De Beers by treating 54 568 tons at recovered grade of 5.5 CPHT, and has been assigned as an Inferred Mineral Resource.
</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.
The table below shows the total carats recovered by the previous owners to date:
<table>
<tr><th>Date</th><th>Ownership</th><th>Study type</th><th>Carats recovered</th></tr>
<tr><td>1989-1992</td><td>De Beers Prospecting Botswana</td><td>Evaluation of K2 – K6. LDD drilling, pitting & trenching</td><td>562</td></tr>
<tr><td>1997-2001</td><td>Tswapong Mining Company (Pty) Ltd</td><td>Trial Mining</td><td>46 000</td></tr>
<tr><td>2002-2010</td><td>DiamonEx Limited</td><td>- LDD drilling
- Bulk sampling to verify De Beers information
- Bulk sampling (Economic analysis)
- Mining</td><td>138
1 108
851
49 000</td></tr>
<tr><td>2010-2012</td><td>Mantle Diamonds</td><td>Trial Mining</td><td>73 000</td></tr>
<tr><td colspan="3">Total</td><td>170 659</td></tr>
</table>
</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>

<table>
<tr><th>Criteria</th><th>Commentary</th></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>From</th><th>To MASL</th><th>From MASL</th><th>To MASL</th></tr>
<tr><td>K2</td><td>840</td><td>677</td><td>677</td><td>627</td></tr>
<tr><td>K3</td><td>820</td><td>659</td><td>659</td><td>609</td></tr>
<tr><td>K4</td><td>820</td><td>669</td><td>669</td><td>619</td></tr>
<tr><td>K5</td><td>816</td><td>662</td><td>662</td><td>612</td></tr>
<tr><td>K6</td><td>811</td><td>716</td><td>716</td><td>666</td></tr>
</table>
Drilling coverage in the indicated zone is generally good with both grade and geological definition drilling present up to 50m above the base of the Indicated zone. .
Pipe shell models were generated by Mantle Diamonds in 2012 to 100m below surface, which were further revised by Kimberley Diamonds Limited (KDL) during 2014.
In this most recent exercise undertaken in November – December 2015 by KDL, new 3D models were generated based on all available historical data and compared with existing models for continuity. In addition confidence levels on the available data were reviewed and it was considered reasonable to project pipe boundaries and lithological boundaries up to 100m below the lowest sampling horizon.
Indicated Mineral Resource (**)
The Indicated Mineral Resource zone accounts for an area projected to a maximum depth of 50m below lowermost measurements of grade (LDD bulk sampling) in each pipe.
Inferred Mineral Resource (*)
The Inferred zone which had limited geological definition and no grade information covers an area 50m below the base of the Indicated zone and where applicable, an Exploration Target zone covering 50m below the Inferred Mineral zone.
The K3- ROM stockpiles is based on an average grade obtained by Mantle by treating 260 723 tons (73 403 carats recovered at a grade of 28.15 CPHT) less 20% to make provision for undetermined mining dilution, and has been assigned as an Indicated Mineral Resource.
The K3-Low grade stockpile is based on LDD sampling done on the low grade Marginal Breccia zone at K3 less 30% to make provision for undetermined mining dilution, and has been assigned as an Inferred Mineral Resources
The De Beers Lights tailings stockpile is based on an average grade obtained by De Beers by treating 54 568 tons at recovered grade of 5.5 CPHT, and has been assigned as an Inferred Mineral Resource.
</td></tr>
</table>

Lomero-Poyatos Mineral Resource Statement as at 31 December 15 JORC Code, 2012 Edition – Table 1

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

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	The Lomero - Poyatos deposit was sampled using diamond drill holes (DD) on a nominal 50 m x 50 m to 100 m x 50 m grid spacing, with some minor infill in 25 m x 25 m. A total of 83 DD holes were drilled for 8433.48 m. Holes were generally angled southwards between -70º and -80º to optimally intersect the mineralized zones.
	• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	According to the reports from previous owners of the project, the drill hole locations were picked up and downhole surveyed by survey contractors. Diamond core was used to samples from the mineralized intervals that were logged for lithological, structural and other attributes. Protocols used for sampling as well as the QAQC procedures are unknown due to the lack of documentation and historical nature of the data.
	• Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	According to the previous reports diamond core is mostly HQ and NQ size, sampled on geological intervals, cut into half or quarter core. Only for the 2013 CRI drilling campaign information from the laboratory procedures is available: samples were crushed (70%, <2mm), dried and pulverized (1000g to 85%, 75 µm) to produce a sub sample for analysis by FA-Grav finish for Au and Agua Regia – ICP for Ag, Pb, Cu, Zn.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Diamond drilling accounts for 100% of the current drilling at Lomero - Poyatos and comprises NQ or HQ sized core.

