KIMBERLEY DIAMONDS LTD

ASX/Media Release **13 November 2013**

Resource Update at Ellendale Demonstrates Increase in Total Resources

Kimberley Diamonds Ltd (**ASX: KDL**) ("KDL") is pleased to announce an update to the existing JORC Resource at its flagship Ellendale Diamond Project ("Ellendale"). The revised JORC-compliant Mineral Resource estimate (as at 30 June 2013) demonstrates an increase in total resource tonnes to **97.2 Mt at an overall grade of 3.89 carats per hundred tonnes (cpht)**. The result comes on the back of a concerted campaign by the Company to grow its low-risk diamonds sources which included the drilling of 11 RC holes to better delineate the 'Far East Pit' orebody, the excavation of seven bulk samples from the previously unreported 'Lites Stockpiles' and the trial processing of 432,642 t from the 'Low Grade Stockpiles'.

Source	Tonnes	Grade (cpht)	Carats	Value (USD/ct)	$/t
Total Resources	**97,206,000**	**3.89**	**3,778,000**	**$265**	**$10.29**

**Rounding of tonnage down to the nearest 1,000 tonnes and carats down to the nearest 100 carats may result in computational discrepancies.*

Detailed explanatory notes can be found in Table 1 (Appendix) attached.

Ellendale is situated approximately 120km east of Derby, in the West Kimberley Region of Western Australia. The resource comprises three lamproite pipes, known as E9, E4 and E4 Satellite and associated stockpiles at E9 and E4. Current operations are at E9. The E4 operation was placed on care and maintenance in 2009 and E4 Satellite has not been mined to date.

The 2013 Resource Statement represents the Ellendale resources at 30th June 2013 and is an update of previous resource statements issued by KDC, under the previous holding company, Gem Diamonds Ltd, to 31st December 2011, subject to the following changes:

1. Removal of depleted ore at E9 from the resource inventory.
2. Update of the geological model at E9 based on in-pit mapping and drilling.
3. Update of the grade model at E9 based on bulk sampling.
4. Update of the low grade stockpile grades based on recent trial mining.
5. Inclusion of the lites stockpiles grades based on recent bulk sampling.
6. Update of diamond valuations based on altered market conditions for all pipes and bulk sample information (E9 and lites stockpile only).

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Ellendale Resource Summary

ELLENDALE RESOURCE at 30 June 2013							
Source	Resource Classification	Tonnes	Grade (cpht)	Carats	Value (USD/ct)	Bottom Screen Size Cut-Off (mm)	$/t
E4 West Pit		234,000	5.68	13,300	$166		$9.43
E4 East Pit		4,725,000	6.03	284,800	$166		$10.01
E9 West Pit	Indicated	3,895,000	3.49	136,000	$618		$21.58
E9 East Pit		3,056,000	3.33	101,800	$855		$28.50
ROM Stockpiles		2,047,000	6.88	140,900	$323		$22.27
TOTAL INDICATED		**13,957,000**	**4.85**	**676,800**	**$393**		$19.07
E4 West Pit		15,308,000	3.3	505,200	$166		$5.48
E4 East Pit		33,108,000	4.24	1,405,200	$166	1.5	$7.05
E9 West Pit		1,796,000	3.38	60,700	$621		$21.02
E9 East Pit	Inferred	780,000	2.62	20,400	$965		$25.30
E4 Satellite		15,325,000	5.59	856,300	$210		$11.73
Low Grade Stockpiles		5,636,000	2.48	139,800	$574		$14.24
Lites Stockpiles		11,296,000	1.01	113,600	$873		$8.78
TOTAL INFERRED		**83,249,000**	**3.73**	**3,101,200**	**$237**		$8.82
TOTAL RESOURCES		**97,206,000**	**3.89**	**3,778,000**	**$265**		$10.29

E9 Resource

The E9 deposit is split into an East and West pit with significant differences in grade and diamond value between the two. The East Pit is further subdivided into East Pit North (“EPN”), East Pit South (“EPS”), East Pit East (“EPE”) and Far East Pit (“FEP”) based on geology, grade and diamond value. West Pit is subdivided into West Pit North (“WPN”) and West Pit South (“WPS”).

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Source	Zone	Resource Classification	Tonnes	Grade (cpht)	Carats	Value (USD/ct)	Bottom Screen Size Cut-Off (mm)	$/t
Ellendale 9 West	WPN	Indicated	3,033,000	3.44	104,300	$623	1.5	$21.45
	WPS		862,000	3.67	31,600	$601		$22.06
	TOTAL/WT. AVE INDICATED E9W		**3,895,000**	**3.49**	**136,000**	**$618**		**$21.58**
	WPN	Inferred	1,656,000	3.37	55,700	$623		$20.99
	WPS		140,000	3.55	4,900	$601		$21.30
	TOTAL/WT. AVE INFERRED E9W		**1,796,000**	**3.38**	**60,700**	**$621**		**$21.02**
	TOTAL/WT. AVE E9W		**5,692,000**	**3.46**	**196,700**	**$619**		**$21.40**
Ellendale 9 East	EPN	Indicated	91,000	3.06	2,700	$921		$28.15
	EPS		261,000	2.52	6,500	$1,245		$31.37
	EPE		1,027,000	5.22	53,600	$715		$37.30
	FEP		1,676,000	2.32	38,800	$977		$22.68
	TOTAL/WT. AVE INDICATED E9E		**3,056,000**	**3.33**	**101,800**	**$855**		**$28.50**
	EPS	Indicated	81,000	2.96	2,400	$1,245		$36.89
	EPE		137,000	2.5	3,400	$715		$17.84
	FEP		560,000	2.6	14,600	$977		$25.44
	TOTAL/WT. AVE INFERRED E9E		**780,000**	**2.62**	**20,400**	**$965**		**$25.30**
	TOTAL/WT. AVE E9E		**3,836,000**	**3.19**	**122,300**	**$873**		**$27.85**
TOTAL/WT. AVE ELLENDALE 9			**9,528,000**	**3.35**	**319,100**	**$717**		**$24.00**

E4 Resource

The Ellendale 4 operation is currently on care and maintenance. Areas 1, 21, 22, 3 and 4 have been actively mined in the past. No changes to the geological and grade models have been made since the previous resource statement.

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Source	Zone	Resource Classification	Tonnes	Grade (cpht)	Carats	Value (USD/ct)	Bottom Screen Size Cut-Off (mm)	$/t
Ellendale 4 West	A1	Indicated	234,000	5.68	13,300	$166	1.5	$9.43
	TOTAL/WT. AVE INDICATED E4W		**234,000**	**5.68**	**13,300**			**$9.43**
	A1	Inferred	5,154,000	4.67	240,700			$7.76
	A21		10,154,000	2.6	264,400			$4.32
	TOTAL/WT. AVE INFERRED E4W		**15,308,000**	**3.3**	**505,200**			**$5.48**
	TOTAL/WT. AVE E4W		**15,542,000**	**3.34**	**518,500**			**$5.54**
Ellendale 4 East	A22	Indicated	4,725,000	6.03	284,800			$10.01
	TOTAL/WT. AVE INDICATED E4E		**4,725,000**	**6.03**	**284,800**			**$10.01**
	A3	Indicated	3,366,000	4.64	156,200			$6.48
	A5		7,806,000	4.69	366,300			$7.70
	A4		4,650,000	4.47	207,800			$7.79
	A22		17,285,000	3.9	674,800			$7.42
	TOTAL/WT. AVE INFERRED E4E		**33,108,000**	**4.24**	**1,405,200**			**$7.05**
	TOTAL/WT. AVE E4E		**37,833,000**	**4.47**	**1,690,100**			**$7.42**
TOTAL/WT. AVE ELLENDALE4			**53,376,000**	**4.14**	**2,208,700**			**$6.87**

E4 Satellite Resource

The Ellendale 4 Satellite pipe has had no mining history. It is adjacent to the E4 resource. No changes to the geological and grade models have been made since the previous resource statement.

Source	Zone	Resource Classification	Tonnes	Grade (cpht)	Carats	Value (USD/ct)	Bottom Screen Size Cut-Off (mm)	$/t
Ellendale 4 Satellite	E4 SAT	Inferred	15,325,000	5.59	856,300	$210	1.5	$11.73
	TOTAL/WT. AVE INFERRED E4 SAT		**15,325,000**	**5.59**	**856,300**	**$210**		**$11.73**
TOTAL/WT. AVE ELLENDALE 4 SATELLITE			**15,325,000**	**5.59**	**856,300**	**$210**		**$11.73**

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Stockpile Resources

Surface resources at Ellendale consist of ROM stockpiles at E9 and E4, low grade stockpiles at E9 and E4 and lites stockpiles at E9. The lites stockpiles at E4 are not included as a resource.

ROM stockpiles represent mined material awaiting treatment. Grades and diamond valuation are based on the mined resource grades and values.

Low grade stockpiles represent mined material of lower grade not deemed suitable for immediate treatment at the time of mining due to either mining dilution or inherent geological dilution. Grades and diamond valuation are based on trial mining information and discounted mined resource grades and values.

Lites stockpiles represent coarse plant tailings which have recently been sampled. They have potential for future retreatment.

Source	Zone	Resource Classification	Tonnes	Grade (cpht)	Carats	Value (USD/ct)	Bottom Screen Size Cut-Off (mm)	$/t
ROM Stockpiles	E9 East	Indicated	847,000	3.5	29,600	$893	1.5	$31.24
	E9 West		17,000	3	500	$617		$18.51
	E4 South		1,182,000	9.37	110,700	$166		$15.55
	TOTAL/WT. AVE ROM		**2,047,000**	**6.89**	**140,900**	**$321**		**$22.07**
Low Grade Stockpiles	E9 East	Inferred	3,998,000	2.25	89,900	$778		$17.50
	E9 West		66,000	3.8	2,500	$617		$23.44
	E4 South		1,571,000	3.01	47,300	$166		$5.00
	TOTAL/WT. AVE INFERRED LG		**5,636,000**	**2.48**	**139,800**	**$568**		**$14.09**
Lites Stockpiles	Main Lites Dump	Inferred	9,589,000	1.05	101,000	$926		$9.76
	Sound Barrier Dump		1,474,000	0.63	9,300	$466		$2.95
	West Lites Dump		233,000	1.42	3,300	$385		$5.45
	TOTAL/WT. AVE INFERRED LITES		**11,296,000**	**1.01**	**113,600**	**$873**		**$8.78**
TOTAL/WT. AVE ELLENDALE STOCKPILES			**18,979,000**	**2.08**	**394,300**	**$567**		**$11.79**

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Lites Sampling

Three lites dumps were identified as a large potential resource for prolonging the life of the Ellendale project, therefore a sampling program was proposed and undertaken to provide information on the potential revenues of the dumps and their associated treatability.

Results obtained from the recent lites sampling program have resulted in the 'lites stockpiles' being included in the Ellendale Resources Statement for the first time and equates to the addition of **11.3Mt** @ **1.01 cpht** to the Ellendale Resource (Table 1).

SOURCE	CLASSIFICATION	TONNES	GRADE (cpht)	CARATS	VALUE (USD/ct)	$/t
Main Lites Dump	Inferred	9,589,000	1.05	101,000	$926	$9.76
Sound Barrier Dump		1,474,000	0.63	9,300	$466	$2.95
West Lites Dump		233,000	1.42	3,300	$385	$5.45
TOTAL/WT. AVE INFERRED LITES		**11,296,000**	**1.01**	**113,600**	**$873**	**$8.78**

Table 1: The Ellendale 'Lites Stockpiles' Inferred Resource

The lites stockpiles at Ellendale comprise 'light' material floated from the DMS together with a significant portion of 'oversize' material that had been ejected from the front end of the processing circuit during its initial pass. Both the light material from the DMS and the oversize are believed to contain a significant amount of diamonds.

At total of seven bulk samples comprising 100,000 t were taken from three separate lites stockpiles (Table 2) and across a spectrum of the 'time zones' represented in the dumps (Figure 1). The samples were treated through the normal processing and recovery circuit with the additional step of re-crushing of all +14mm material reporting as oversize.

The largest of the lites stockpiles, the Main Lites Dumps, is also the most valuable at US$926/ct and $9.76/t. It is worth noting that these figures are significantly skewed by the poor result obtained in the largest bulk sample, LS4. This sample was taken from material deposited between June 2008 and May 2009 and represents only 20% of the total Main Lites Dump yet makes up 40% of the collected sample. Successful delineation of zones of higher grade material would increase the average value and $/t of the Resource. Future work will be aimed towards delineating such high grade zones and thus optimising the processing schedule.

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ID	STOCKPILE	TONNES	CARATS	GRADE (cpht)
LS1	Main Lites Dump	15,586	225.68	1.45
LS2	Main Lites Dump	8,678	92.1	1.06
LS3	Main Lites Dump	13,405	189.03	1.41
LS4	Main Lites Dump	25,708	161.11	0.63
LS5	Sound Barrier	12,798	143.18	1.12
LS6	Sound Barrier	12,856	19.34	0.15
LS7	West Lites Dump	10,529	149.22	1.42

Table 2 (Above): Results of the lites bulk samples

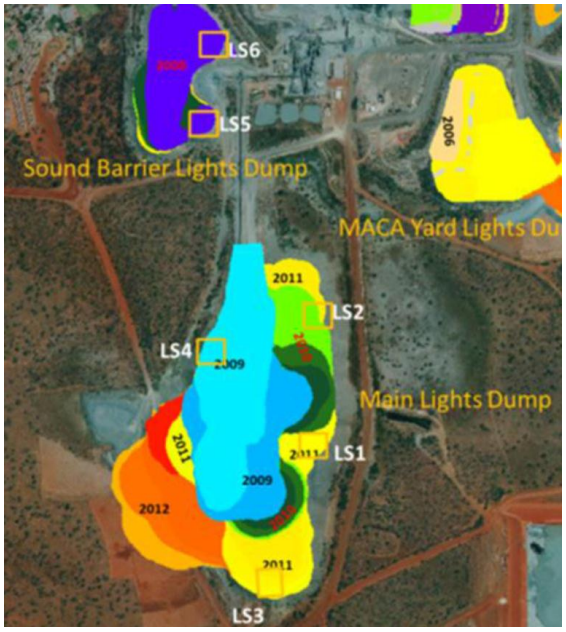

Figure 1 (Right): A map of the Main Lites Dump and Sound Barrier Dump showing the location of the bulk samples. Colour coding of the dumps represents different time periods during which material was added to the dumps.

Figure 2 (Left): Diamonds recovered from the LS2 Bulk sample of the Main Lites Dump.

Bulk Sampling at E4 Satellite

E4 Satellite is located adjacent to the E4 pipe and 13 km southeast of E9. The E4 Satellite pipe is currently defined as a 15.3 Mt Inferred Resources with a grade of 5.59 cpht containing a total of 856,000 carats. The average value of diamonds found at E4 Satellite, 11.73 USD/ct is higher than that of the large E4 pipe 6.87 USD/ct.

Recently, a bulk sample of approximately 20,000 tonnes has been excavated from the E4 Satellite pipe (Figure 3). The primary purpose of the sample is to improve the statistical confidence of the current diamond value information relating to this pipe. The sample is being road-hauled to the E9 East Plant for treatment during November.

The Company is currently exploring the viability of reopening the mining and processing facilities located at the E4 pipe. Results from the recent bulk sample will provide further indication on the viability of E4 Satellite being including in any restart scenario.

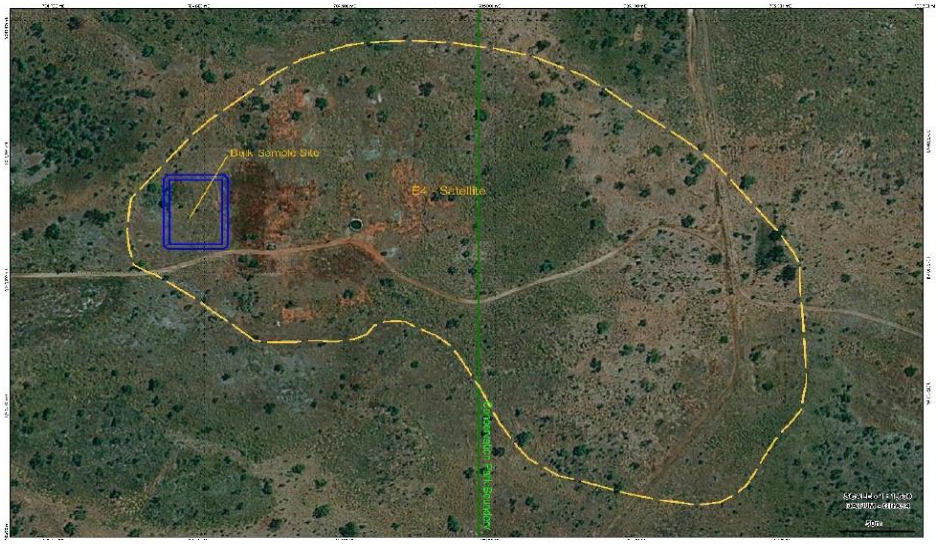

Figure 3: Location of the E4 Satellite Bulk Sample

Drilling at E6 Pipe

E6 is the largest diamondiferous pipe discovered in the Ellendale lamporite field yet remains underexplored in light of the attention received by E9 and E4 pipes.

Recently, the Company has drilled 16 RC holes totalling 960 metres, and one 50 metre core hole, into E6 to better delineate a zone of tuffaceous lamproite suitable for bulk sampling. Samples have been submitted for microdiamond analysis with results expected in December 2013.

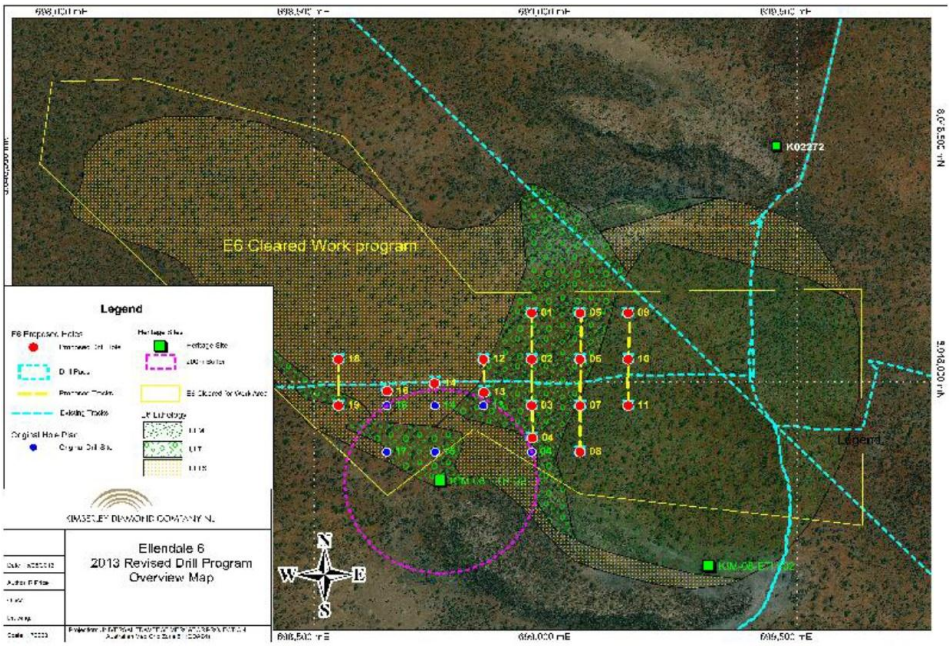

Figure 4: Location of recent drilling (red dots) at the E6 pipe

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Statement of Compliance

The information in this report that relates to Mineral Resources, Exploration Results and Exploration Targets is based on information compiled or reviewed by Mineral Resource Manager Mr Richard Price B.Sc. Mr Price is a member of the Australian Institute of Mining and Metallurgy and a full time employee of Kimberley Diamond Company NL. Mr Price has sufficient experience 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 Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Appendix: Ellendale Resource Statement as at June 30th 2013

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
A1	E4 - Area 1
A21	E4 - Area 21
A22	E4 - Area 22
A3	E4 - Area 3
A4	E4 - Area 4
A5	E4 - Area 5
ADM	Argyle Diamond Mines
ADT	Articulated Dump Truck
AJV	Ashton - Rio Tinto Joint Venture
bcm	Bank Cubic Metre
BSS	Bottom screen size
CG	Commercial Goods
cpht	Carats per hundred tonnes
CRA	Conzinc Riotinto Australia Exploration Pty Ltd
Ct	Carat
Cube Consulting	Cube Consulting Pty Ltd
D-GPS	Differential Global Positioning System
DMS	Dense media separation
EM	Electromagnetic
EPE	E9 - East Pit East
EPN	E9 - East Pit North
EPS	E9 - East Pit South
FEP	E9 - Far East Pit
GDA51	Geodetic Datum of Australia - Zone 51
Gem	Gem Diamonds Limited
Ha	Hectares
IDV	Independent Diamond Valuers Pty Ltd

Criteria	Commentary

ILUA	Indigenous Land Use Agreement
KDC	Kimberley Diamond Company NL
LDA	Bauer Large Diameter Auger
LDD	Large Diameter drilling
LG1	Low grade dump (Area 1)
LG2	Low grade dump (Area 2)
RC	Reverse Circulation
REG	Regolith
ROM	Run-of-Mine
SG	Specific Gravity
SLT	Siltstone - Country rock
SST	Sandstone - Country rock
TQ	Tiffany Quality
TS	Tuffisitic Sandstone
UBX	Ultramafic Breccia
ULM	Ultramafic Magmatics
ULT	Ultramafic Lamproite Tuff
ULTS	Sandy Ultramafic Lamproite Tuff
Venmyn	Venmyn Rand (now Venmyn Deloitte)
WPN	E9 - West Pit North
WPS	E9 - West Pit South
XRF	X-Ray fluorescence analytical technique

Sampling techniques	**CRA** CRA used trench sampling and a variety of wide diameter drilling techniques and to sample the lamproite pipes. These included large diameter augers, bucket drills (equivalent to a Bauer drill) and reverse circulation (RC) mud techniques. Hole diameters varied between 0.9m and 2.4m.

