

OFFTAKE AGREEMENT FOR DIAMOND SALES

(ASX:KDL) Kimberley Diamonds Ltd (**KDL**) is pleased to announce that its Botswana subsidiary, Lerala Diamond Mines Limited (**Lerala**) has entered into an offtake agreement for the sales of diamonds from its Lerala Diamond Mine from September 2016 to February 2017.

Lerala conducted a tender of its diamonds in late September 2016, which was operated by DDA Trading BVBA in Antwerp. Following the tender, the winning bidder made an offer to enter into an offtake agreement for all diamonds for a 6 month period. The buyer has agreed to purchase all run of mine diamonds produced by Lerala at its Lerala Diamond Mine from 1 September 2016 to 28 February 2017, at prices consistent with KDL and Lerala expectations and recent forecasts.

KDL and Lerala believe the entry into this short term offtake agreement reflects demand and interest in the market for Lerala diamonds, and supports management's views of the quality of the product, as well as the longer term viability of the Lerala Diamond Mine.

DDA Trading BVBA, an exclusive marketing agent of Lerala, continues discussions with a number of parties in relation to offtake of Lerala production after February 2017.



Diamonds from the Lerala Diamond Mine

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