Criteria	JORC Code Explanation	Commentary
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed.	There are no records of Diamond core recoveries in the database. In the drill cores observed during the site visit and in some photographs available from historical drilling, overall recoveries are >95% and seems there are no core loss issues or significant sample recovery problems.
	• Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No information is available about measures taken to maximize sample recovery, as much of this data was not accessible due to the recent ownership changes.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	Only geological codification, with major lithocodes, is included in the database available for resource estimation.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	For the 2013 CRI drilling campaign, core was cut in half and quarter core, using core saw at ALS Lab. For previous campaigns the method was not documented or not available.
	• For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The sample preparation of diamond core for 2013 drilling campaign follows industry best practice in sample preparation involving oven drying, coarse crushing of the 70% core sample down to 2 mm followed by pulverization of the entire sample to a grind size of 85% passing 75 micron. Unknown for previous campaigns.
	• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Crushing and pulverizing QC test conducted in ALS Lab (2013 drilling campaign). Unknown for previous drilling.
	• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Unknown. No information available.
	• Whether sample sizes are appropriate to the grain size of the material being sampled.	For 2013 drilling, the sample sizes are considered to be appropriate to correctly represent the sulphide mineralisation based on: the style of mineralisation (massive sulphides), the thickness and consistency of the intersections and the sampling methodology.
Quality of assay data and	• The nature, quality and appropriateness of the assaying and laboratory	For 2013 drilling, analytical techniques used aqua regia acid

Criteria	JORC Code Explanation	Commentary
laboratory tests	procedures used and whether the technique is considered partial or total.	digest multi element suite with ICP/AES finish (30 gram FA/AAS for Au). Method considered appropriated. Method unknown for previous drilling campaigns.
	• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine any element concentrations used in either resource estimate.
	• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	For the 2013 campaign, sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. No QAQC records are available from the previous owners of the project.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel.	No information related to verification of significant intersections is available.
	• The use of twinned holes.	Four twin DD holes have been drilled at 2013 campaign. The results confirmed the initial intersection geology and assays values.
	• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	No assay primary data available for resource estimation, unless the assay certificates of 13 drill holes corresponding to the 2013 campaign.
	• Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data used in either estimate.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Collar coordinates of 77 DD holes were validated and certificated with new survey, by surveyor hired by Kimberley (2015). No information available about the down-hole survey method.
	• Specification of the grid system used.	The system for Lomero – Poyatos is ED50 ("European Datum 1950")
	• Quality and adequacy of topographic control.	Topographic surface for Lomero - Poyatos uses Lidar with a density of 0.5 points/m.
Data spacing and distribution	• Data spacing for reporting of Exploration Results.	The nominal drill hole spacing is 50 m (northing) by 50 m (easting) in the core of the deposit, and is up to 100 m by 50 m on the margins, with some minor infill in 25 m x 25 m.
	• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and	The mineralised domains for Lomero - Poyatos have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral

Criteria	JORC Code Explanation	Commentary
	classifications applied.	Resources and the classifications applied under the 2012 JORC Code.
	• Whether sample compositing has been applied.	Samples have been composited to two meters lengths, and adjusted where necessary to ensure that no residual sample lengths have been excluded.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Drill holes were generally angled southwards between -70º and -80º to optimally intersect the mineralized zones at a close to perpendicular relationship for the bulk of the deposit.
	• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No orientation based sampling bias has been identified at Lomero - Poyatos in the data at this point.
Sample security	• The measures taken to ensure sample security.	No sample security measures conducted by previous companies owning the project are known.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	A review of the data was carried out by Snowden and CRS as part of resource estimate and the database is considered to be of sufficient quality to carry out resource estimation, with the considerations explained for resource classification.