Criteria	Commentary
	KDC Large Diameter Drilling Up until 2008 KDC completed most of its grade sampling using a Bauer BG36 drill rig, imported from Germany and operated by Bauer. This rig drilled a 2.4m diameter hole to a maximum depth of 60m. The Bauer drill produced approximately 10t of sample per vertical metre of drilling. Samples were composited over 10m intervals to produce nominal 100t samples, though this varied to some extent with rock density and recovery. Samples were stockpiled in the field and then trucked to small (10tph) DMS plants operated by Blina Diamonds NL for processing. The KDC geologists logged the drill samples and directly controlled the drilling programs. All drill collars were accurately surveyed. **KDC In-pit Bulk Sampling** Since 2009, in-pit bulk sampling has been the main source of grade information at Ellendale. KDC has implemented a bulk sampling program which identifies discrete ore zones for treatment in order to determine the grade of the various facies of the pipes. By linking the ore zone to the facies identified in the 3D geological model, grade measurements are assigned to each facies. Grade samples at Ellendale are large scale bulk samples 2,000-20,000 tonnes. This is done to get representative grade and revenue results, due to the relatively low grade of the lamproite ore. The samples were treated according to normal production treatment parameters. A 30 minute flush of sample material was run through the plant prior to commencement of treatment of the sample. The mass of the sample is measured using the plant weightometer. In addition to grade sampling, geochemical and microdiamond sampling on diamond core and RC chips has been used to improve information about lithology and its relationship to grade. Once core or RC chip logging was completed, micro-diamond and geochemical sampling took place on pre-selected diamond core or RC drill chips. Approximately 30kg to 35kg of material was taken for micro-diamond analysis and approximately 1kg for geochemical analysis. Using the detailed log as a guide, the core/chips were divided into major units for sampling purposes by a geologist. Samples for micro-diamond and geochemical analysis were taken from each major unit. A representative sample was taken from across the major unit identified. The depth ranges for each portion of extracted core/chips were recorded. Each micro-diamond and geochemical sample was bagged and clearly labelled with the drill hole identity, the depth range of the major unit and the weight of the sample.
Drilling techniques	A variety of drilling techniques have been undertaken at Ellendale. Reverse-circulation, aircore and diamond core drilling have all been used to recover material for visual logging to compile the lithological model, while a variety of large diameter auger drilling techniques have been used to recover samples

Criteria	Commentary
	large enough for sufficient diamond recovery for grade estimation All drill data was entered into a database. In excess of 1,200 boreholes, with a total length of over 56km, of varying types and diameters were drilled into E4, E4 Satellite and E9 lamproites prior to 2007. Of these, approximately 870 delineation (aircore) and diamond core holes have been drilled to define their extent, geometry and facies boundaries. Chips and core from approximately 44,000m of drill holes have been logged for geological modelling purposes. In 2008, KDC drilled 25 and 39 diamond core holes into E4 and E9, respectively. This comprised in excess of 5,000m of logged core for geological modelling purposes. In 2010, some 13,800m of RC drilling was conducted at E4, E4 Satellite and E9, for pipe delineation purposes In 2013 11 RC holes were drilled in the Far East Pit and 9 geotechnical core holes were drilled in West Pit of E9.
Drill sample recovery	**Reverse Circulation Drilling** Samples from RC holes were recovered using a cyclone sample separation system. Each sample represented 1m of drilling depth. A small sample was sieved and washed to recover chips suitable for visual logging. Since 2010 an additional small sample of approximately 500g was retained for geochemical analysis. **Diamond Core Drilling** For the diamond core drilling, the cores were recovered using a wireline core tube. In some cases a split inner tube was used where geotechnical information was required. Any core loss was noted by the drillers and checked by the KDC field assistant/pit technician. The field assistant/pit technician ensured that the drillhole identity, depths, core loss and tray numbers were clearly labelled on each core tray. Core loss was labelled on core blocks that were placed in the trays at the position of lost core. Cores were then transported to the Ellendale Geo-Shed for detailed logging and to be storage. Core logging and data acquisition was primarily the responsibility of KDC geologists with the assistance of pit technicians/field assistants. **Large Diameter Drilling (Bauer)** Samples were recovered from the hole using the Bauer auger attachment. The sample was then dropped onto the ground next to the hole where it was picked up by a front-end loader and loaded into a truck for transport to the sample plant. Samples were stockpiled near the plant before being loaded into the plant by front-end loader.

Criteria	Commentary
Logging	**Reverse Circulation Drilling** Chips were visually logged at the drill site and a sample kept in chip trays. Additional detailed logging was carried out at the office with the use of a binocular microscope. **Diamond Core** Core was transported to the core shed for detailed visual logging and storage. All holes have been fully logged with more recent cores logged using a quantitative methodology. The cores were continually measured and any core loss was noted by the drillers during the drilling process. These details were checked by the KDC field assistant/pit technician. The field assistant/pit technician ensured that the drill hole identity, depths, core loss and tray numbers were clearly labelled on each core tray. Core loss was labelled on core blocks that were placed in the trays at the position of lost core. Cores were then transported to the Ellendale Geo-Shed to be stored. Core logging and data acquisition is primarily the responsibility of KDC geologists with the assistance of pit technicians/field assistants. All core drilled post 2007 has been photographed RC chips and core recovered from drilling programs have been logged by the on-site geologist with reviews by the Exploration Manager or Senior Mine Geologist. The logging was largely aimed at correlating with known facies identified in the pit and as such was largely qualitative. Since 2010, a Niton Handheld has been used to take quantitative whole rock geochemical analyses which were analysed using discriminant analysis techniques to assist in classification of the units and refine the contact locations. Microdiamond analysis results were also used to refine the geological model and its relationship to grade. Venmyn, during a data review in 2009, inspected core core and analysed the data, and considered that drilling data reviewed could be considered with a high degree of confidence.
Sub-sampling techniques and sample preparation	When core has been sampled for micro diamonds, whole core was sent for analysis. When sampling RC chips for microdiamonds, a riffle splitter was used on a 1m interval until the required mass of sample is obtained.

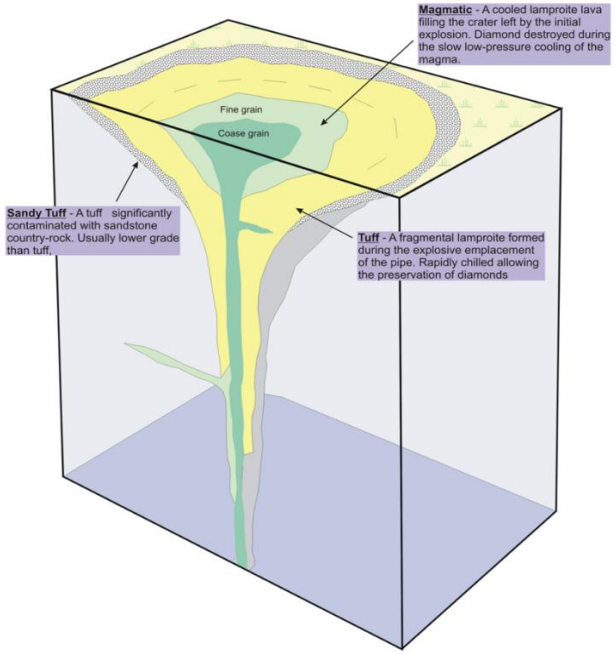
Criteria	Commentary
	Geochemical samples were selected by random grab sample from each 1m interval of RC drill cuttings.
Quality of assay data and laboratory tests	**In-pit Bulk Samples** Bulk samples were treated according to normal production treatment parameters. A 30 minute flush of sample material was run through the plant prior to commencement of treatment of the sample. A tracer test was also carried out along with most bulk samples to test plant recovery performance. Since 2010 microdiamond analysis has been carried out by SRC Geoanalytical Laboratories' whose management system operates in accordance with ISO/IEC 17025:2005 (CAN-P-4E), General Requirements for the Competence of Mineral Testing and Calibration Laboratories. The management system and the Caustic Fusion Method for the determination of diamonds are accredited by the Standards Council of Canada (Scope of accreditation # 537). (Ref: SRC website - http://www.src.sk.ca/facilities/pages/quality-assurance.aspx) Analysis of the microdiamond results indicated that the data was suitable for qualitative correlation to grade only and has therefore not been used in grade estimation. This is believed to be a characteristic of the deposit and not a result of the sample preparation.
Verification of sampling and assaying	No verification of sample data at an independent facility has been undertaken due to the size of the samples. Entry of all primary data has been spot checked, and all digital data has been loaded into databases. All historical sample data was spot checked during compilation of the NI43-101 report of May 2011 and has also been checked during Venmyn audits and resource statement production.
Location of data points	All drillholes were positioned and oriented in order to intersect specific pipe lithologies for geological modelling and resource estimation purposes. The KDC geologist monitored the depth (whilst logging) as a quality control mechanism. Downhole surveying was only carried out on certain angled drill holes. In all other cases holes were assumed to be straight and orientated as planned. All drillhole collars were positioned by a qualified surveyor using a Garmin D-GPS system. Angled RC drill holes were measured using the drill rig inclinometer and a compass orientated set-up line. Downhole surveys of angled core holes were done with a single or multi-shot camera at 30-50m intervals and at end of hole. All coordinates used on the site are measured using GDA51 datum and co-ordinate system (historical data has been converted to GDA51).

Criteria	Commentary
	The location of the material treated from the Low Grade stockpiles in 2013 was measured by a qualified surveyor using a Garmin D-GPS system. The location of the material sampled from the Lites stockpiles in 2013 was measured by a qualified surveyor using a Garmin D-GPS system
Data spacing and distribution	The data spacing used for the geological modelling is deemed suitable for the determining geological continuity for this type of lamproite body. A drilling grid of 25 x 50m was used as the base drillhole spacing for delineation drilling; however in areas of higher geological complexity this has been infilled with additional holes. No sample compositing has been applied to the grade data. The data spacing and spatial representivity of the sampling of the Lites and Low Grade stockpiles is not considered suitable for determining geological continuity within the stockpiles.
Orientation of data in relation to geological structure	Drilling and sampling campaigns were designed to minimize bias caused by sampling. Samples and drilling were located to be as close as possible to be perpendicular to strike of mineralization at the intersection. No sampling bias has been noted in analysis of the sampling data. Due to the massive nature of the ore bodies, bias of sampling is not expected.
Sample security	Sampling is conducted on a remote mine site with access to the site controlled by company procedure and state regulations regarding diamond mining operations. Normal site security protocols were observed during recovery of diamonds from bulk samples.
Audits or reviews	Since Gem's acquisition of KDC, Venmyn has 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, all Mineral Resources have been annually, independently prepared and signed off by Venmyn between 2006 and 2010. Venmyn was satisfied that the necessary verification process was carried out in-house by and that the data reviewed could be regarded with a high level of confidence.

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 Ellendale Mining Lease (ML04/372) was first granted to Argyle Diamond Mines (Pty) Ltd (Argyle Diamonds) on the 23rd November 1999. The Ellendale Mining Lease comprises an area of 123.9km2. The lease term is initially 21 years, with a right of renewal for further successive periods of 21 years. Kimberley Diamond Company NL (KDC) acquired 100% of the Ellendale Mining Lease from Argyle Diamonds in April 2002. Gem Diamonds Ltd (Gem) acquired 100% of KDC in 2008. Kimberley Diamonds Ltd (then trading as Goodrich Resources Ltd) acquired 100% of KDC from Gem in January 2013. The Ellendale Mining Lease is all Crown land. There is no freehold land affected in any way by the present or proposed mining activities. There are two pastoral leases (Jumbuck and Brooking Springs) covering the Mining Lease area. Argyle Diamonds has the right, under its agreement of the 5th September 2001 with KDC, to elect to acquire from KDC, on terms set out in the Argyle Asset Sale Agreement, a 51% or 70% interest in any 'new pipe'. A 'new pipe' is described in the Argyle Agreement as any diamondiferous pipe discovered by KDC on the Ellendale Mining Lease (ML04/372) in addition to the 48 known lamproite pipes that were documented in the Ellendale Mining Lease area at the time of the agreement. The Ellendale Mining Lease is subject to the provisions made in the Aboriginal Heritage Act. In accordance with the requirements of the Aboriginal Heritage Act numerous Aboriginal heritage surveys, visits and clearances have been undertaken over the greater Ellendale project area since 1980. Ongoing consultation with, and involvement of, the Bunuba Traditional Owners has been undertaken. In March 2004, KDC and the Bunuba People formally reached an agreement (the Native Title Compensation Agreement (NTCA) over all of KDC's future activities in the Ellendale Mining Lease area. The NTCA allows KDC, through an Indigenous Land Use Agreement (ILUA), in close co-operation with the Bunuba People, unrestricted access to, and development of, the Mining Lease subject to the provisions of the Aboriginal Heritage Act. The NTCA is binding on the successors in title of the parties. Numerous environmental permits and licences are required for the mining operations. There are no material non-compliances and/or outstanding permits/licence requirements related to environmental matters or authorisations. A portion of the E4 Satellite pipe lies within the Devonian Reef Conservation Reserve and the West Kimberley National Heritage Area.

Exploration done by other parties	The first lamproites were noted in 1883 by E.T. Hardman, however scientific investigation only started in 1940 by the University of WA. Prospecting for diamonds began in 1967 by Exoil, Transoil and Petromin, who recovered nine diamonds from the Lennard River. The Ashton Joint Venture (AJV), managed by CRA Exploration (Pty) Ltd (CRA) discovered the first diamondiferous lamproite at Big Springs in 1976 which led to the discovery of 45 lamproite bodies in the Ellendale area from 1977-1979.
Geology	The E9, E4 and E4 satellite deposits are diamondiferous lamproite pipes. A brief description of lamproites follows in order that the reader can distinguish this deposit type from diamondiferous kimberlite deposit types.  **Figure 1. Schematic 3-dimensional view of a Lamproite Pipe** Like kimberlite, lamproite magma originates at upper mantle depths of 150 – 200km, and may entrain diamonds and other minerals from the upper mantle during its rapid ascent to the earth's surface. The interaction of the hot magma with groundwater results in a highly explosive eruption that, in the case of the Ellendale Lamproite Field, has generally

resulted in large flared champagne glass shaped pipes near surface with a narrow pipe stem extending to depth.

Minerals commonly present within lamproites include olivine, clinopyroxene, phlogopite, leucite and amphibole. Xenoliths and xenocrysts, including pyrope garnets and rare diamonds (of upper mantle origin) may also be present. The presence of these xenocrysts is dictated by the mantle lithologies sampled by the lamproite magma on its ascent to surface.

Lamproites can only be diamondiferous if the lamproite magma intersects and samples diamondiferous mantle lithologies during its ascent, and if the conditions within the lamproite magma are such that the entrained diamonds are preserved once emplaced near or on the earth's surface (by rapid cooling of the lamproite to limit diamond resorption).

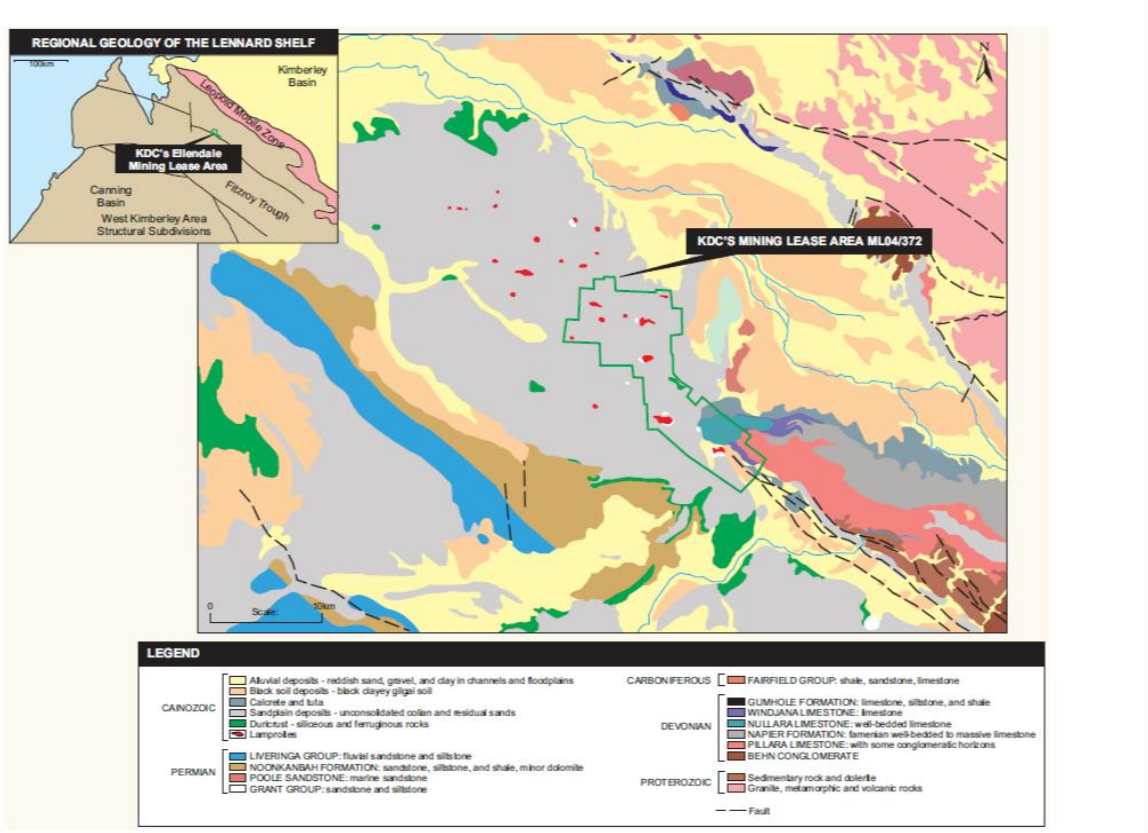


Figure 2. Regional Geology

Drill hole Information

In 2008, KDC drilled 21 and 39 diamond core holes into E4 and E9, respectively. This comprised in excess of 4,300m of logged core for geological modelling purposes.

In 2010, some 13,350m of RC drilling was conducted at E4, E4 Satellite and E9, for pipe delineation purposes.

In 2011, a program of 6 holes (897m) of core drilling in E4 was undertaken.

In 2013 11 holes comprising 648m was drilled in Far East Pit.

