

KIMBERLEY DIAMONDS TO RECOMMENCE MINING AT ELLENDALE'S E4 MINE

(ASX: KDL) Kimberley Diamonds Limited (“KDL” or “Kimberley”) is pleased to announce it plans to recommence mining at Ellendale’s E4 mine this year, potentially doubling diamond production on an annual basis from the Ellendale operation. The Ellendale Diamond Project is world renowned for its signature stones, the valuable fancy yellow diamonds.

Alex Alexander, Executive Chairman of Kimberley Diamonds Limited commented, “Ellendale currently produces 120,000 carats of diamonds per year from the E9 operations. When we bring E4 back into production, we will expect to produce approximately twice that amount. Having the two mines in operation at Ellendale creates synergies and reduces operating costs, resulting in higher operating margins. The reopening of E4 further advances our strategy of becoming a diversified diamond producer.”

The E4 operation was placed on care and maintenance in February 2009 by its previous owners Gem Diamonds Limited after the onset of the Global Financial Crisis and the resultant impact on rough diamond prices.

- **The E4 Resource comprises Indicated Resources of 6.1Mt at 6.66 cpht and Inferred Resources of 50 Mt at 3.92 cpht for a total of 2,366,500 carats.**
(JORC 2012 Compliant)
- **Kimberley aims to produce 200,000 carats in the 2015 calendar year from E4, based on an annualised treatment rate of 2.8 Mt per year.**