Section 3
Estimation and Reporting of Mineral Resources

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

Criteria	JORC Code Explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	Snowden received databases in spreadsheet format, including tables for collar, survey, assay and geology.
	• Data validation procedures used.	Snowden carried out the following basic validation checks on the data supplied by Kimberley prior to resource estimation: - Drill holes with overlapping sample intervals. - Sample intervals with no assay data. - Duplicate records. - Assay grade ranges. - Assay certificates vs database validation. - Collar coordinates ranges. - Valid drill hole orientation data. There are no significant issues with the data.
Site visits	• Comment on any site visits undertaken by the Competent Person and the	Marcelo Zangrandi (Senior consultant- Snowden), who is

Criteria	JORC Code Explanation	Commentary
	outcome of those visits.	acting as Competent person, inspected the deposit area and the ALS laboratory facilities in Sevilla, where part of the drill cores are stored. During this time, notes and photos were taken along with discussions were held with Rod Sainty, from Kimberley, regarding the available drill core, geology of the deposit and drill hole collars location. Diamond core was also viewed in the ALS lab. A number of minor recommendations were made on procedures but no major issues were encountered.
	• If no site visits have been undertaken indicate why this is the case.	Not applicable
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	The confidence in the geological interpretation of Lomero – Poyatos is considered good. The deposit is a sheared volcanogenic massive sulphide deposit. The mineralized package consist of massive sulphide (MS) mineralization in the hangingwall wich is in contact with semi-massive and disseminated sulphide (SMS) mineralization, usually found in the footwall.
	• Nature of the data used and of any assumptions made.	Mineralisation logging and geochemistry has been used to assist identification of the ore domains divisions applied in the interpretation process.
	• The effect, if any, of alternative interpretations on Mineral Resource estimation.	The model is supported by surface outcrop and intersections in drill holes. Model must be refined with additional infill drilling in order to have a more robust interpretation and upgrade the resource classification.
	• The use of geology in guiding and controlling Mineral Resource estimation.	Geological controls and relationships were used to define domains. Key features are gold and sulfur contents, and logged mineralization.
	• The factors affecting continuity both of grade and geology.	The presence of massive sulphides increase the grades considerably, compared to the SMS and disseminated mineralization. The contact between both units is well defined and represented in the current model but could be improved with infill drilling.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	The deposit strikes in an east west direction and covers an area of approximately 1.2 km along strike by approximately 0.5 km across strike. The thickness of mineralization ranges from 1 m up to about 25 m. The resource has a maximum depth of 350 m below surface, and is outcropping in some

Criteria	JORC Code Explanation	Commentary
		parts of the deposit.
Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	Grade estimation using Ordinary Kriging (OK) was completed for Lomero – Poyatos. Vulcan software was used to estimate five elements: Au(ppm), Ag(ppm), Cu%, Pb%, Zn% and S%. Drill grid spacing ranges from 25 m to 100 m. Drillhole sample data was flagged using domain codes generated from three dimensional mineralization domains. Sample data was composited per element to a two meters downhole length using a best fit method, minimizing residuals. Intervals with no assays were excluded from the compositing routine. Top-cuts were only applied only for variography. For all domains, directional variograms were modelled using traditional variograms or normal scores transformations. Nugget values are moderate to high (<0.5 for gold and the other elements). Grade continuity was, depending on mineralisation styles and ranged from 100 m to 320 m in the major direction. Small quantity of samples caused that robust variography could not be generated for some elements in some directions. Estimation searches for all elements were set to the ranges of the variogram for each domain.
	• The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	There are previous estimates for Lomero – Poyatos, but detailed information of the estimation techniques, parameters and assumptions, as well as block models, are not available. The historical production information detail is not enough in order to check or validate the current resource estimate.
	• The assumptions made regarding recovery of by-products.	The by-products of the resource are copper, silver, lead and zinc, and recovery considered, according to preliminary metallurgical test, is differential flotation.
	• Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	The non-grade element estimated is S%, currently been used for density estimation.
	• In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	A single block model for Lomero - Poyatos was constructed using an 10 mE by 10 mN by 4 mRL parent block size with subcelling to 1 mE by 1 mN by 0. 5 mRL for domain volume resolution. All estimation was completed at the parent cell scale. Kriging neighborhood analysis was carried out in order to optimise the block size, search distances and sample numbers used. Discretisation was set to 3 by