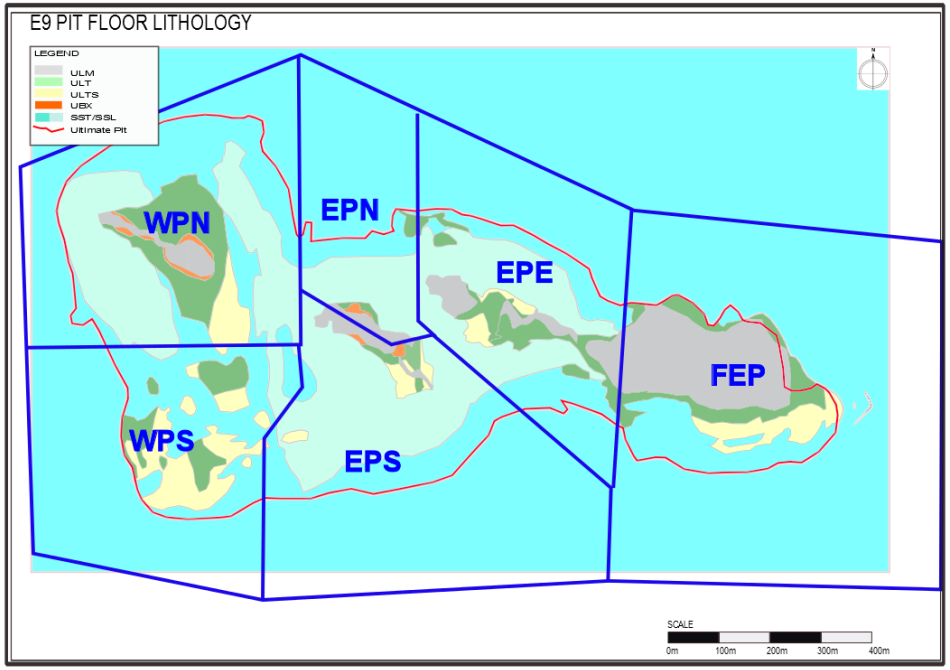
During 2011 and 2012, probe hole drilling in E9 has been undertaken for short range facies definition using a blast hole rig modified to drill 25m long holes.

Table 1: Lithological Drilling Summary

Drill Program	Location	Year	Holes	Drilled metres
Bauer (LDD)	E9,E4	2008	20	730
Diamond core	E9,E4	2008	60	4,340
RC	E9,E4	2008	4	310
	E9, E4, E4 Sat	2010	146	13,350
Geotechnical	E9	2011	1	160
	E9	2013	9	516
Probe Holes	E9	2011	21	360
	E9	2012	20	466
RC/Diamond Core	E4	2011	6	897
	E9	2013	11	648
Grand Total			**298**	**21,777**

In 2008, KDC conducted additional LDD drilling at E4, E4 Satellite and E9 using a Bauer BG25C rig, imported from Germany and operated by Bauer. This rig drilled 1.5m diameter holes to a maximum depth of 60m. Samples were taken within lithological facies (determined from diamond core pilot holes) to produce nominal 100t samples (this varied with rock density). Samples were stockpiled in the field and then trucked to two small (10 tph) DMS plants for processing. KDC geologists logged the drill samples and directly controlled the drilling programs. All drill collars were surveyed by GPS. Diamonds in the 1.2 to 14mm size range were recovered.

Pre-2007 drilling data has not been included in these tabulations as the recent drilling was targeted to confirm and update the older data, and has achieved these aims.

Data aggregation methods	Due the massive nature of the deposits and the bulk sampling methods used the samples are already give smoothed values.
Relationship between mineralisation widths and intercept lengths	Due to the massive nature of the deposit, all widths are effectively true widths.
Diagrams	In the cross sections below, faded colours represent material previously mined.  **Figure 3. E9 Pit Floor Lithology**

