

MINING COMMENCES AT LERALA DIAMOND MINE

(ASX: KDL) Kimberley Diamonds Ltd (**KDL**) is pleased to announce that open pit mining operations have commenced at its Lerala Diamond Mine in Botswana. Assuming that re-commissioning of the process plant proceeds as planned in April 2016, the first production and recovery of diamonds is expected in April 2016, and the first diamond sales are expected in June 2016.

Mining at the Lerala Diamond Mine

As announced by KDL on 11 February 2016, the mining contract for the Lerala Diamond Mine was awarded to Basil Read Mining Botswana (Pty) Limited (**Basil Read**) following a competitive tender process from which Basil Read was ultimately selected.

Basil Read mobilised staff and equipment to the Lerala Diamond Mine during the months of February and March. Mining then commenced early in April from the K3 kimberlite pipe and operations will continue to develop a buffer stockpile of fresh kimberlite ore. Mining will then ramp up in line with the current production schedule to provide a consistent feed to the processing plant once processing commences.



Basil Read Mining equipment in operation in the K3 starter pit

The Basil Read fleet of equipment includes, a Komatsu PC850 hydraulic excavator, Komatsu D155 tracked bulldozer, Komatsu HD465-7 haul trucks, Komatsu WA430 front end loader and an Atlas Copco T45 drill rig as well as a fleet of service/support vehicles and equipment.

Lerala Process Plant Update

Plant construction activities continue to progress well despite recent delays experienced due to higher than usual rainfall being experienced at site. It is expected that plant construction will be completed by mid-April, with re-commissioning then expected to commence later in April.

The primary scrubber, secondary crusher, 400 tonne DMS storage bin and the new recovery module are all structurally complete, with electrical and instrumentation work well advanced. Construction of the tailings dam extension commenced in March 2016 and is progressing on schedule to accept tailings in April 2016. In addition, construction of the new dry tailings conveyor system has also commenced in March 2016.



The new primary scrubber module with electrics in progress



Before and After - the new plant profile with the majority of major infrastructure in place in lower photo with the original plant profile before the refurbishment project above

Re-commissioning of the process plant and consequent processing of kimberlite ore stockpiles remains on schedule to commence during April. The first recovery of diamonds is expected during April 2016. The progress at the Lerala Diamond Mine to date has been consistent with our forecasted schedules and remains in line with expected budgets. The Board of KDL thanks our contractors and staff at the Lerala Diamond Mine for working tirelessly towards the re-opening of Lerala, and looks forward to an exciting month in April 2016.

For further information please contact:

Noel Halgreen

Managing Director

noel.halgreen@kdl.com.au

Holly Taylor

Corporate Communications

holly.taylor@kdl.com.au