Criteria	JORC Code Explanation	Commentary
		3 by 2 for all domains. The size of the search ellipse per domain was based on each element variography. Three search passes were used for each domain. The first pass used the ranges corresponding to the 0.8 of the total variance of each element variogram and a minimum of 3 and maximum of 15 samples. In the second pass the search ranges were changed to the ranges of each element variogram, maintaining a minimum of 3 samples. In general, the third pass ellipse was extended to 1.5 to 2 times the range of the variograms for each element, and a minimum of 2 samples were applied. A maximum of 2 samples per hole were used. Most blocks were estimated in the first and second pass. Hard boundaries were applied between all estimation domains.
	• Any assumptions behind modelling of selective mining units.	No selective mining units were assumed in this estimate.
	• Any assumptions about correlation between variables.	Correlation between S% content and density was used for density calculation in the block model.
	• Description of how the geological interpretation was used to control the resource estimates.	The geological interpretation correlated the gold and sulphide mineralisation to sulphide (S%) contents and geological description to define mineralisation domains. These domains were used as hard boundaries to select sample populations for variography and estimation.
	• Discussion of basis for using or not using grade cutting or capping.	Statistical analysis of the populations were conducted and was concluded that they did not include any significantly erratically high values to be capped and that the entire population should be included in order to provide an estimate of all the contained metals.
	• The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Validating the estimate compared block model grades to the input data using tables of values, and grade trend plots showing northing, easting and elevation comparisons. Visual validation of grade trends was carried out. No reconciliation data is available.
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	The tonnages are estimated on a dry basis.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	A nominal grade cut-off of 0.15 ppm Au appears to be a natural grade boundary between disseminated and trace

Criteria	JORC Code Explanation	Commentary
		mineralisation for Lomero – Poyatos deposit. This cut-off grade was used to help the definition of SMS and disseminated mineralised envelope within which the higher grade SM domain was interpreted. Resource estimate was reported at a 0.5 ppm grade cut-off for open pit portion of the resource and 1.5 ppm for the underground part. The election of these cut-offs is supported on the cut-offs used for similar deposits in the region. Estimate also reported at a series of Au grade cut-offs to show the grade-tonnage relationship.
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Part of the resource is considered to have reasonable prospects of being economically mined by open pit. An optimal pit was defined to constrain the resource, using mining and economic parameters from similar deposits in the region and around the world and metal prices as average of the last 5 years metal exchange prices. A further part of the resource is considered to have reasonable prospects of being mined from underground using sublevel stopping with after paste fill, a method used in others mines located in the Pyrite Belt (i.e. Aguas Teñidas, Mina Magdalena, Los Frailes Project)
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Preliminary metallurgical testworks demonstrated that the Lomeros-Poyatos ores can be processed by flotation to give copper, lead and zinc concentrates. The gold in the mineralisation is refractory, thus maximum gold recovery requires roasting and cyanidation. These preliminary testworks suggest metallurgical recoveries up to 85% for Au, 50% for Pb and Cu and 80% for Ag and Zn. These recoveries were used as recovery parameters for pit optimization.
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	No assumptions have been made and these will form part of the next stages of work commencing in 2016.
Bulk density	• Whether assumed or determined. If	Density was assigned to block using

Criteria	JORC Code Explanation	Commentary
	assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	the correlation verified between sulfur grade and specific gravity determined for drill core samples using the Archimedes method of dry weight versus weight in water. Sulfur grade is estimated in the block model using ordinary kriging and density is calculated using a formula derived from the correlation established between sulfur and specific gravity. The density averages for the mineralized and waste units are listed below: Massive sulphides: 4.24 t/m^3, semi massive sulphides: 3.1 t/m^3 and waste: 2.71 t/m^3.
	• The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	The rocks in general are very hard and competent. Porosity in the mineralised zone is low. Sensitivity to these issues is thus low.
	• Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The bulk density values were calculated using the sulfur grades, which were estimated in the block model separately for each ore domain.
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories.	The Mineral Resource classification at Lomero – Poyatos is based on a number of criteria, including the integrity and quality of the data, the spatial continuity of the mineralisation as demonstrated by variography, and the data density.
	• Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	Recent 2013 drilling campaign is considered the most reliable source of data for the resource estimation. Indicated Resource includes those mineralization that meets following criteria: blocks inside an envelope defined around drill holes of the 2013 campaign, with an influence of approximately 50 m around individual drill holes and separations up to 120 m between drill holes, and estimated in the first pass of the Au estimation (up to 105, 83 and 5m in major, semi-major and minor axis respectively) and minimum of 5 samples (3 drill holes) used for block estimation. All the remnant blocks estimated inside the mineralised units (ORE =1 and ORE = 2) were classified as Inferred Resources. For modelling of the mineralised units, the maximum interpolation from the drill holes data is no greater than 120m, considered appropriated for an inferred resource.
	• Whether the result appropriately reflects the Competent Person's view of	The Mineral Resource estimate appropriately reflects the view of

Criteria	JORC Code Explanation	Commentary
	the deposit.	the Competent Person.
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	Snowden has completed an internal peer review of the estimate.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.
	• The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The statement relates to global estimates of tones and grade.
	• These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	No production data is available for comparison.