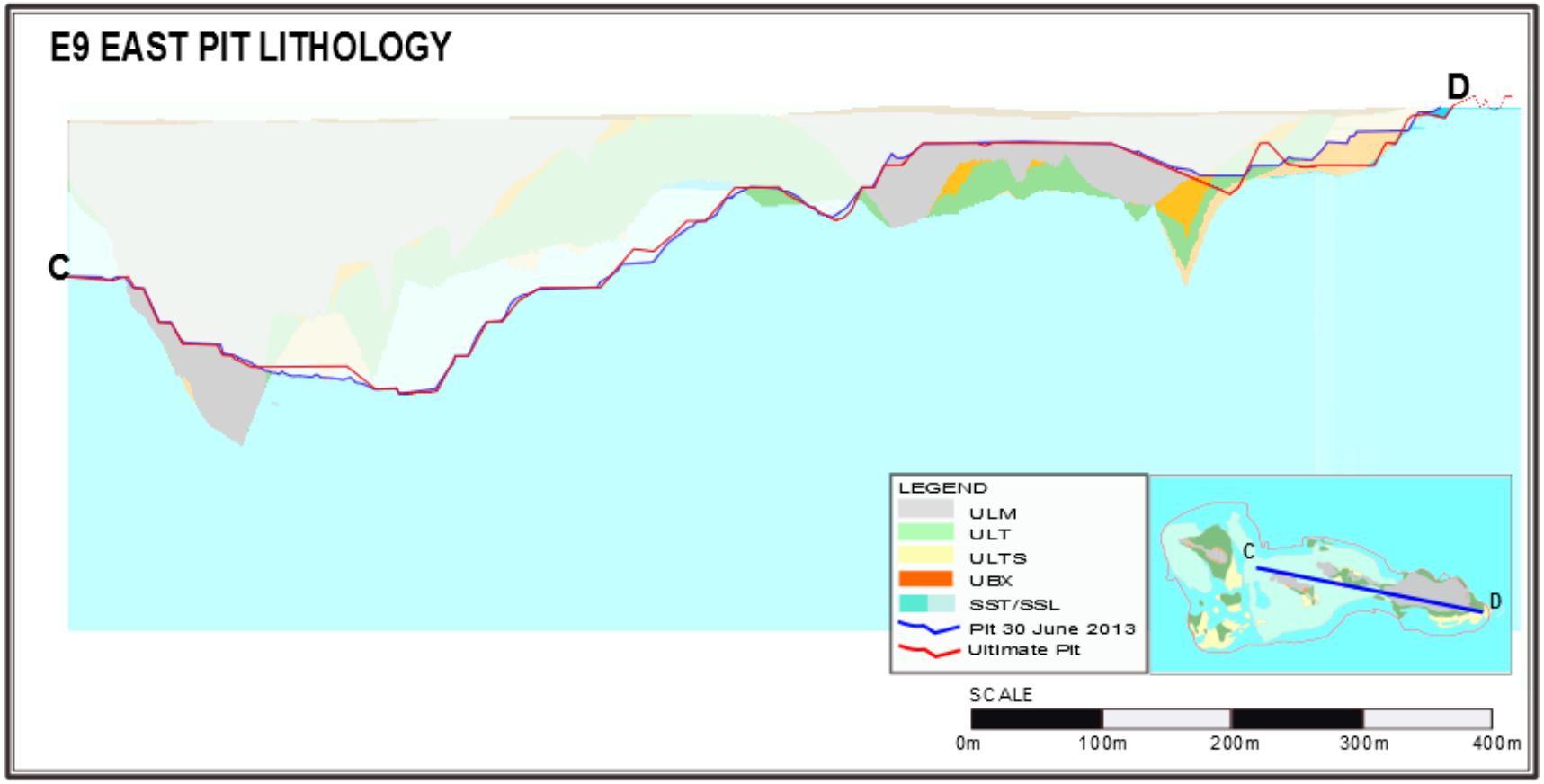


Figure 4. E9 Geology Sections East Pit

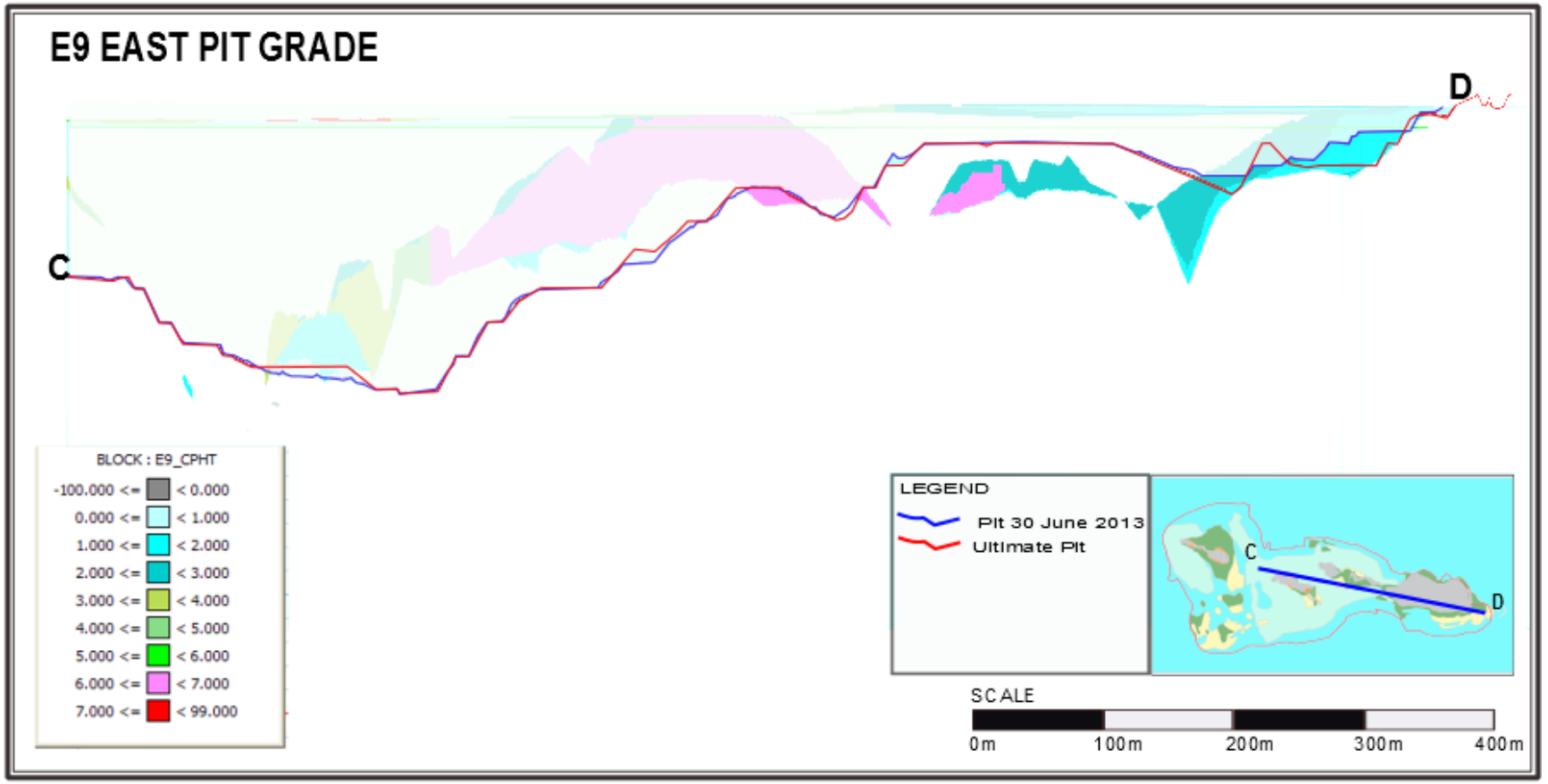


Figure 5. E9 Grade Section East Pit

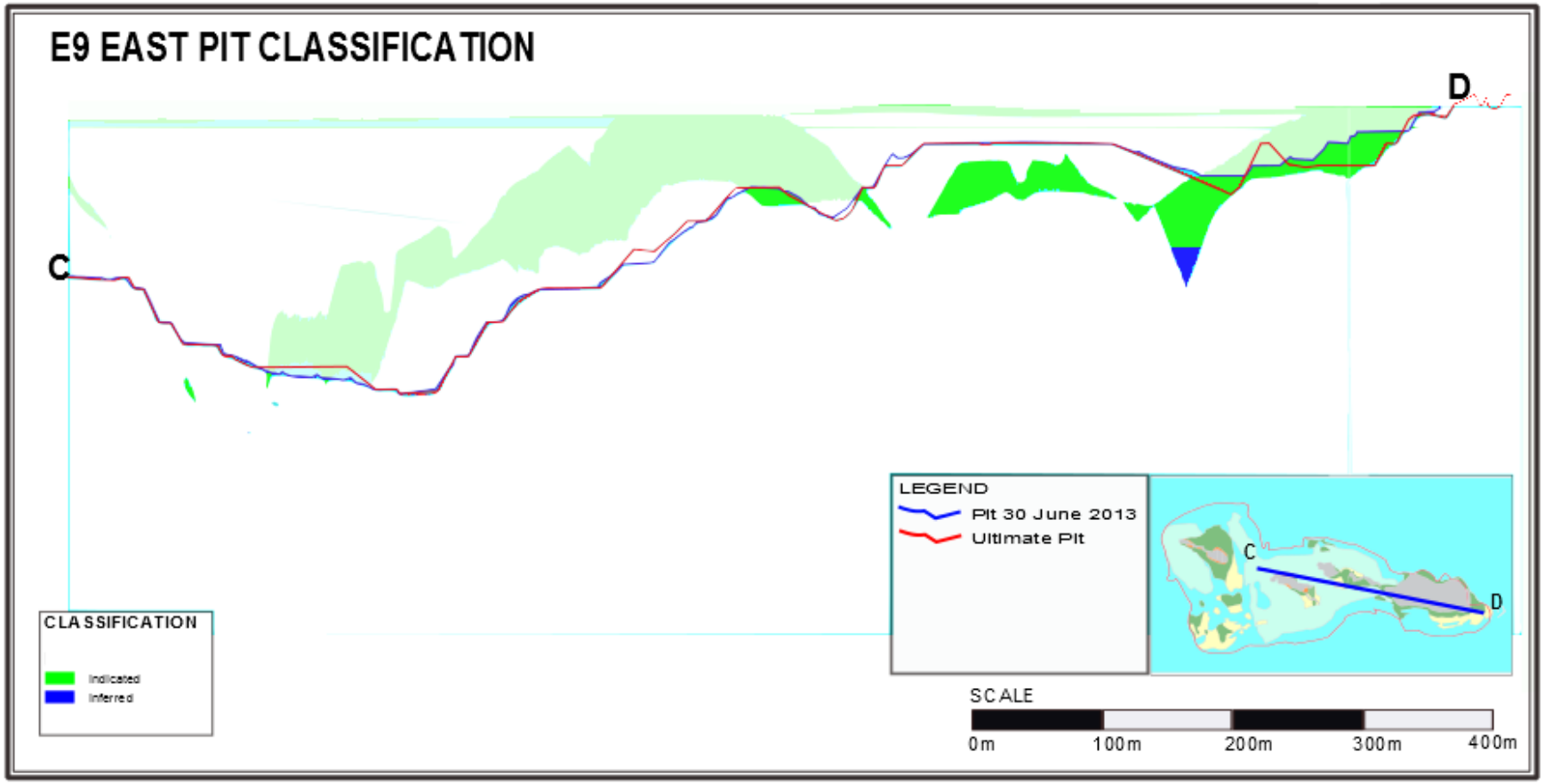


Figure 6. E9 Classification Section East Pit

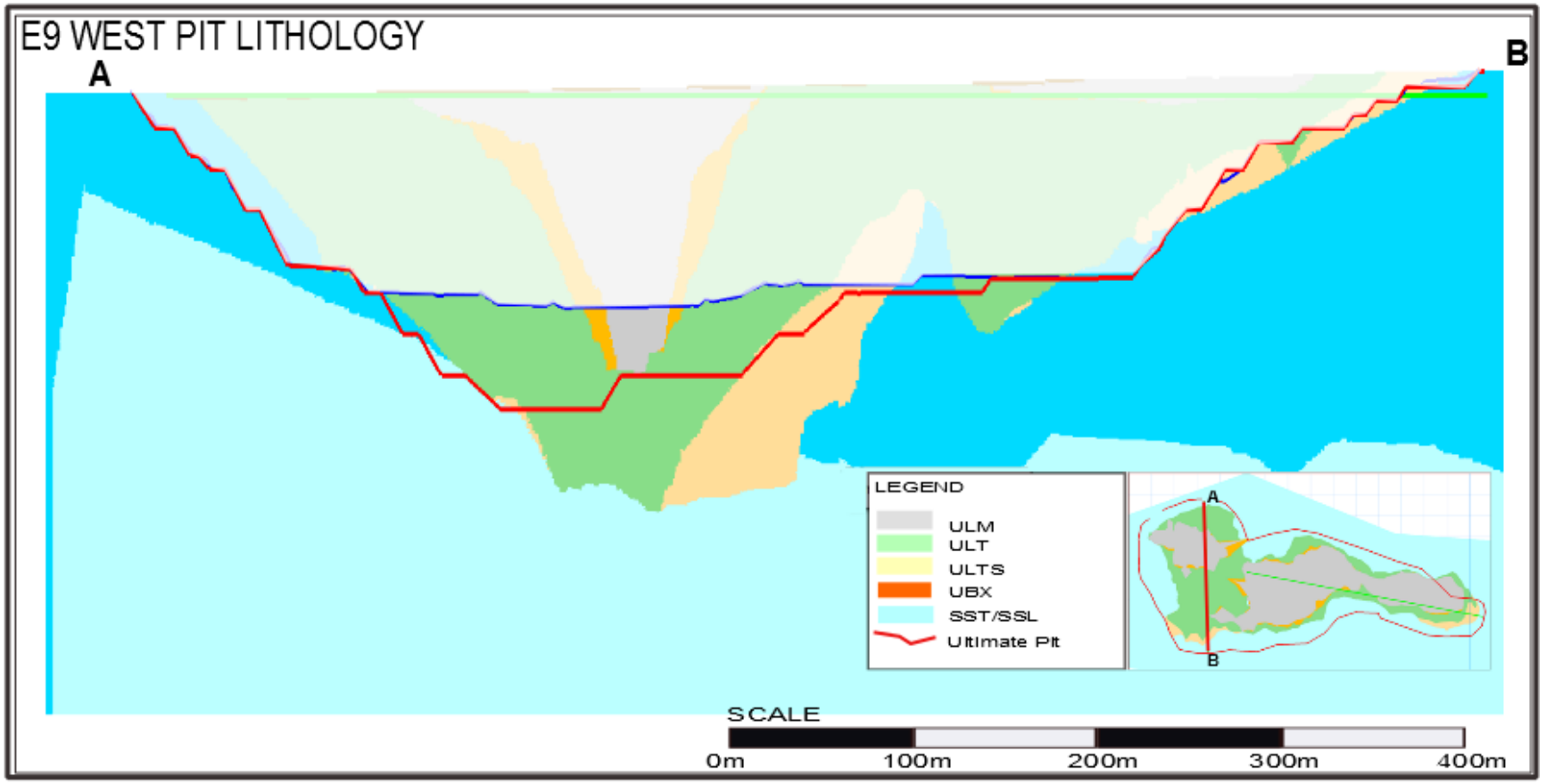


Figure 7. E9 Geology Sections West Pit

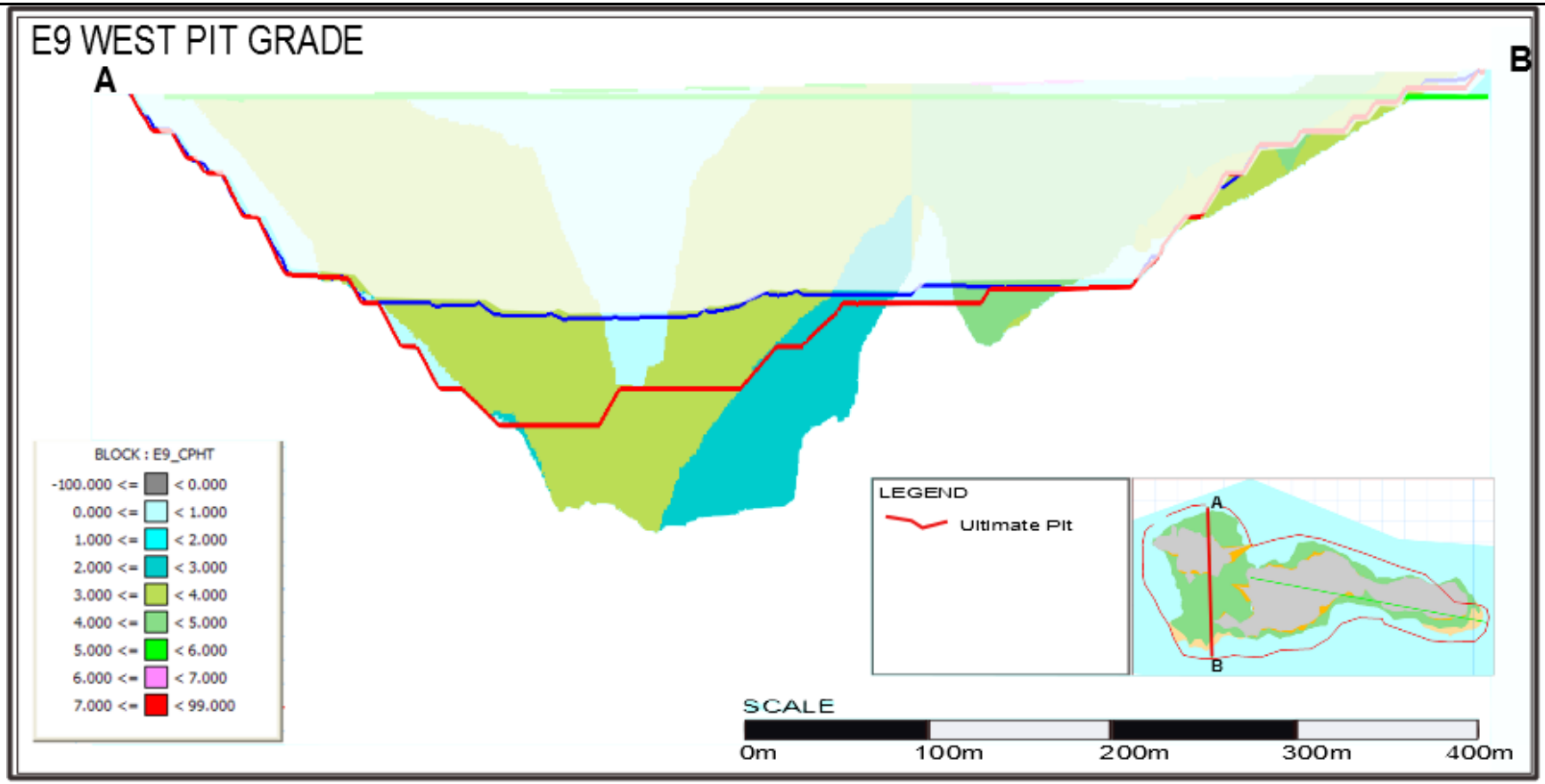


Figure 8. E9 Grade Sections West Pit

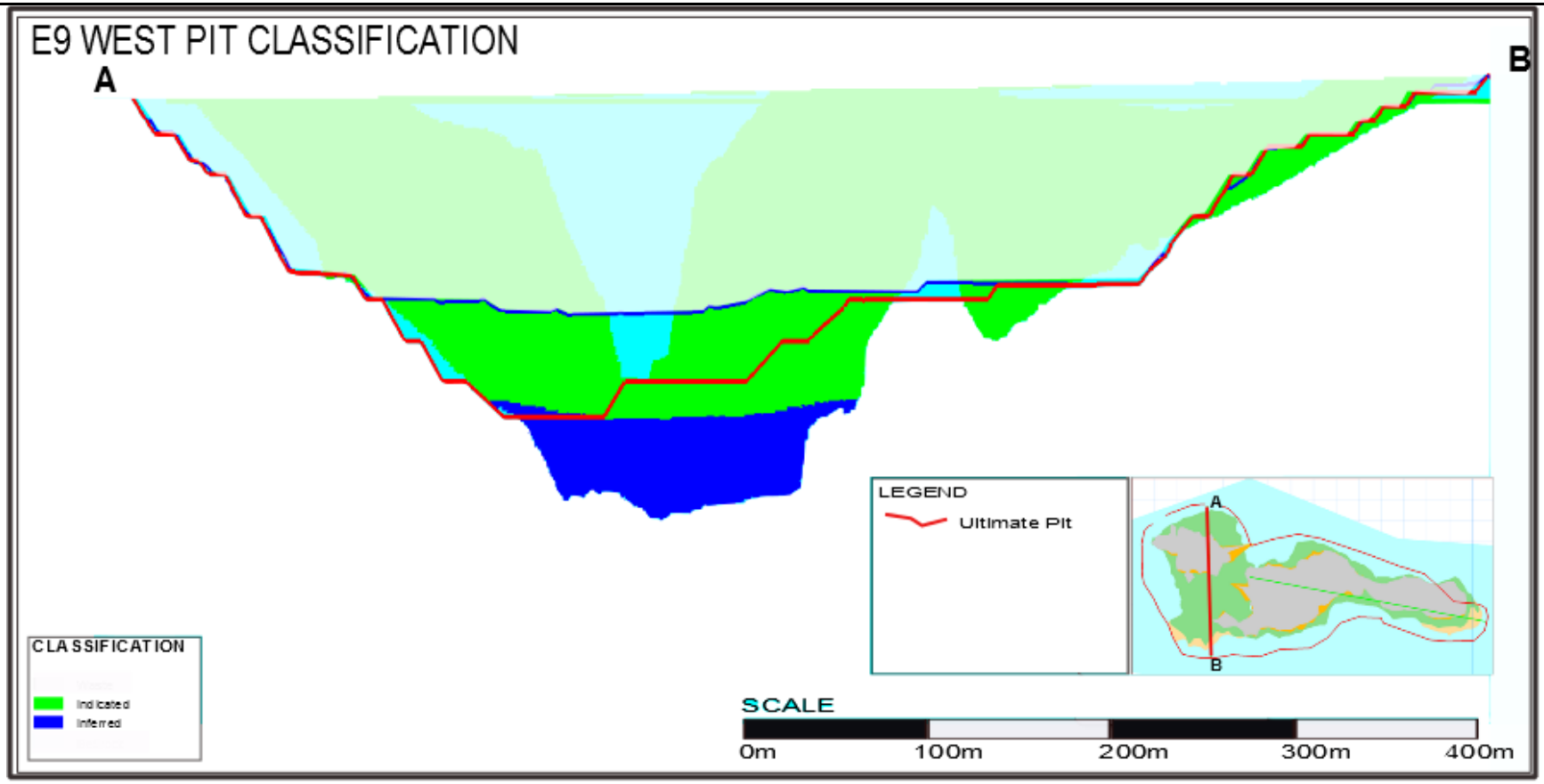


Figure 9. E9 Classification Section West Pit

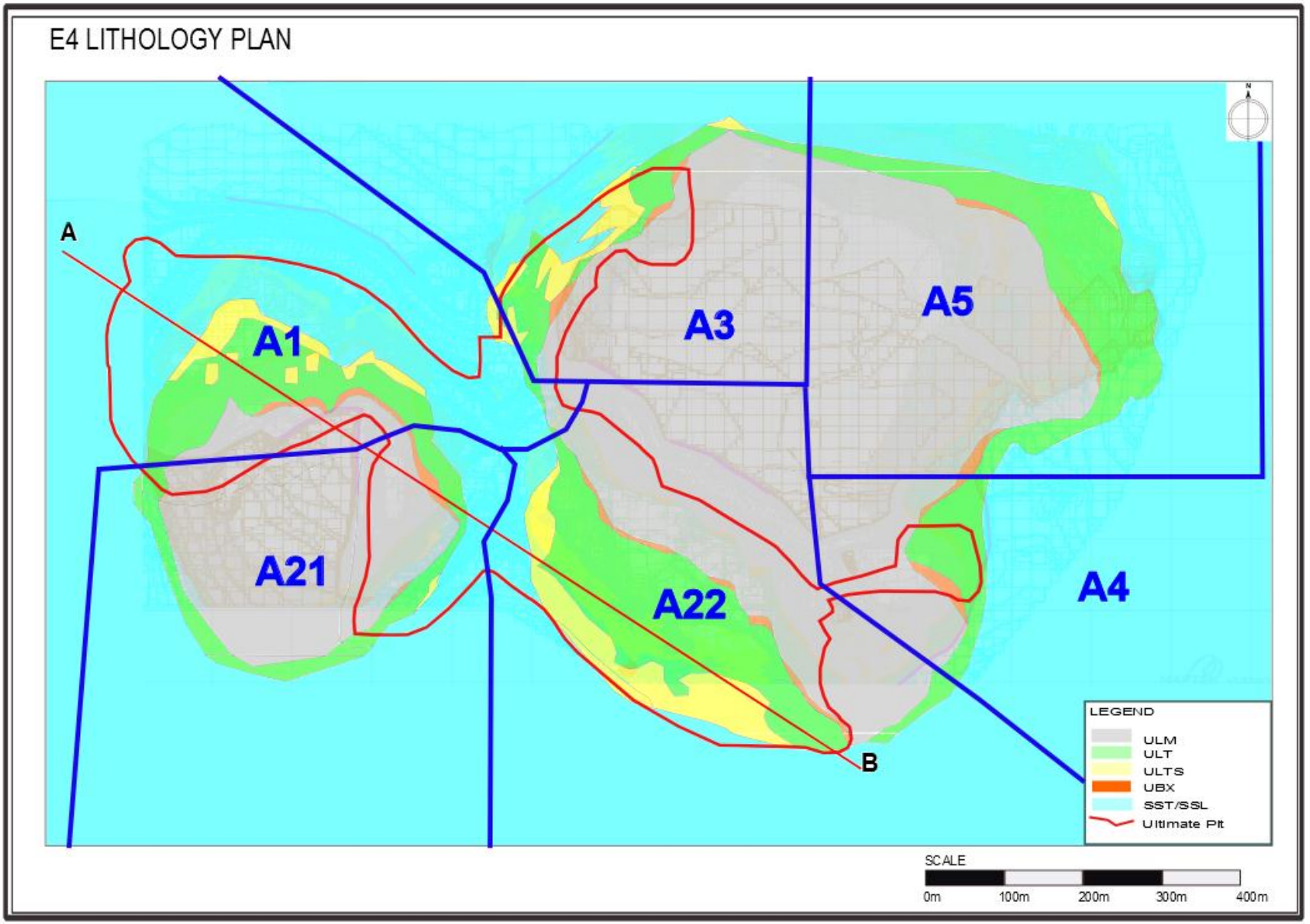


Figure 3. E4 Lithology Plan

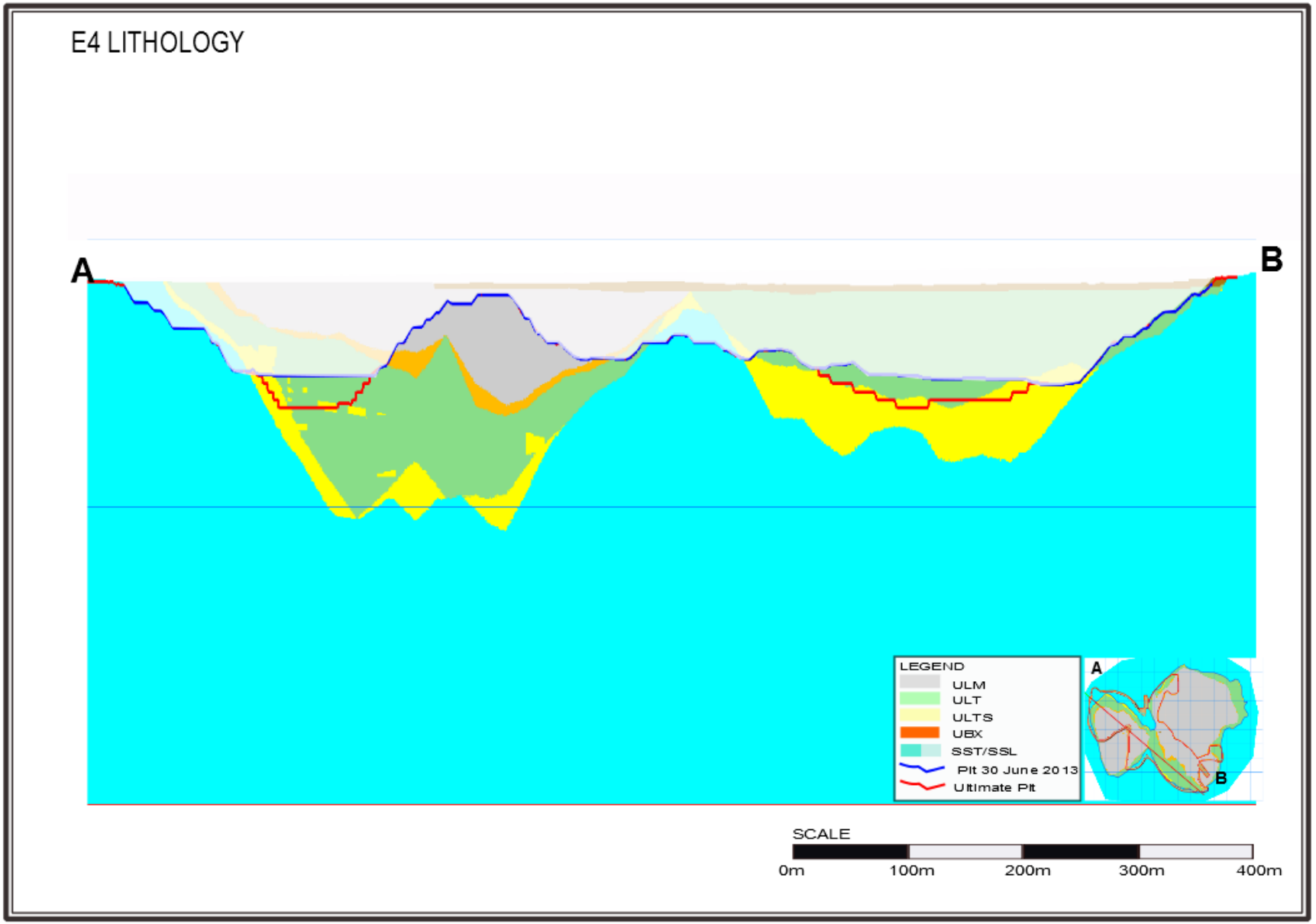


Figure 4. E4 Lithology Section

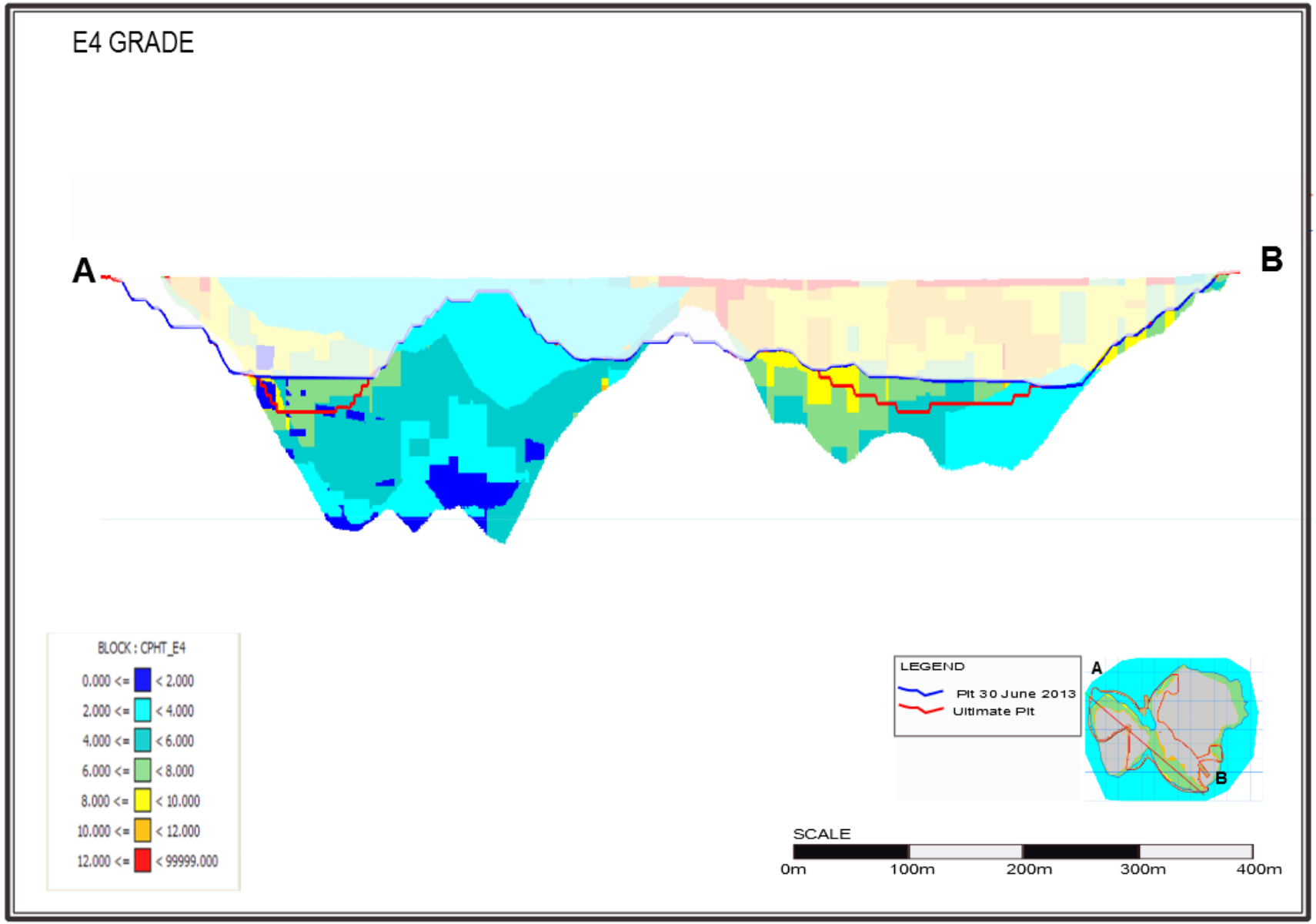


Figure 5. E4 Grade Section

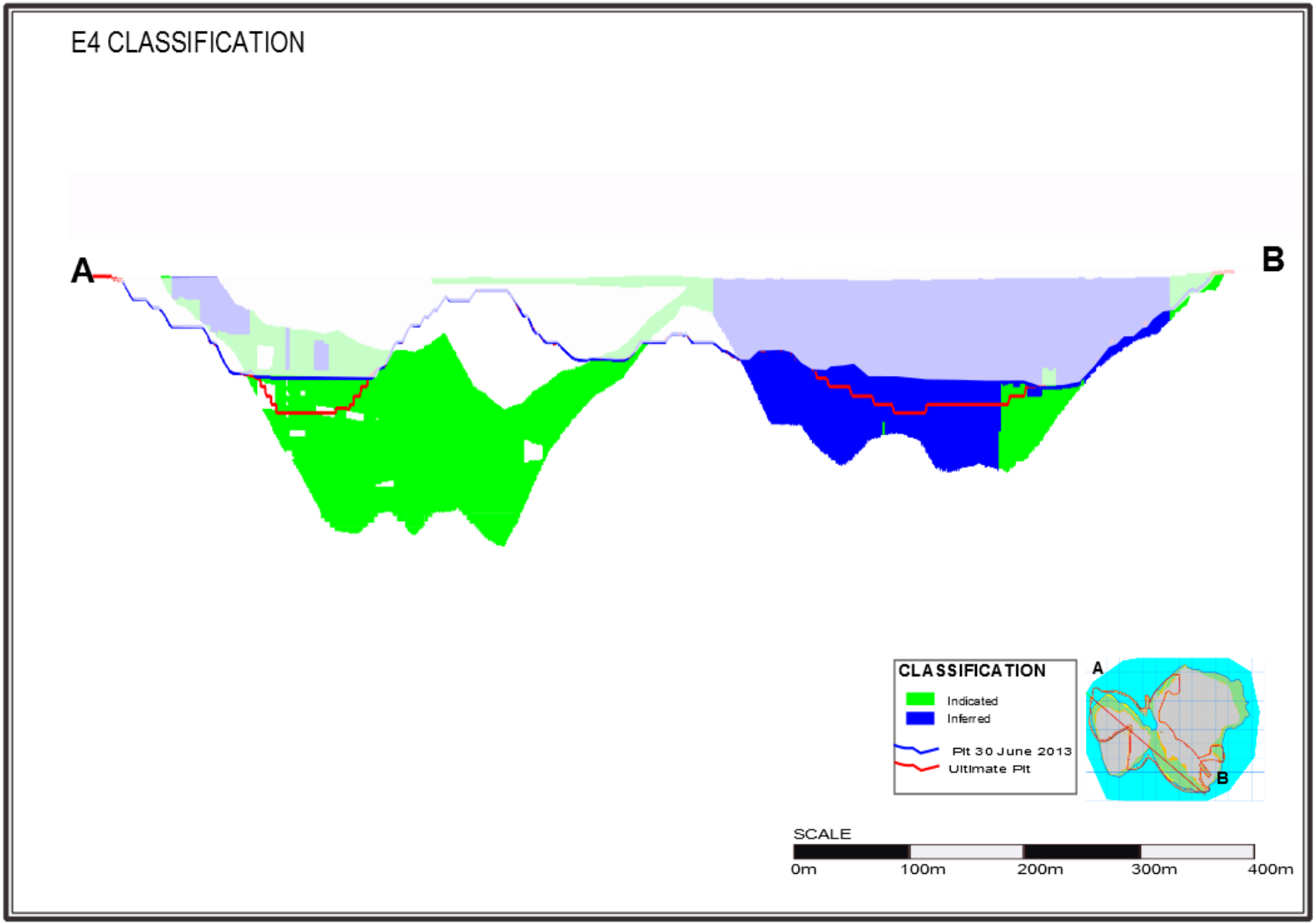


Figure 6. E4 Classification Section

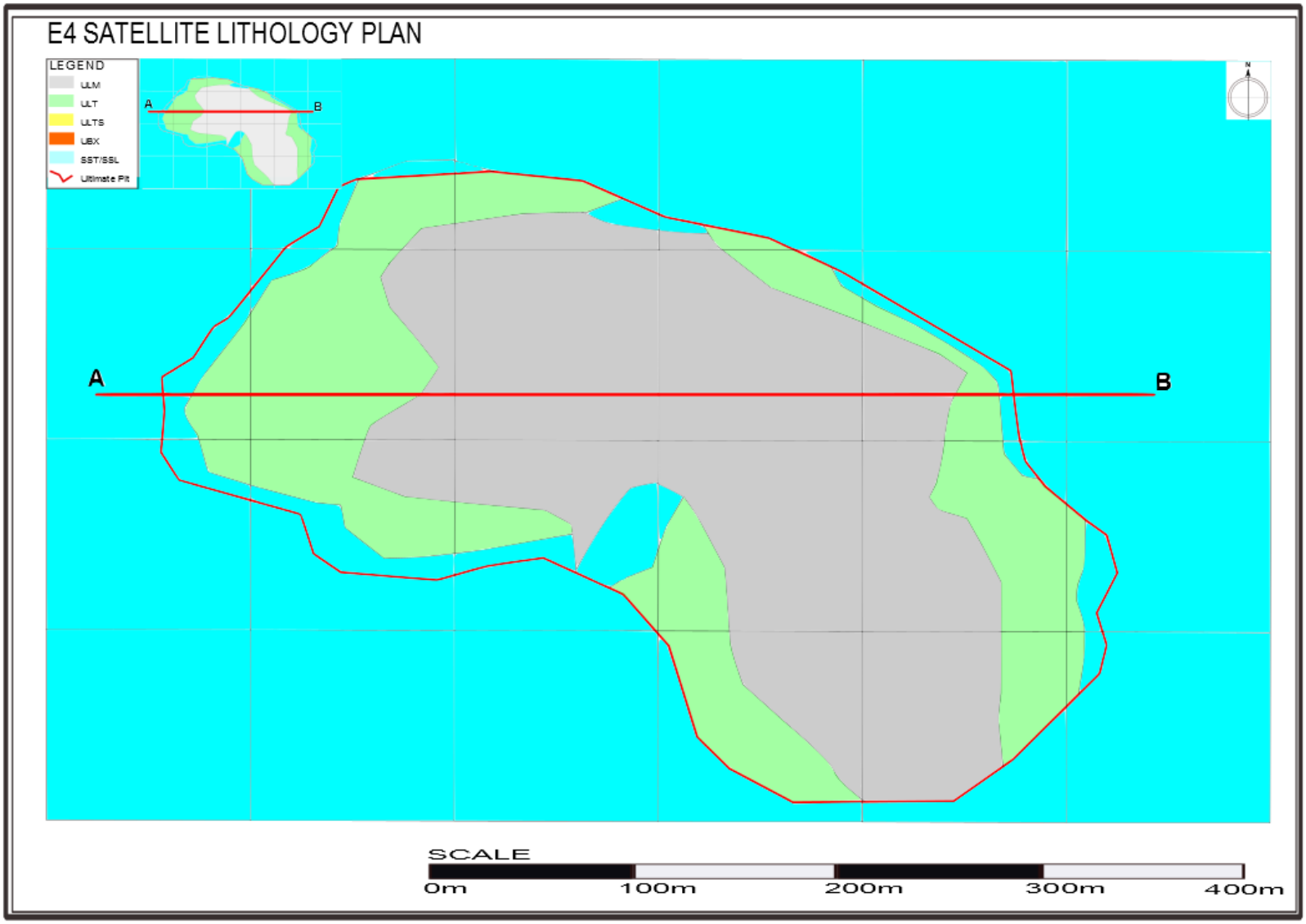


Figure 7. E4-Satellite Surface Geology

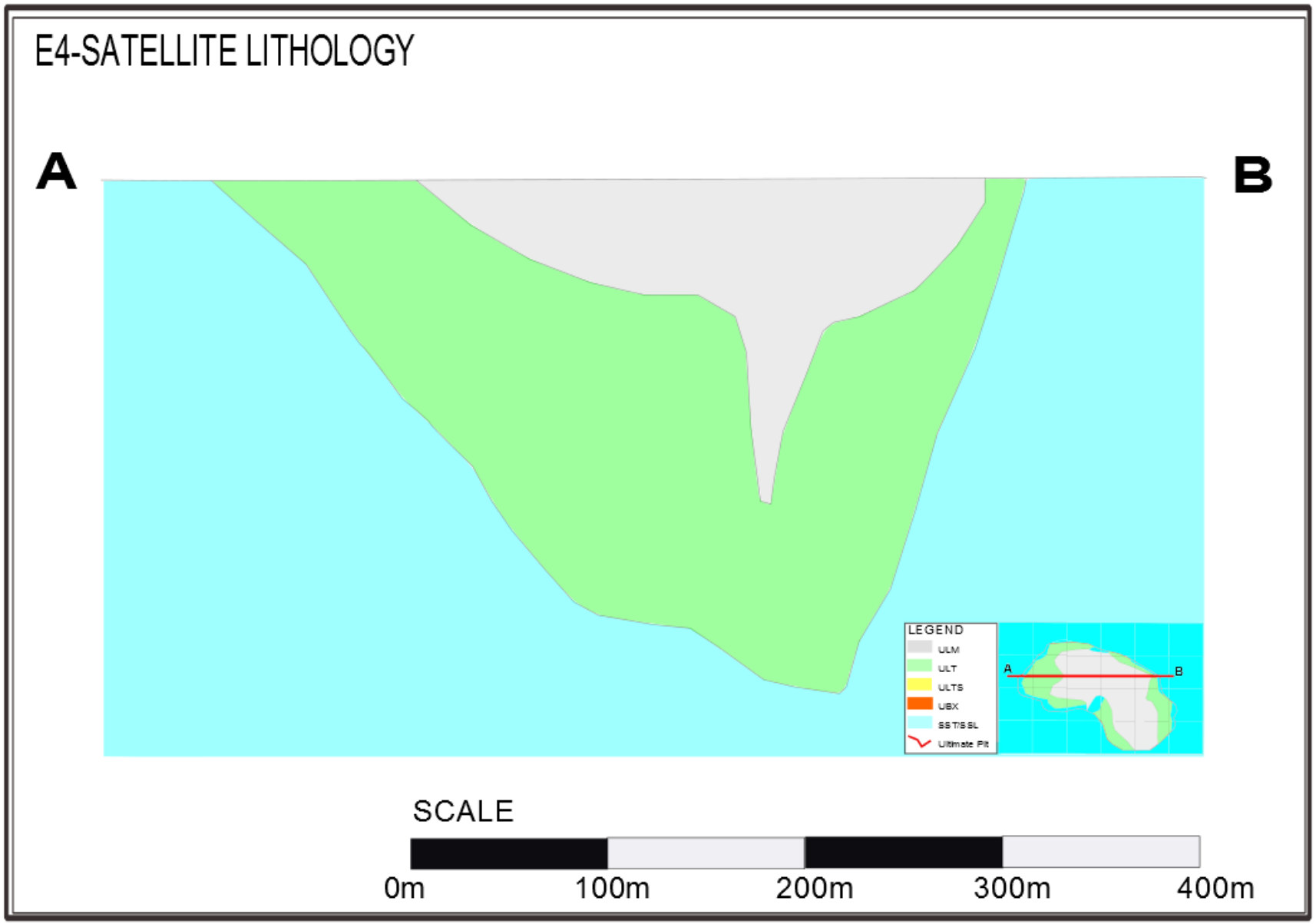


Figure 8. E4 Satellite Geology Section

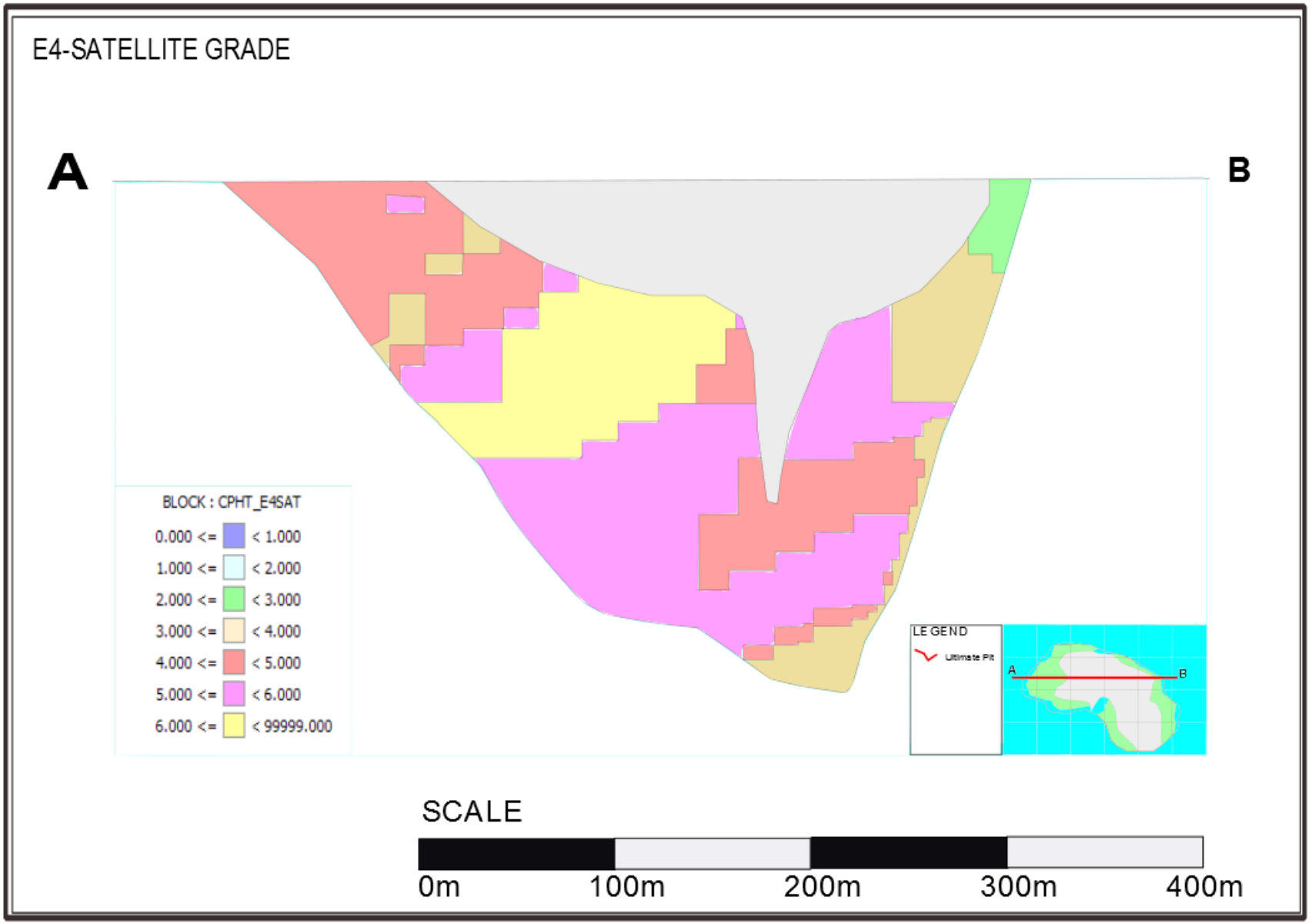


Figure 9. E4 Satellite Grade Section

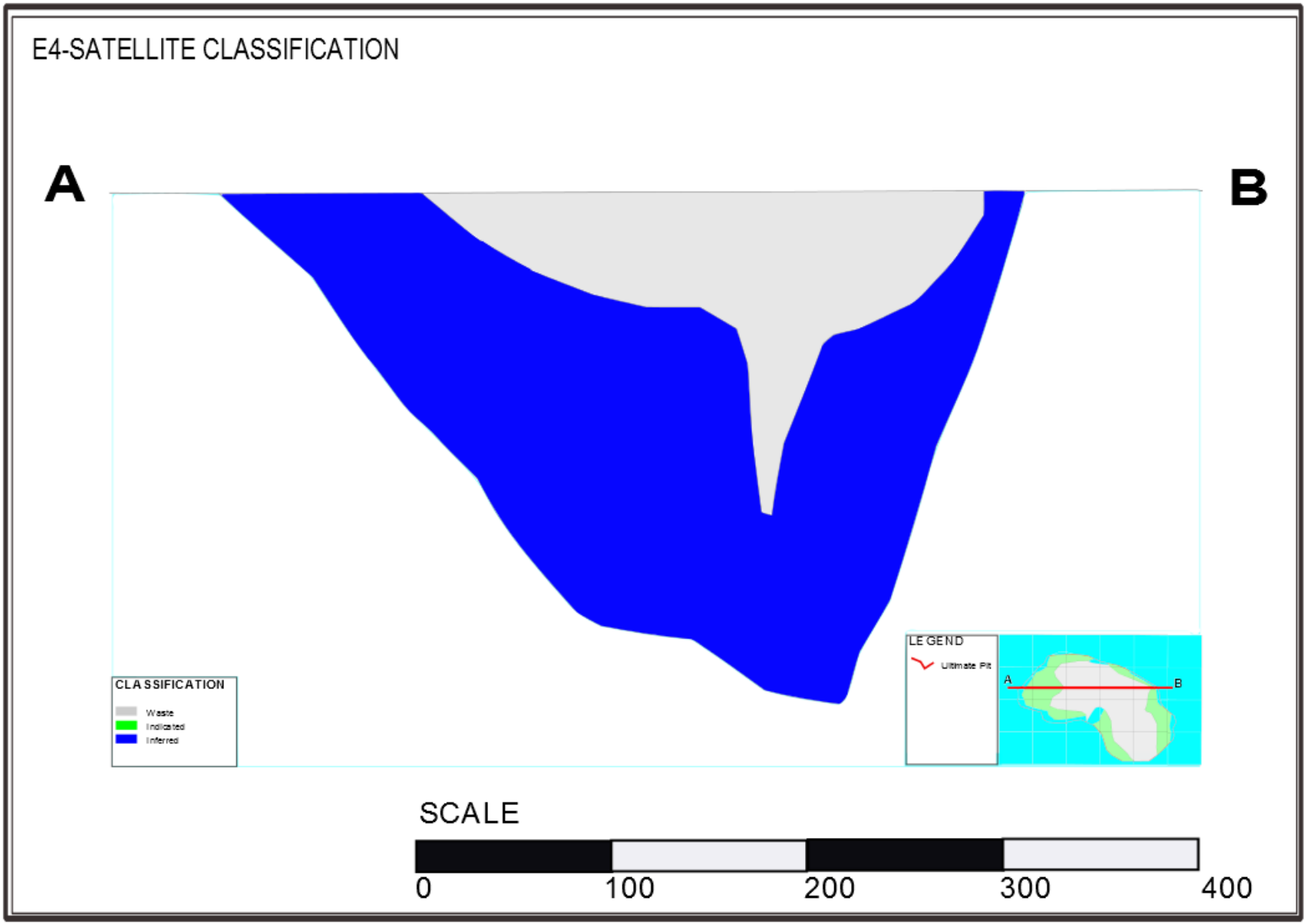


Figure 10. E4 Satellite Classification Section

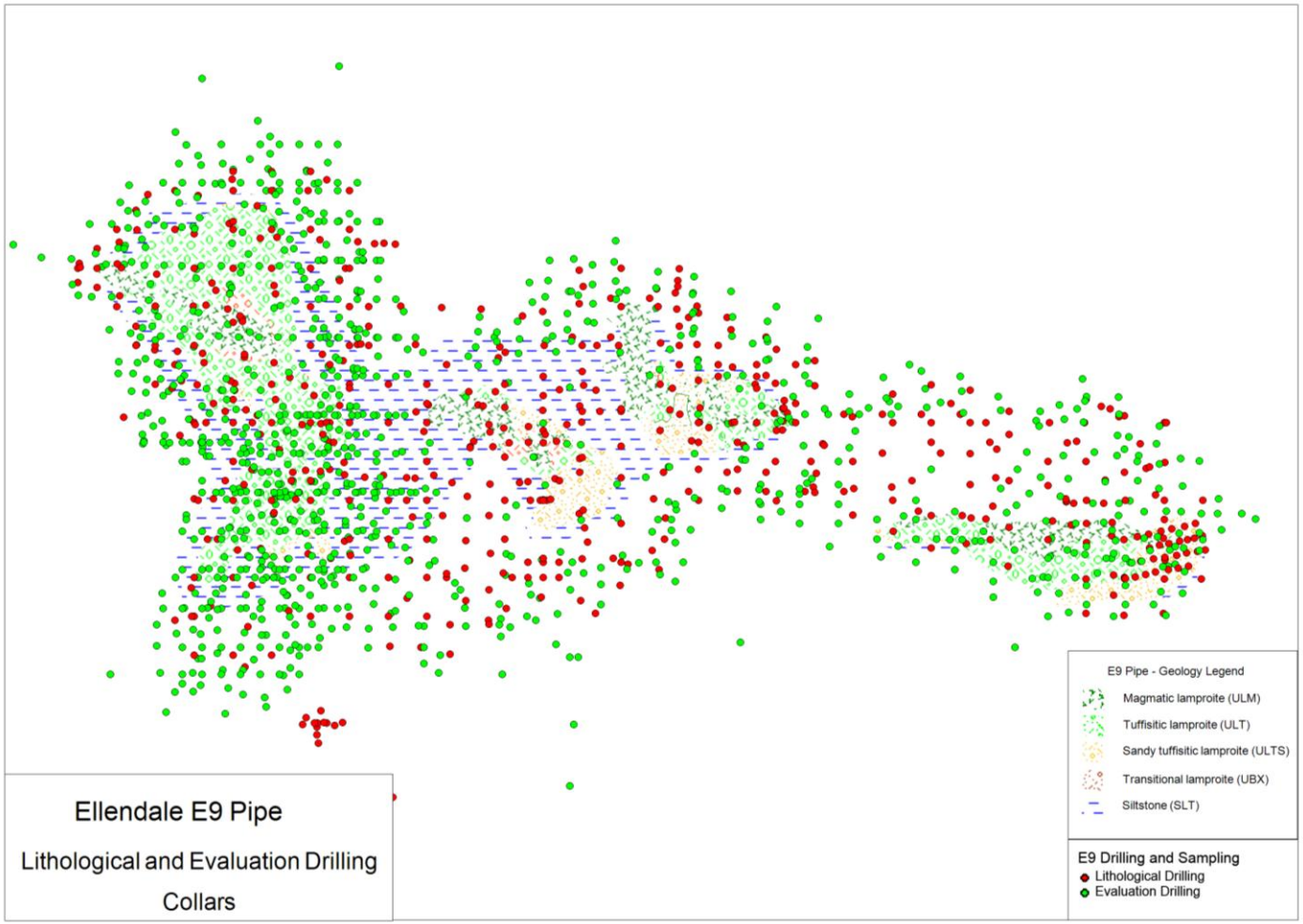


Figure 11. E9 All Delineation and Evaluation Collars

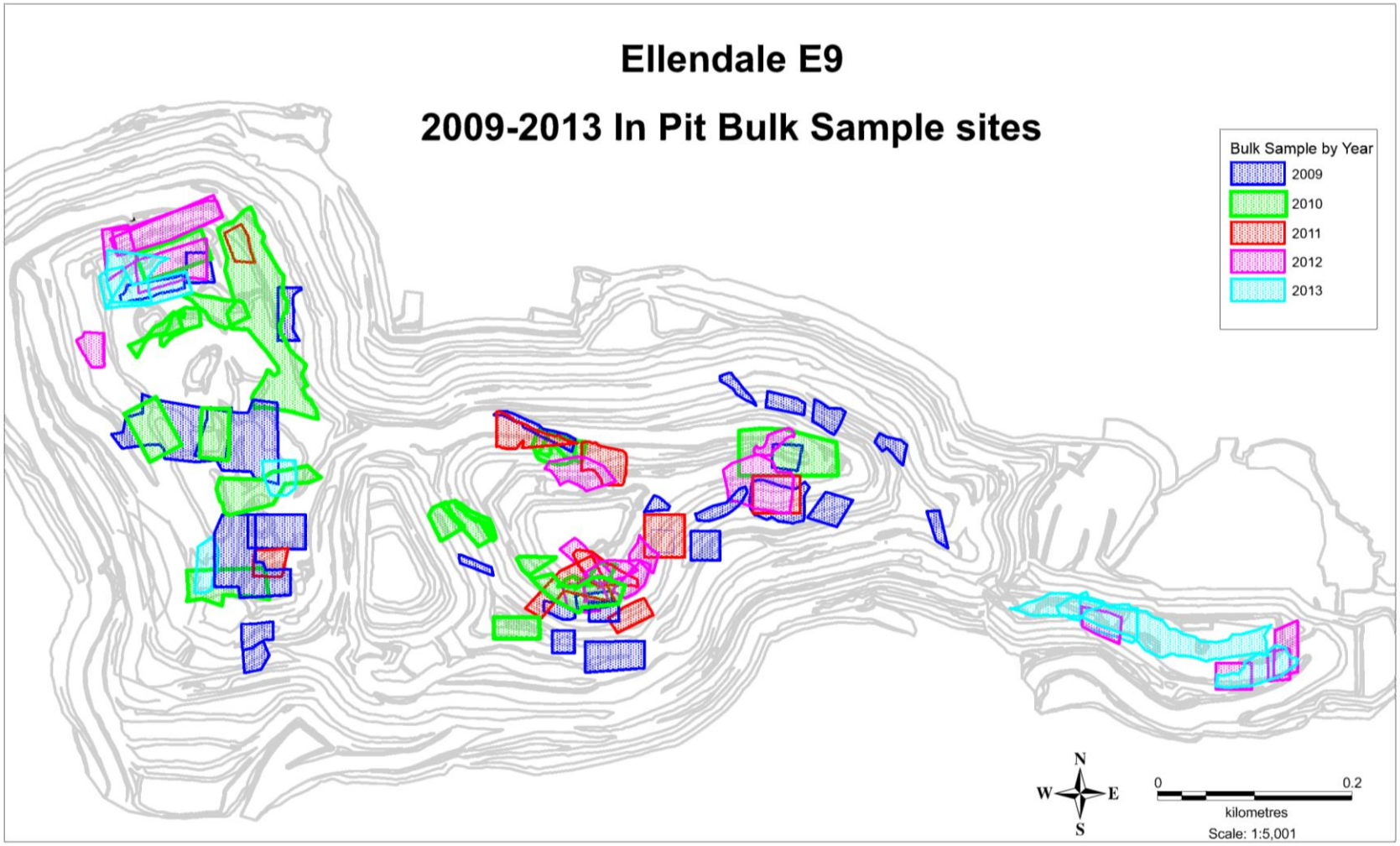


Figure 19. E9 2009-2012 Pit Bulk Sampling

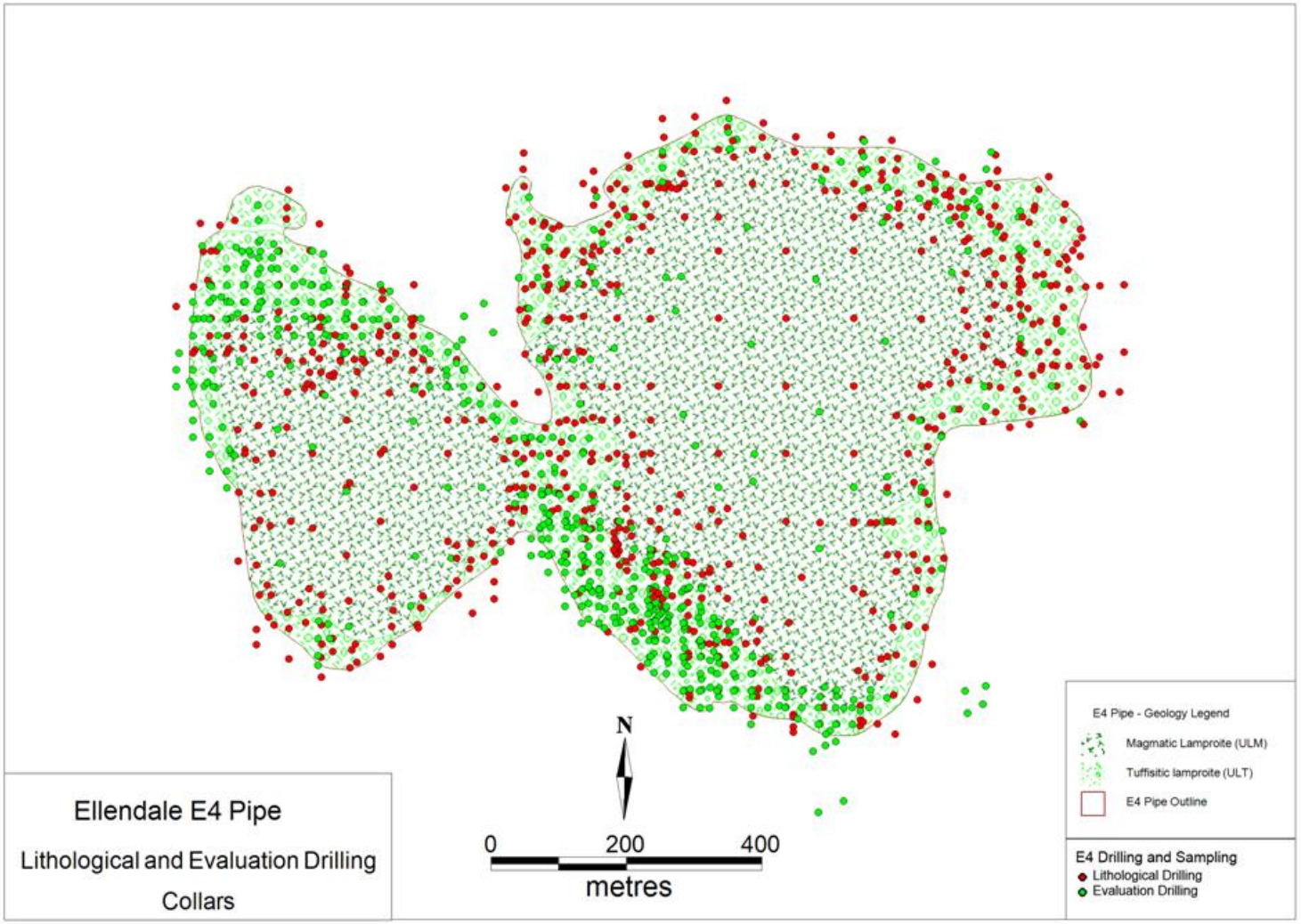


Figure 20. E4 All Delineation and Evaluation Collars

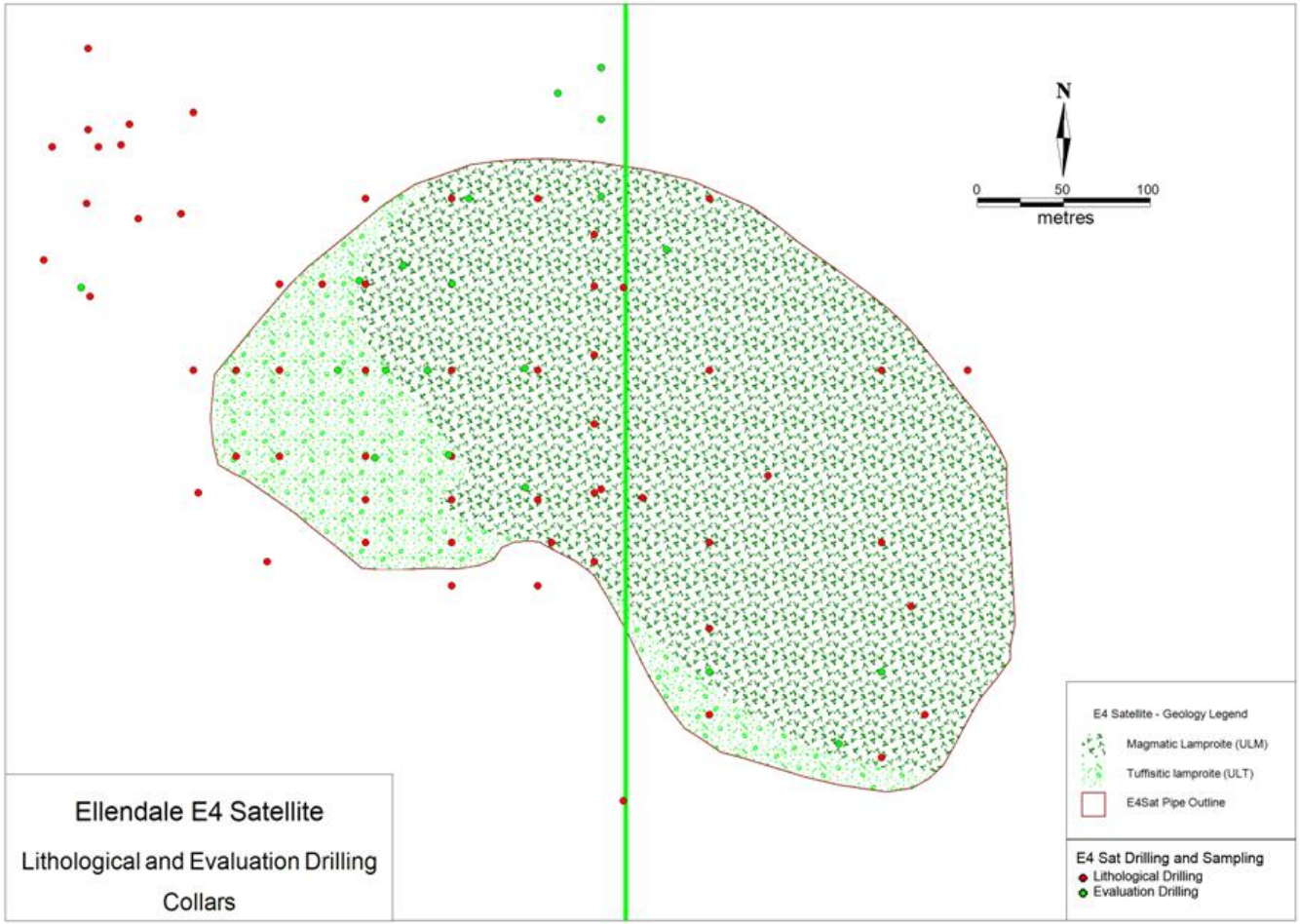


Figure 14. E4 All Satellite Delineation and Evaluation Collars

Balanced reporting	Exploration results have been reported in sufficient detail to avoid presenting an unfairly biased view of the results.
Other substantive exploration data	KDC has explored for alluvial and lamproite-hosted diamond deposits in the region since 1994. The dominant focus of early work was a diamondiferous palaeo-drainage system named “Terrace 5”, located immediately to the northwest of M04/372.

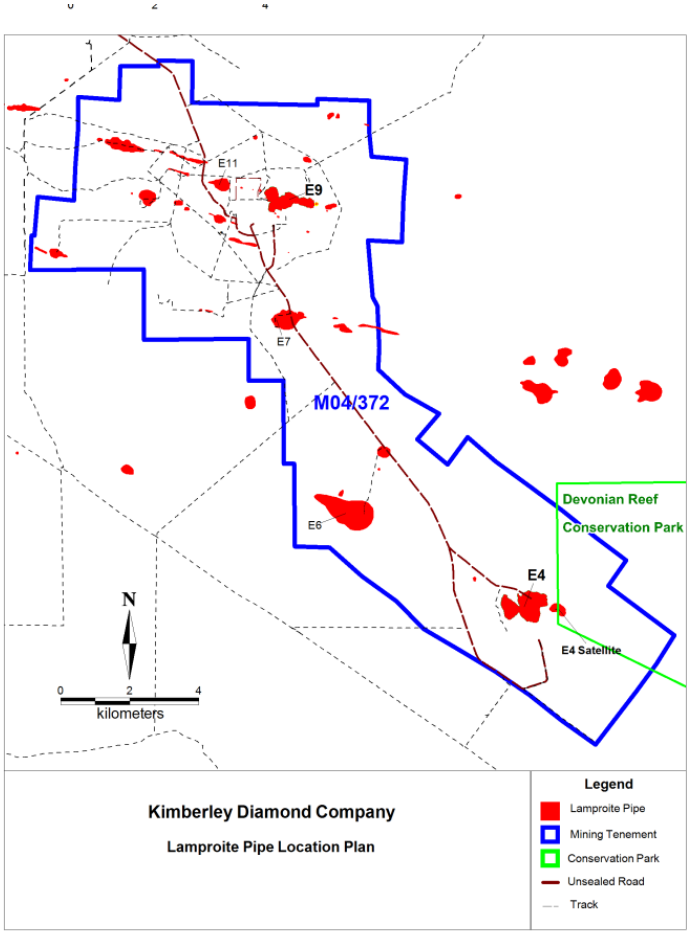


Figure 15. Lamproite Location Plan

	During 2004, nine new small lamproite pipes were discovered, two of which returned economic diamond grades. Bulk sample work commenced at Ellendale 7 and 11, especially the latter with an extensive trenching program. A Tempest EM airborne survey was undertaken over the mine lease and the northern portion of Blina's tenements. Anthill geochemical surveys covering most of the eastern portion of the mine lease were conducted. Exploration activities during 2005 focussed on drill programs over some of the larger known lamproite pipes including Ellendale 6, 7, 12, and 13 to delineate and characterise internal lithological units. Ellendale 7 and 13 were also bulk sampled. Results from Ellendale 7 were sub-economic. Ellendale 6 is the biggest pipe in the Ellendale Field, at 104 hectares, and after limited drilling remains poorly-tested. Kimberley 33, a small satellite pipe immediately south of Ellendale 9, mined out. Termite-mound geochemical surveys were completed over most of the mining lease, as well as 13 ground EM surveys. Exploration during 2006 aimed at increasing the resource base for Kimberley, and focussed on known pipes located within economic truck haulage distance of Ellendale 9. Appraisal and testing of known pipes involved ground EM surveys, definition aircore drilling, bulk sampling, and large diameter Bauer drilling and sampling. In addition, regional aeromagnetic and EM anomalies were tested with aircore drilling. A small lamproite pipe, Kimberley 46, was discovered to the west of Ellendale 12. The BG36 large-diameter Bauer drill rig was used to sample this new pipe. Throughout 2007, exploration efforts focussed on the continuing data collation and processing of samples from the 2006 BG36 Bauer drill program. During the report period, 3,529 tonnes were processed representing 46 Bauer drill samples. An additional aim was to validate and reassess data collected over the previous four years of intensive exploration. This included a review of Airborne and Ground EM surveys, and confirmation that geophysical targets previously identified had been adequately tested. Over the previous four years, a regional termite-mound geochemical sampling program covered most of the mining lease. All subsequent exploration was focussed on E9, E4 and E4 Satellite and is recorded elsewhere.