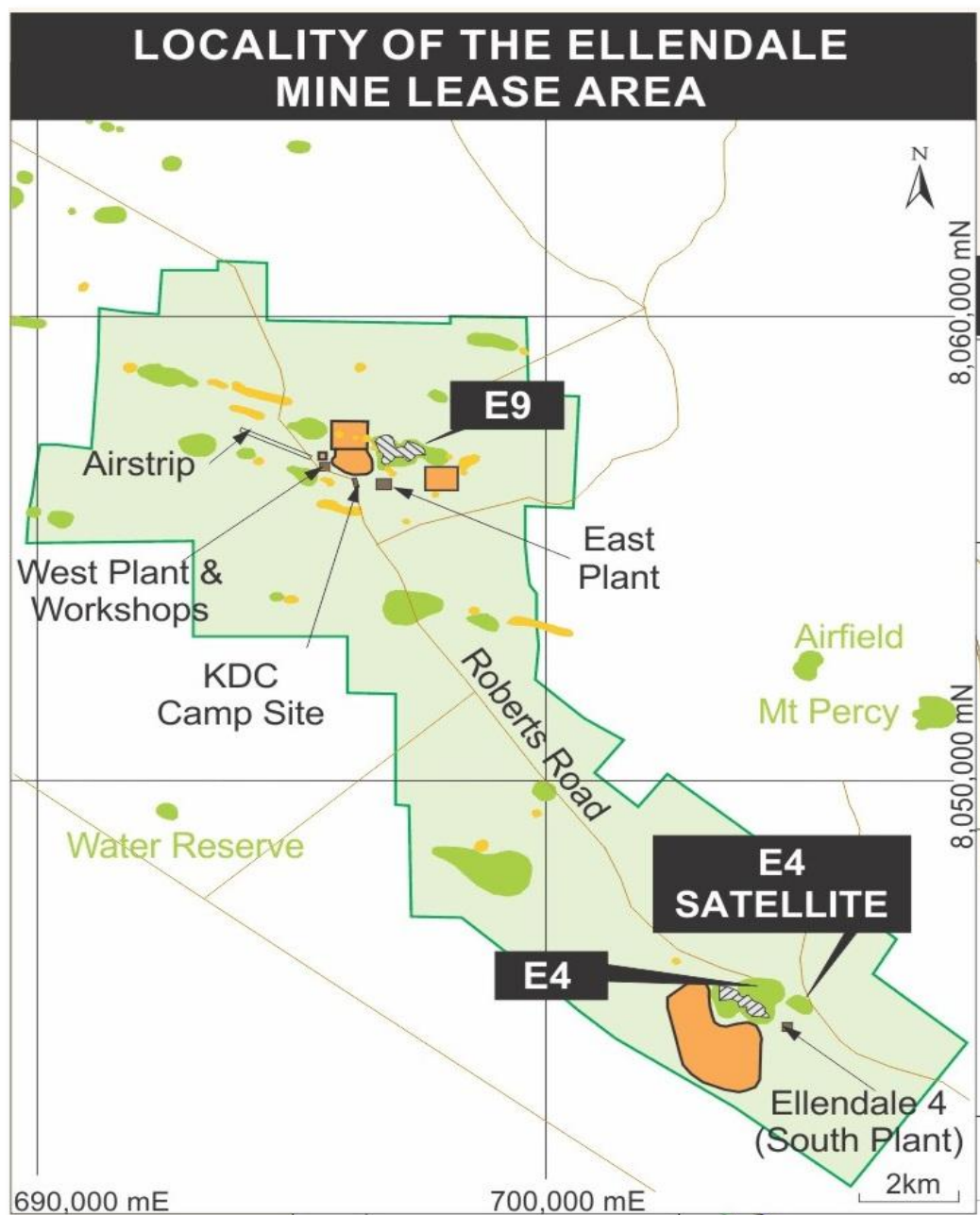
Existing Plant at Ellendale E4 site

The KDL Board has approved capital expenditure of A\$11.9m plus a 20% contingency to refurbish and re-equip the E4 plant and associated infrastructure.

Work to refurbish the plant will commence immediately. Once the required regulatory approvals have been received, work to lift the tailings dam walls and other pre-mining activities will commence.

Subject to the timing of the regulatory approvals, treatment of the high grade stockpiles is expected to commence in September 2014. After a three month ramp up period, the plant will be producing at an annualised rate of 2.8 Mtpa.

The proximity of the E4 site to the current E9 operation provides a cost synergy, allowing KDL to significantly reduce E4 start-up overheads and on-going fixed overheads.



Location and Background

The E4 operation is located 14 km to the south-east of the E9 operation within the Ellendale mining lease in the West Kimberley region of Western Australia. It consists of the previously mined E4 lamproite pipe with a remaining JORC resource of 56 Mt of ore, a treatment plant which was originally constructed to treat 5 Mt per year and associated infrastructure.

Following construction of the plant in 2006, it was operated from August 2006 to February 2009. During this time, 10 Mt of ore was treated and 931,000 carats were recovered at a recovered grade of 9.3 cpht.

The E4 Satellite pipe, which has the potential to add life to the E4 operation, is located adjacent to E4. E4 Satellite has a 15.3 Mt Inferred Resource with a grade of 5.59 cpht containing 856,000 carats with an average value of \$210 as per the Resource statement at 30 June 2013. This does not include the results of the E4 Satellite bulk sample as reported in the Quarterly Report for the period ended 31 December 2013.



Area 22 of the E4 Pit

Inferred and Indicated Resource estimate - E4 and E4 Satellite as at 30 June 2013

Source	Classification	Tonnes (t)	Grade (cpht)	Carats (cts)	Value (US\$/ct)	Cut-off (mm)
Unmined E4 Deposit	Indicated	4,959,000	6.01	298,100	166	1.50
	Inferred	48,416,000	3.95	1,910,400		
Total Unmined E4 Resource		53,375,000	4.14	2,208,500		
High Grade Stockpile	Indicated	1,182,000	9.37	110,700	166	1.50
Low Grade Stockpile	Inferred	1,571,000	3.01	47,300		
Total E4 Stockpiles		2,753,000	5.74	158,000		
Total E4 Resource		56,128,000	4.22	2,366,500	166	1.50

Source	Classification	Tonnes (t)	Grade (cpht)	Carats (cts)	Value (US\$/ct)	Cut-off (mm)
Unmined E4 Satellite	Inferred	15,325,000	5.59	856,300	210	1.50
Total Unmined E4 Satellite		15,325,000	5.59	856,300	210	1.50

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About Kimberley Diamonds Limited

Kimberley Diamonds Limited is the owner and operator of the Ellendale Diamond Project in Western Australia. The mine is the world's leading source of rare fancy yellow diamonds and contributes around half of the world's supply. Kimberley Diamonds Limited also owns the Argyle Smoke Creek Alluvial Diamond Project in the Kimberley region of Western Australia; eDiamond BVBA, a marketing office for rough diamonds that uses an independent online trading platform for rough diamond sales and also has interests in a portfolio of other mining tenements in New South Wales, the Northern Territory and Western Australia. Kimberley Diamonds Limited is headquartered in Sydney; has an office in Perth and is listed on the ASX under the code KDL.

Compliance Statement

The information in this report that relates to Mineral Resources at the E4 diamond deposit is extracted from the report titled "Resource update at Ellendale demonstrates increase in total resources", created on 14 November 2013 and available to view on www.asx.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement with the exception of the E4 Satellite bulk sample results as detailed above. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.