Further work	Further production bulk sampling will be undertaken during 2013 to improve confidence in the grade model at E9. Some trenching in E9 will be used to better define sub-crop in the far eastern section of E9. Daily pit mapping will be used to regularly update the geological model at E9 whilst mining is taking place. Bulk sampling is planned for E4 Satellite pipe, and delineation drilling with microdiamond sampling on E6 lamproite pipe.

Section 3: Estimation and Reporting of Mineral Resources

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

Criteria	Commentary
Database integrity	KDC has implemented new controls on data since Gem's acquisition of KDC in 2007, and all recent data has been validated by KDC. Sampling and logging is done on paper records. These are then entered into a spreadsheet template by the field geologist. The senior geologist validates the data entry and then imports the data into an Access sampling/drilling database. Before modelling commences, a random selection of holes and samples (10%) is selected from the database and checked by KDC against the original records. The volumes of the various facies within the orebody models were prepared by KDC, used in the December 2010 Resource Statement, and have been independently verified by Venmyn. No discrepancies were identified. Minor updates of newly acquired data have been made since. The Access Database and orebody model is controlled by the Mineral Resource Superintendent, to ensure data integrity. Both are backed up electronically on the mine's server. Since Gem's acquisition of KDC, Venmyn has 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, all Mineral Resources have been annually, independently prepared and signed off by Venmyn between 2006 and 2010. Venmyn was satisfied that the necessary verification process as carried out in-house by Gem and its subsidiaries could be regarded with a high level of confidence.
Site visits	Regular site visits are undertaken by the Competent Persons as part of their normal job function. Site visits raised no material issues regarding exploration projects or the estimation of the resource.
Geological interpretation	The geological interpretation for the E9, E4 and E4 Satellite pipes is based on a standardised model of lamproite emplacement. All drill logging and face mapping data is classified according to the key geological model units:

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td></td><td>
<table>
<tr><th>Group</th><th>Unit</th><th>Description</th></tr>
<tr><td rowspan="6">Lamproite</td><td>REG</td><td>Regolith - reworked and weathered lamproite capping the pipes</td></tr>
<tr><td>ULT</td><td>Ultramafic Lamproite Tuff - the main ore facies, generally with the highest grades; significantly less diluted than the ULTS</td></tr>
<tr><td>ULTS</td><td>Sandy Ultramafic Lamproite Tuff - the oldest intrusive phase; significantly diluted with quartzitic country rock xenoliths</td></tr>
<tr><td>TS</td><td>Tuffisitic Sandstone - highly diluted ULT (an extreme case of the ULTS)</td></tr>
<tr><td>UBX</td><td>Ultramafic Breccia - a ULM contact facies, interpreted, for the most part, as being brecciated and baked tuff (mainly baked ULT)</td></tr>
<tr><td>ULM</td><td>Ultramafic Magmatics - the last phase of intrusion, consisting of very low grade magmatic material (diamonds largely resorbed)</td></tr>
<tr><td rowspan="2">Country Rock</td><td>SST</td><td>Sandstone - Country rock</td></tr>
<tr><td>SLT</td><td>Siltstone - Country rock</td></tr>
</table>
The Low Grade stockpile is made up of material selected during the mining process as ore contaminated with waste during the mining process to the extent that it would significantly depress the recovered grade, or material mined from geologically contaminated material and defined as low grade through sampling or geological inference. A block model of the period of deposition of each zone of the stockpile has been constructed.
The lights stockpiles are made up of coarse tailings material rejected by the DMS process in the plant. There are 3 main stockpiles:
<table>
<tr><th>Stockpile</th><th>Period of Deposition</th></tr>
<tr><td>West Lites Dump</td><td>2004-2008</td></tr>
<tr><td>Sound Barrier Dump</td><td>2008-2011</td></tr>
<tr><td>Main Lites Dump</td><td>2009-Present</td></tr>
</table>
</td></tr>
<tr><td>Dimensions</td><td>E9 is located near the centre of the Ellendale Lamproite Field and covers a surface area of approximately 45ha. It is a complex body with at least six eruptive centres. E9 comprises a Western Lobe and an elongated Eastern Lobe oriented approximately east–west. The Western and Eastern lobes are largely discrete with a pronounced sub-surface sandstone ridge separating most of the two areas.

E4 is located near the south eastern limit of the Ellendale Lamproite Field. It covers approximately 76ha and has been formed by the coalescing of at least three volcanic vents. It can be grossly divided into an Eastern and Western Lobe, with the lobes connected by a narrow neck. Each of these lobes contains several eruptive centres. The highest diamond concentrations are associated with tuffs in the south of the Eastern Lobe and in the north of the Western</td></tr>
</table>

Criteria	Commentary
	Lobe. E4 Satellite is a small (~10ha) discrete lamproite body located to the east of E4. All of these deposits are well drilled to a depth of about 100m and have a maximum drilled depth of about 250m, by which depth all deposits are well into the root zones of the eruptive centres.
Estimation and modelling techniques	**Modelling** The E9 deposit has been estimated using drilling and in pit mapping to update the volumetric model. A block model is populated by creating bounding surfaces or solids of each geological unit and updating the block parameters within each bounding object with the lithology, grade, etc. In some cases conflicting data exists. The data is prioritised by the modelling geologist based on compliance with the emplacement model and understanding of the quality of data acquisition process. **Grade Estimation** The grade estimation at E9 is based on the in-pit bulk sampling data. The E9 deposit is split into an East and West Pit with significant differences in geology, grade and diamond value between the two. The East Pit is further subdivided into East Pit North (EPN), East Pit South (EPS), East Pit East (EPE) and Far East Pit (FEP) based on geology and grade. West Pit is subdivided into West Pit North (WPN) and West Pit South (WPS). Each sample within a given pit zone is proportionally weighted based on its vertical distance from the current mining surface RL. West pit and Far East pit zones are calculated using a 2% proportional reduction of each sample per metre, so that any sample more than 50m from the current pit surface, has no influence on the calculated resource grade and the most proximal samples have the most influence. East pit zones use a 1.33% proportional reduction per metre, so that samples more than 75m from the current pit surface have no influence on the resource grade. The reason for the extended influence in East pit is due to the pit being closer to the end of its mine life, thus the pit is much narrower and is deepening much faster. Therefore in order to keep enough grade samples to calculate a resource grade, the field of influence was increased. The E4 volumetric model was updated in 2011 to include updates from in pit mapping and drilling. The resulting model was used as the base model for a mixed support kriging grade estimation project done by Mike Millad of Cube Consulting. The results of these projects have resulted in an increased confidence in the estimation of the E4 deposit.

Criteria	Commentary
	The Mixed Support Kriging (MSK) algorithm was used in the grade estimate at E4, in order to account for the highly varied sample support size. Parts of the ULT, ULTS, UBX and REG lithologies were estimated using this algorithm. In those areas not informed by the MSK, a mixture of grade infill strategies were employed, ranging from use of MSK bench average grades (ULT, ULTS and UBX lithologies) to a moving average based on MSK results (REG lithology) to global grade assignment (ULM and TS lithologies). Cube Consulting has flagged the resultant grade estimates as being either of "high" confidence or "low" confidence. Cube Consulting recommended that only those areas flagged as "high" confidence be considered eligible for classification as Indicated Mineral Resources, as defined under the JORC code, should KDC deem the other relevant variables (e.g. rock density, diamond value etc.) to also be of sufficient confidence to support such a classification. Cube Consulting recommended that all areas flagged as "low" confidence be classified as Inferred Mineral Resources. In addition, the ULM and TS lithologies are of a relatively low grade tenor and it is Cube Consulting's opinion that these two lithological units do not have reasonable prospects of economic extraction in the foreseeable future. KDC has followed the Cube Consulting recommendations and any block with a "low" confidence has been classified as Inferred, and the ULM and TS units have been excluded from the Mineral Resource Statement. E4-Satellite was modelled in 2009. Included was an audit of the databases (sampling and drilling). Geological wireframe and kriged grade models were built. This work was updated with the additional delineation drilling data in 2010. Kriged zone grades were cross checked using sample weighted average grades where appropriate In these deposits only tuffaceous rocks contain significant diamond mineralization, and sampling and estimation have been limited to these units. As sampling in this type of deposit is always bulk sampling the incidence of anomalously high grade results is very rare. Grade was nominally capped at 100 cpht in the kriging parameter set up for those deposits which were kriged. Modelled grades and lithology are routinely checked against drilling as part of the modelling validation process. The block model size 25 x 25 m for all models was chosen to be a good match for the general drilling grid spacing of 50m X 25m. The mining method employed is opencast bulk mining, and no selective mining units have been used. These deposits do not contain any by products that can be economically extracted. There are also no deleterious elements that influence the economics of the mining. The estimation of the lites dump has been based on an average sample grade weighted by sample size for each of the separate dumps. The grade estimate of the LG2 low grade stockpile has been derived from the average actual production results between 6th Sept and 11th October 2013.

Criteria	Commentary

The grade of the LG1 low grade stockpile has been made by using 50% of the average mined grade prior to 2010 based on the existing assigned resource grade of 5 cpht. This is a low confidence estimate due to the lack of accurate depletion data prior to 2010.

Table 1. E9 Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (t)	GRADE (cpht)	CARATS	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 9 West	WPN	Indicated	3,033,000	3.44	104,300	$623	1.50	$21.45
	WPS		862,000	3.67	31,600	$601		$22.06
	TOTAL/WT. AVE INDICATED E9W		**3,895,000**	**3.49**	**136,000**	**$618**		**$21.58**
	WPN	Inferred	1,656,000	3.37	55,700	$623		$20.99
	WPS		140,000	3.55	4,900	$601		$21.30
	TOTAL/WT. AVE INFERRED E9W		**1,796,000**	**3.38**	**60,700**	**$621**		**$21.02**
	TOTAL/WT. AVE E9W		**5,692,000**	**3.46**	**196,700**	**$619**		**$21.40**
Ellendale 9 East	EPN	Indicated	91,000	3.06	2,700	$921		$28.15
	EPS		261,000	2.52	6,500	$1,245		$31.37
	EPE		1,027,000	5.22	53,600	$715		$37.30
	FEP		1,676,000	2.32	38,800	$977		$22.68
	TOTAL/WT. AVE INDICATED E9E		**3,056,000**	**3.33**	**101,800**	**$855**		**$28.50**
	EPS	Indicated	81,000	2.96	2,400	$1,245		$36.89
	EPE		137,000	2.50	3,400	$715		$17.84
	FEP		560,000	2.60	14,600	$977		$25.44
	TOTAL/WT. AVE INFERRED E9E		**780,000**	**2.62**	**20,400**	**$965**		**$25.30**
	TOTAL/WT. AVE E9E		**3,836,000**	**3.19**	**122,300**	**$873**		**$27.85**
TOTAL/WT. AVE ELLENDALE 9			**9,528,000**	**3.35**	**319,100**	**$717**		**$24.00**

Criteria	Commentary

Table 2. E4 Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (t)	GRADE (cpht)	CARATS	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 4 West	A1	Indicated	234,000	5.68	13,300	$166	1.50	$9.43
	TOTAL/WT. AVE INDICATED E4W		**234,000**	**5.68**	**13,300**			**$9.43**
	A1	Inferred	5,154,000	4.67	240,700			$7.76
	A21		10,154,000	2.60	264,400			$4.32
	TOTAL/WT. AVE INFERRED E4W		**15,308,000**	**3.30**	**505,200**			**$5.48**
	TOTAL/WT. AVE E4W		**15,542,000**	**3.34**	**518,500**			**$5.54**
Ellendale 4 East	A22	Indicated	4,725,000	6.03	284,800			$10.01
	TOTAL/WT. AVE INDICATED E4E		**4,725,000**	**6.03**	**284,800**			**$10.01**
	A3	Indicated	3,366,000	4.64	156,200			$6.48
	A5		7,806,000	4.69	366,300			$7.70
	A4		4,650,000	4.47	207,800			$7.79
	A22		17,285,000	3.90	674,800			$7.42
	TOTAL/WT. AVE INFERRED E4E		**33,108,000**	**4.24**	**1,405,200**			**$7.05**
	TOTAL/WT. AVE E4E		**37,833,000**	**4.47**	**1,690,100**			**$7.42**
TOTAL/WT. AVE ELLENDALE4			**53,376,000**	**4.14**	**2,208,700**			**$6.87**

Table 3. E4 Satellite Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (t)	GRADE (cpht)	CARATS	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 4 Satellite	E4 SAT	Inferred	15,325,000	5.59	856,300	$210	1.50	$11.73
	TOTAL/WT. AVE INFERRED E4 SAT		**15,325,000**	**5.59**	**856,300**	**$210**		**$11.73**
TOTAL/WT. AVE ELLENDALE 4 SATELLITE			**15,325,000**	**5.59**	**856,300**	**$210**		**$11.73**

Criteria	Commentary

Table 4. Stockpile Resource

SOURCE	ZONE	RESOURCE CLASSIFICATION	TONNES (t)	GRADE (cpht)	CARATS	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
ROM Stockpiles	E9 East	Indicated	847,000	3.50	29,600	$906	1.50	$31.71
	E9 West		17,000	3.00	500	$623		$18.70
	E4 South		1,182,000	9.37	110,700	$166		$15.55
	TOTAL/WT. AVE ROM		**2,047,000**	**6.89**	**140,900**	**$323**		**$22.27**
Low Grade Stockpiles	E9 East	Inferred	3,998,000	2.25	89,900	$787		$17.71
	E9 West		66,000	3.80	2,500	$623		$23.69
	E4 South		1,571,000	3.01	47,300	$166		$5.00
	TOTAL/WT. AVE INFERRED LG		**5,636,000**	**2.48**	**139,800**	**$574**		**$14.24**
Lites Stockpiles	Main Lites Dump	Inferred	9,589,000	1.05	101,000	$926		$9.76
	Sound Barrier Lites Dump		1,474,000	0.63	9,300	$466		$2.95
	West Lites Dump		233,000	1.42	3,300	$385		$5.45
	TOTAL/WT. AVE INFERRED LITES		**11,296,000**	**1.01**	**113,600**	**$873**		**$8.78**
TOTAL/WT. AVE ELLENDALE STOCKPILES			**18,979,000**	**2.08**	**394,300**	**$570**		**$11.86**

Criteria	Commentary
	Table 5. Ellendale Resource Summary

SOURCE	RESOURCE CLASSIFICATION	TONNES (t)	GRADE (cpht)	CARATS	VALUE (USD/ct)	BOTTOM SCREEN SIZE CUT-OFF (mm)	$/t
Ellendale 4 West	Indicated	234,000	5.68	13,300	$166	1.50	$9.43
Ellendale 4 East		4,725,000	6.03	284,800	$166		$10.01
Ellendale 9 West		3,895,000	3.49	136,000	$618		$21.58
Ellendale 9 East		3,056,000	3.33	101,800	$855		$28.50
ROM Stockpiles		2,047,000	6.88	140,900	$323		$22.27
TOTAL INDICATED		**13,957,000**	**4.85**	**676,800**	**$393**		**$19.07**
Ellendale 4 West	Inferred	15,308,000	3.30	505,200	$166		$5.48
Ellendale 4 East		33,108,000	4.24	1,405,200	$166		$7.05
Ellendale 9 West		1,796,000	3.38	60,700	$621		$21.02
Ellendale 9 East		780,000	2.62	20,400	$965		$25.30
Ellendale 4 Satellite		15,325,000	5.59	856,300	$210		$11.73
Low Grade Stockpiles		5,636,000	2.48	139,800	$574		$14.24
Lites Stockpiles		11,296,000	1.01	113,600	$873		$8.78
TOTAL INFERRED		**83,249,000**	**3.73**	**3,101,200**	**$237**		**$8.82**
TOTAL RESOURCES		**97,206,000**	**3.89**	**3,778,000**	**$265**		**$10.29**

**Rounding of tonnage down to the nearest 1,000 tonnes and carats down to the nearest 100 carats may result in computational discrepancies.*

Moisture	Moisture contents of samples have not been separately measured.
Cut-off parameters	Cut off grades have not been used in the resource estimation. Lithologies of very low grade and diamond value such as ULM and TS have been excluded from the resource estimation process.
Mining factors or assumptions	This is an operating mine and use is made of the actual operating costs and factors.

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Metallurgical factors or assumptions</td><td>This is an operating mine and use is made of the actual operating costs and factors.</td></tr>
<tr><td>Environmental factors or assumptions</td><td>This is an operating mine and use is made of the actual operating costs and factors.</td></tr>
<tr><td>Bulk density</td><td>Historical bulk densities were estimated by weighing drill cuttings as they were processed in the test plant and applying the mass of the material removed to a nominal drill diameter of the hole.

In 2009, KDC initiated a detailed in-pit density testing program for E9. This program was governed by a sampling protocol that required a minimum of four specimens from representative sample material to be taken to calculate a mean SG value. The sample size was a nominal 100mm, from dry, freshly excavated areas of the pit. Sample positions in the pit were marked and surveyed.

Table 6: Density Summary E9
<table>
<tr><th>Location</th><th>Rock Type</th><th>Average Density</th><th>Number of Measurements</th></tr>
<tr><td>EP</td><td>SLT</td><td>2.47</td><td>18</td></tr>
<tr><td>EPS</td><td>TX</td><td>2.40</td><td>8</td></tr>
<tr><td>EPS</td><td>ULM</td><td>2.76</td><td>10</td></tr>
<tr><td>F1</td><td>ULT</td><td>2.21</td><td>9</td></tr>
<tr><td>F1 - WPN</td><td>ULT</td><td>2.21</td><td>9</td></tr>
<tr><td>F4</td><td>ULT</td><td>2.27</td><td>9</td></tr>
<tr><td>F4 -EPE</td><td>ULT</td><td>2.19</td><td>1</td></tr>
<tr><td>F8</td><td>ULTS</td><td>2.27</td><td>11</td></tr>
<tr><td>FEP</td><td>UBX</td><td>2.22</td><td>10</td></tr>
<tr><td>Mags Dump</td><td>SST</td><td>2.27</td><td>3</td></tr>
<tr><td>South Dump</td><td>SST</td><td>2.01</td><td>3</td></tr>
<tr><td>South Dump</td><td>ULM</td><td>2.64</td><td>14</td></tr>
<tr><td>West Pit</td><td>SST</td><td>2.30</td><td>4</td></tr>
</table></td></tr>
</table>

	Density was calculated using a water displacement method and use of an electronic scale. Sample rock types and SG values were plotted in Vulcan with appropriately surveyed co-ordinates. The lites dump density estimate has been based on comparing the volume of the dump, as measured by survey; divided by the tonnage fed to the dump during its utilisation, recorded on plant weightometers. The Low Grade dump density has been estimated based on operational experience of ROM stockpile densities.
Classification	**E9** Delineation drilling density for the E9 deposits is high enough for an indicated classification for the volumetric estimation of the deposit. This is supported by mining volumetric calls. Bulk sample grades are used to estimate the grade in the deposit. Indicated Resources are defined as the material lying within 50m of the deepest bulk sample within a zone. The material below this is classified as Inferred Resource. **E4** Blocks are considered to be in the indicated classification when all of the following three conditions have been satisfied: 1. Those blocks encompassed by zones 1 and 22, which also fall within the ULT, ULTS, UBX or: REG lithologies, and for which a diamond grade has been estimated using Mixed Support Kriging (MSK). 2. Those blocks for which a MSK slope of regression of 0.8 or greater was obtained. 3. Those blocks for which the average distance to the informing samples during MSK was less than 100m. All other blocks with estimates are considered to be of the inferred confidence category. **E4 Satellite** There is not sufficient sampling density in the E4 Satellite deposit to classify any of the material in the indicated resource category. All block are classified as inferred. **Low Grade Dump** There is not sufficient sampling density in the Low Grade dumps to classify any of the material in the indicated resource category. All block are classified as inferred

	Lites Dump There is not sufficient sampling density in the lites dump to classify any of the material in the indicated resource category. All blocks are classified as inferred.
Audits or reviews	Between 2007 and January 2011 KDC was owned by Gem Diamonds. Gem Diamonds policy regarding the reporting of resources was that the resource statement be compiled by an independent Competent Person who would audit the work as part of the resource issuing process. Venmyn fulfilled this role for the whole period of Gem ownership, and reported no issues with the resource estimates. The procedures and methods used in the generation of this resource statement have not changed.
Discussion of relative accuracy/ confidence	The modelling process at this mine uses original drilling and sampling information as well as in pit mapping and sampling to update the volumetric and grade models. The attached table summarizes volumetric and grade call factors for the last three years of production. The volumetric calls indicate a high relative accuracy in the geological modelling. The grade call indicates a lower level of accuracy in the relative grade modelling.

Section 5: Estimation and Reporting of Diamonds and Other Gemstones

Criteria	Commentary
Indicator minerals	No indicator mineral sampling has been undertaken at Ellendale since 2007.
Source of diamonds	Ellendale diamonds are sourced from primary lamproite deposits, intruded within the regional Grant and Fairfield formations. The diamonds produced a range in stone sizes from +3 to +23 standard sieve sizes and are generally split into two types, white and yellow. The shapes of the stones are predominantly “dodecahedrons”, with the occasional “flat” stone (not “macles”, due to the crystal structure not being twisted).
Sample collection	Diamond grades for E9 have been derived from an in pit bulk sampling program, which samples discrete ore zones for treatment in order to determine the grade of the various facies of the pipes. By linking the ore zone to the facies identified in the 3D geological model, grade measurements are assigned to each facies. Grade samples at Ellendale are large scale bulk samples 2k-20k tonnes. This is in order to obtain representative grade and revenue results, due to the relatively low grade of the lamproite ore found in the Ellendale pipes. The samples are marked out in the pit following interpretation of blast mark-ups.

Criteria	Commentary
	The sample material is mined and transported to an isolated sample stockpile. In some cases minor zones of internal dilution are evident in the ore. Normal practice of sending material to low grade is followed but the number of trucks diverted is recorded. However the grade is only assigned to the material sent to the sampled ore stockpile.

Table 7. E9 Bulk Sampling

SOURCE	TYPE	SAMPLE ID	DATE	PIT ZONE	TONNAGE	CARATS	GRADE (cpht)
E9	Bulk Sampling	MD2839-3428	4/10/2013	WPN	9,206	198	2.15
		MD9173-10094	1/07/2013	FEP	11,755	785	6.68
		MD4055-5246	11/06/2013	WPS	11,492	318	2.77
		MD100073-106103	3/06/2013	FEP	9,968	111	1.11
		MD100071-103100	25/05/2013	FEP	21,366	774	3.62
		MD2830-3128	17/05/2013	WPN	10,332	418	4.05
		MD106118-109106	10/05/2013	FEP	8,317	286	3.43
		MD4052-4340	1/04/2013	WPN	16,183	557	3.44
		MDFEPF7-121	8/12/2012	FEP	23,498	512	2.18
		MD11281-115112	17/11/2012	FEP	5,081	104	2.04
		MD-LS-EPE-2822	31/10/2012	EPE	10,354	211	2.04
		MD11849-121118	20/10/2012	FEP	5,267	137	2.59
		MDF1E121-010	10/10/2012	WPN	8,784	346	3.94
		MD90202-01902	24/09/2012	EPS	6,195	22	0.36
		MD1615-1916	18/09/2012	EPN	7,105	157	2.21
		MD0412-1007	12/09/2012	EPE	6,429	129	2.01
		MD18848-122120	8/09/2012	FEP	6,965	140	2.01
		MD0406/04/02-0704	11/08/2012	EPS	5,590	79	1.41
		MD0402-1007	30/07/2012	EPS	10,312	164	1.59
		MD118046-122118	21/07/2012	FEP	6,061	152	2.51
		MD1006-1310	15/07/2012	EPS	6,783	311	4.59
		MD2211-2522	4/06/2012	EPE	19,397	1,325	6.83
		MD2211-2825	26/05/2012	EPE	19,814	1,421	7.17
		MD5864-6461	12/04/2012	WPN	11,679	473	4.05
		MD5865-6461	8/04/2012	WPN	10,145	320	3.16
		MD7095-7370	9/03/2012	WPN	6,829	276	4.04
		MDF1-7673-7090	25/02/2012	WPN	23,397	815	3.48
		MD6463-6764	12/09/2011	WPN	2,435	104	4.27
		MD3408-4037	3/09/2011	WPS	4,167	152	3.66
		MDF4HG-4340A	16/08/2011	EPS	5,081	185	3.64

Criteria	Commentary								
			MD4024-4643A	13/08/2011	EPS	4,547	156	3.43	
			MDFEPMB08-127124	3/08/2011	FEP	3,868	93	2.41	
			MD4625-4946	10/06/2011	WPN	5,240	233	4.45	
			MDF4-6458A	21/05/2011	EPS	6,245	203	3.26	
			MD6459-7067	7/05/2011	EPS	4,232	73	1.72	
			MD6457-7067	21/04/2011	EPN	4,662	119	2.55	
			MDF1-5227-5855	10/11/2010	WPC	9,105	340	3.73	
			MDF4EPS-6764	3/11/2010	EPS	6,491	318	4.90	
			MD6454-7067	27/10/2010	EPN	2,630	77	2.94	
			MD7079-7370	25/10/2010	EPN	1,975	43	2.16	
			MDF2WPS-6158A	21/10/2010	WPS	5,358	233	4.36	
			MDF1WPC-6158	20/10/2010	WPC	5,468	204	3.74	
			MD7056-7673	2/10/2010	EPN	4,777	105	2.20	
			MD6444-6764	10/09/2010	WPN	6,766	203	3.00	
			MD-WPN-7670A	15/07/2010	WPN	36,649	1,517	4.14	
			MD-VEPS-07ULM	3/07/2010	EPS	1,596	53	3.32	
			MD-VEPS-07	10/06/2010	EPS	3,911	247	6.32	
			MD8863-9491	31/05/2010	EPS	5,253	113	2.15	
			MD-VWPN-01	9/05/2010	WPN	4,519	184	4.07	
			MD-VWPC-04	8/05/2010	WPC	4,483	206	4.61	
			MD7669-7976	24/04/2010	WPN	4,882	193	3.96	
			MD7609-8279	26/11/2009	EPN	6,334	143	2.26	
			MD-WPS-6433-7064	24/11/2009	WPS	17,813	698	3.92	
			MD-WPS-7673A	9/11/2009	WPS	21,359	967	4.53	
			MD4607-5249	4/11/2009	EPS	5,279	373	7.07	
			MD7644-8279	19/10/2009	WPS	7,635	201	2.63	
			MD7669-8279	15/10/2009	WPN	5,856	270	4.61	
			MD-EPS-5552A	12/10/2009	EPS	14,201	973	6.85	
			MD5208-5855	7/10/2009	EPS	4,325	192	4.43	
			GC8262-8885	9/09/2009	WPN	4,385	236	5.38	
			MD-WPC-8582A	8/08/2009	WPC	20,045	1,041	5.19	
			MD6419-6764	1/08/2009	EPS	4,003	262	6.55	
			MD7038-7370	25/06/2009	EPS	3,952	208	5.27	
			MD7033-7370	23/06/2009	EPS	4,013	151	3.76	
			MD7043-7673	21/06/2009	EPS	3,923	92	2.34	
			MD-WPC-8885A	17/06/2009	WPC	4,106	213	5.18	
			MD7041-7370	6/06/2009	EPS	3,281	135	4.12	
			MD7010-7370	31/05/2009	EPN	4,100	218	5.32	
			MD8853-9188	23/05/2009	WPN	4,960	215	4.33	

Criteria	Commentary

		MD7630-7976	6/05/2009	EPS	2,428	43	1.79
		MD7638-8279	22/04/2009	EPS	4,435	208	4.68
		MD7626-7976	16/04/2009	EPS	5,039	222	4.40
		MD7610-8279	4/04/2009	EPN	2,099	62	2.97
		MD7622-8279	2/04/2009	EPN	4,925	210	4.27
		MD7621-8279	27/03/2009	EPN	2,150	48	2.24
		MD8268-8582	23/03/2009	EPS	10,724	492	4.59
Total/Wt. Avg.					**614,014**	**23,768**	**3.87**

E4 & E4 Satellite

The E4 grade sample database consists of a collection of surface sample results (bulk sample pits and trenches), as well various types of Auger and Large Diameter Drill holes collected prior to the purchase of KDC by Gem Diamonds. Most of these pre-Gem era samples were collected by the Ashton-Rio Tinto Joint Venture (AJV), prior to the acquisition of Ellendale by KDC, whilst the balance were collected by KDC. These older samples have been supplemented by Bauer Large Diameter Auger (LDA) samples, collected by KDC.

Very few details other than the general sample collection method are known for most of the older (AJV) samples. Various auger tools were used for the AJV auger samples, but a Wirth tool appears to have been often used. It is assumed that most of the bulk pit and trench samples (both AJV and KDC) were excavated using regular earthmoving machinery (e.g. a back-acting excavator) as these samples are situated on or very close to the natural land surface and the vast majority of them therefore sample the REG lithology.

The Bauer samples were collected using the Bauer BG36 tool, which employed either 1.5m or 2.5m diameter auger buckets. The sample material was placed in a three-sided metal box adjacent to the hole before being picked up by a front-end loader and placed in an ADT. The ADT then trammed these samples to the Blina plant area, where they were placed on a sterilised pad to await treatment.

Low Grade Stockpiles

The LG2 low grade stockpile grade has been calculated based on the average production grade from production records during September 2013, where 432,642 tonnes of the low grade dump were treated through the production plant.

The grade of the LG1 low grade stockpile has been made by using 50% of the average mined grade prior to 2010 based on the existing assigned resource grade of 5 cpht. This is a low confidence estimate due to the lack of accurate depletion data prior to 2010.

Lites Stockpiles

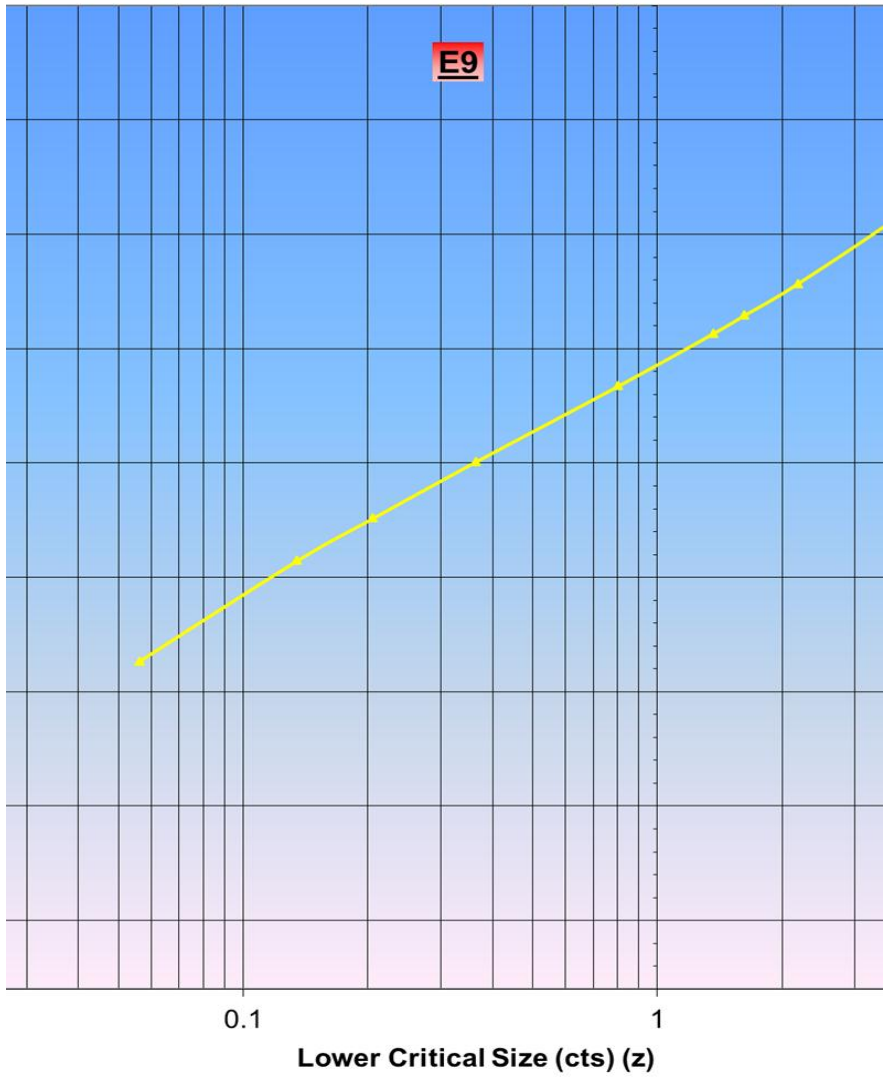
The lites dumps were sampled with 7 samples taken over the 3 separate dumps. The sample locations were chosen to try and sample as many of the

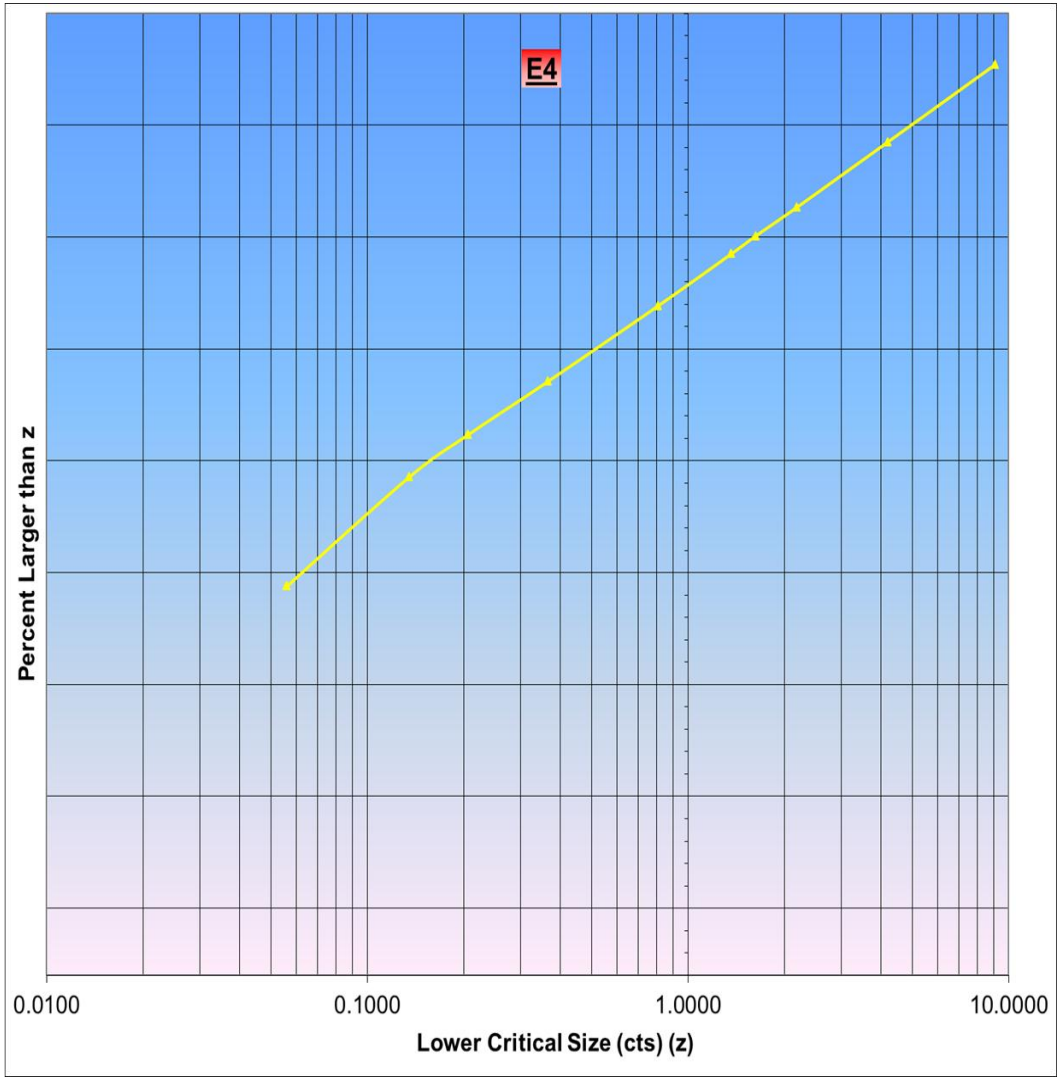
Criteria	Commentary
	different time zones within the dumps as possible, however due to the practicalities of taking the samples they had to be taken around the edges of the dumps, which meant they were not entirely spatially representative of the dump as a whole. Each sample was excavated using a PC600 excavator from pegged out sample site on the respective dumps and loaded into Komatsu 785 dump trucks. The material was then transported to marked out areas on the ROM and stored until treatment. The exceptions to this are the two Sound barrier dump samples, which were transported using ADT's. Due to the proximity to the plant feed bins, the material could be directly tipped into the feed bins and thus double handling was eliminated. The samples were treated using normal production treatment parameters. However all +14mm material reporting to the oversize stream was captured off conveyor CV20 and loaded to a separate stockpile for re-crushing. On completion of the sample – either by treating the entire sample available, or a time limit being reached, the surge bins were run down to depletion, and the concentrate collected and transported to recovery. The concentrate was then treated through recovery separately to normal production with care taken to avoid contamination. The recovered diamonds were cleaned weighed and screened, then dispatched to Perth for valuation. The oversize material was transported to the KDC rolls crusher and fed through with a nominal rolls gap of 12mm. The crushed product was then returned to the ROM and fed through the Jacques circuit. The concentrate was again kept separate and treated through recovery. Again the diamonds were weighed and valued separately to allow assessment of the value of the re-crush process.
Sample treatment	**E9** Surface bulk samples from discrete lithological facies were transported to the E9 plant as a single source feed. Sample material was run through the plant for 30 minutes prior to the concentrate bins being changed and the start of the sample recorded, in order to minimize contamination. The sample was then run until the tonnage target was achieved. The concentrate was processed separately at the final recovery plant, and valued as a discreet parcel in Perth. Samples are carried out through the main production facility at Ellendale, with a bottom deck screen cut off of 1.5mm and a top deck screen cut off of 14mm. The production plant consists of 2 primary crushing units feeding to 3 scrubbers, feeding to 3 dense media separation (DMS) units. The concentrate produced from the DMS units is transferred to a final recovery where the concentrate is screened into 2 size fractions +3mm and -3mm and then processed through 3 Flowsort units. The -3mm Flowsort concentrate is then put through an attritioner before being hand sorted and the +3mm

Criteria	Commentary
	concentrate goes straight to being hand sorted. The hand sort is carried out within a glove box. The diamonds recovered are weighed within the glove box before being taken to be acidized and cleaned. The cleaned stones are then sieved, counted and weighed. **E4 & E4 Satellite** Detailed information about the treatment of the AJV samples is unavailable. The Blina sample plants were used to process the E4 2008 Bauer (LDA) samples. These plants were designed to recover diamonds in the 1.2 to 14mm size range. The plants did not have crushing capability and trommel and grizzly oversize was weighed and considered not to have been processed. Samples were weighed using a weightometer fitted to the front-end loader that fed the plants. The top screen size was enforced by a scrubber/trommel with square 19mm mesh. There is no crushing circuit in any of the Blina sampling plants, with the scrubber/trommel being relied upon for comminution. Oversize ejected from the scrubber/trommel is weighed and this mass is accounted for in the sample grade calculation. Concentration is by conventional DMS and wet X-Ray (Flowsort) methods. Micro diamond samples for the 2011 exploration drilling were sent to Geoanalytical Laboratories Saskatchewan Research Council in Canada, an internationally accredited (ISO17025) laboratory specialising in microdiamond analysis. Pre 2008, microdiamond samples were assayed at Kimberley Diamond Company's own in house Microdiamond laboratory. This facility used heavy liquid separation. Concentrates are obtained by using a series of heavy liquids – Tetrabromoethane (TBE) and Methylene Iodide which are followed by HCl washing and Sodium Peroxide fusion. Diamonds were picked from the concentrate using a mineralogical microscope. **Lites Stockpiles** The Lites samples were treated using normal production treatment parameters. However all +14mm material reporting to the oversize stream was captured off conveyor CV20 and loaded to a separate stockpile for re-crushing. On completion of the sample – either by treating the entire sample available, or a time limit being reached, the surge bins were run down to depletion, and the concentrate collected and transported to recovery. The concentrate was then treated through recovery separately to normal production with care taken to avoid contamination. The recovered diamonds were cleaned weighed and screened, then dispatched to Perth for valuation. The oversize material was transported to a rolls crusher and crushed with a nominal rolls gap of 12mm.

Criteria	Commentary
	The crushed product was then returned to the ROM and treated through the Jacques circuit. The concentrate was again kept separate and treated through recovery. The diamonds were weighed and valued separately to allow assessment of the value of the re-crush process. **Low Grade Stockpiles** The low grade material was treated through the E9 production plant in full production mode, continuously over the course of approximately 35 days.
Carat	One fifth (0.2) of a gram (often defined as a metric carat or MC).
Sample grade	All resource and sample grades are expressed as carats per hundred tonnes (cpht). No adjustment is made for moisture content within the samples.
Reporting of Exploration Results	Recent exploration has been limited to E9, E4 and E4 Satellite so all data is presented elsewhere in the Table 1.
Grade estimation for reporting Mineral Resources and Ore Reserves	**E9** The bulk samples are separated into their appropriate pit zones and a zonal average grade is calculated for input into the resource model. Each sample within a given pit zone is proportionally split based on its vertical distance from the current mining surface RL. West pit and Far East pit zones are calculated using a 2% proportional reduction of each sample per metre, so that any sample more than 50m from the current pit surface, has no influence on the calculated resource grade and the most proximal samples have the most influence. East pit zones use a 1.33% proportional reduction per metre, so that samples more than 75m from the current pit surface have no influence on the resource grade. The reason for the extended influence in East pit is due to the pit being closer to the end of its mine life, thus the pit is much narrower and is deepening much faster. Therefore in order to keep enough grade samples to calculate a resource grade, the field of influence was increased. **E4** Close to surface, the coverage of the grade sample data available for E4 is relatively good, being sometimes on a 25m regular grid, or in the form of long trenches. However, the coverage deteriorates fairly rapidly with depth, with the exception of zone 1 and specially zone 22, where a number of drillholes (both Bauer LDA and historical LDD) do penetrate to depth (on about a 100m grid). Due to the wide spacing and irregular sample sizes, Mixed Support Kriging has been used to estimate the resource for E4 constrained by major lithological boundaries.

Criteria	Commentary
	E4 Satellite The E4 Satellite estimate was conducted by the Mineral Resource Superintendent using Ordinary Kriging on a dataset of Bauer and Wirth Drill samples combined with trench and bulk samples, constrained by major lithological boundaries. **Lites Stockpiles** The estimation of the lites dump has been based on an average sample grade weighted by sample size for each of the separate dumps. **Low Grade Stockpiles** The grade estimate of the LG2 low grade stockpile has been derived from the average actual production results between 6th Sept and 11th October 2013. The grade of the LG1 low grade stockpile has been made by using 50% of the average mined grade prior to 2010 based on the existing assigned resource grade of 5 cpht. This is a low confidence estimate due to the lack of accurate depletion data prior to 2010.
Value estimation	All valuations used in the calculation of resource values are of diamonds recovered from the grade samples processed through the production plants. All valuations are done to the "220 price book", which is a standardised price book of Ellendale production based around end of 2008 prices. The final calculated zone values are then adjusted to current market prices. Ellendale production is split into Tiffany Quality (TQ) diamonds and Commercial Goods (CG) diamonds, as a contract agreement exists with Tiffany and Co for KDC to exclusively sell diamonds of specific quality, colour and size to them at an agreed price. All CG diamonds are sold separately by electronic auction. Due to the Ellendale production being split into TQ stones and CG stones, each portion within the grade samples are valued separately, so that the appropriate market increase can be applied and the most accurate valuation can be achieved. All valuations are carried out by IDV, which is a contracted company working for KDC to value and sell Ellendale diamond production. The final zone valuations are calculated by grouping all samples together within each pit zone and averaging out the value of the total recovered diamonds, to achieve a diamond value for TQ and CG stones for each zone. The current market conditions relative to the 220PB are then applied to the TQ and CG value separately, as they are often different due to the Tiffany uptake agreement. The final total value for each zone is then divided by the total carats to give an overall average $/carat for each zone.

Criteria	Commentary
	 **Figure 16. E9 Size Frequency Distribution**

Criteria	Commentary
	 **Figure 17. E4 Size Frequency Distribution**

Criteria	Commentary
Security and integrity	All bulk samples are treated through the main production plant and final recovery, thus are processed under the same level of security as normal production. All samples are processed using a flush period of sample material prior to the start of the sample and distinct start and finish time, so that DMS concentrate can be collected discretely from normal production. All samples are processed separate from normal production through the final recovery Flowsort machines and are then hand sorted separately. Although processing through a production plant is not ideal and there is a risk of contamination of the sample with diamonds hung up within the plant, as it is not possible to completely clean out the processing plant before each sample. Due to the size of the samples being processed the effect of this contamination on the final result is thought to be minimal and well within reasonable error margins. All diamond acidisation is carried out on site, along with the final sieving, weighing and photographing of the diamonds recovered from each sample. Each diamond sample is packaged and sealed separately from normal ROM production, so that the diamonds are kept separate during transport from the mine to the valuation office in Perth. All diamond transport is carried out by a contracted security company between the mine and the Perth valuation office. All diamonds are weighed in at Perth and reconciled with the recorded weights on site, to make sure no diamond losses have occurred. Once each sample has been valued in Perth by IDV, the diamonds are combined with production for sale, except for exploration and other special samples which are retained. All processing and valuation of diamonds is carried out in secure areas, with multiple 24 hour camera observation. At any time on site when direct interaction of personnel with diamonds or high grade concentrate or in areas where they can be found is needed, then trained security personnel are always present.

Criteria	Commentary
Classification	E4 and E9 diamond value estimations have resulted in an Indicated classification, due to: • Predicted values being formulated from accumulated diamond samples of more than 1,000 carats for each deposit and zone, which is recognised as being representative of run of mine production at Ellendale. • Predicted values plotting consistently within a 10% error margin of run of mine actual production values. • Diamond values remaining consistent within all separate resource deposits and zones relative to the "220 price book", over the history of the mine. • Sample diamond values being provided by IDV, using the same categories and processes used to value Ellendale's normal production. E4 Satellite diamond value estimations have resulted in an Inferred classification, due to: • The valuation being carried out on less than 1,000 carats. • Discrete diamonds from the deposit having never been sold at auction. • Diamonds recovered not being representative of the total resource.