

Kimberley Diamonds Ltd
ACN 150 737 563
Level 39 Australia Square Tower
264-278 George Street
Sydney NSW 2000

ASX:KDL
T: 61 2 8243 7500
F: 61 2 8243 7599
www.kdl.com.au

HIGHLIGHTS

CORPORATE

- Acceptance into the Western Australian Department of Mines and Petroleum (“DMP”) Mining Rehabilitations Fund;
- Retirement of \$12.2 million environmental bond;
- Early Repayment of \$10.7 million existing loan to Gem Diamonds Ltd;
- Acquisition of eDiamond Belgium BVBA;
- Binding Heads of Agreement executed to acquire Mantle Diamonds Ltd, including Mantle’s wholly-owned Lerala Diamond Mine in Botswana; and
- Maiden dividend payment announced.

OPERATIONAL

- KDC recovered 30,215 carats during the quarter at an average grade of 2.70 carats per hundred tonnes (“cpht”). This compares to 41,680 carats recovered at an average grade of 3.72 cpht during Q1 2013;
- KDC sold 34,384 carats at a total sales value of US\$19.8 million. This compares to 41,239 carats sold in Q1 2013 at a total sales value of US\$25.5 million;
- KDC’s average cash cost of recovery for the quarter was A\$455 per carat. This compares to an average cash cost of A\$613 per carat during the same quarter in FY 2013;
- In Q1 2014, Sales Revenue of A\$21.3 million, EBITDA of -A\$1.3 million and net cash flow from operating activities of A\$6.6 million was achieved on a consolidated basis;
- Cash position of A\$4.1 million at quarter end varied from the Company’s previous forecast, as a result of the delayed receipt of \$4.6 million in diamond sale proceeds (received in October), in addition to exploration and evaluation project expenditures that were not included in the June forecast;
- Previously announced slip of the pit wall in the E9 West pit was successfully buttressed during the period;
- Following the slippage to the E9 Pit wall on 26 June 2013, mining operations at the Pit were suspended for safety precautions. Production has since continued from the Run of Mine stockpiles available, moving into the previously mined above ground stockpiles in August 2013. The Company will review the timing to resume mining at the E9 West Pit in Q4 2014.

OVERVIEW

Kimberley Diamonds Ltd (“KDL”) (**ASX:KDL**) is the owner of Kimberley Diamond Company NL (“KDC”), owner and operator of the Ellendale Diamond Project (“Ellendale”) in the West Kimberley region of Western Australia.

The Ellendale Mining Lease, M 04/372, covering 123 km², is located approximately 120 km south east of Derby.

The Ellendale Mine produces predominantly gem and near-gem quality diamonds, and is the world’s leading source of rare fancy yellow diamonds, contributing an estimated 50% of the global supply.

Ellendale mines diamond-bearing lamproite pipes. Like the better-known kimberlite, lamproite is an unusual magma type that originates within the upper mantle, at depths exceeding 150 km. The lamproite magma entrains diamonds as it ascends through a diamond-bearing zone in the upper mantle, before erupting at the surface.

The operation currently extracts and processes ore from its E9 lamproite pipe and surface stockpiles. Mining of a second pipe, E4, began in 2006 but was discontinued in 2009 during the Global Financial Crisis. 47 additional lamproite pipes occur within the Ellendale Mining Lease. Several of these lamproites offer exploration and developmental potential, which KDL is currently allocating resources and capital to for evaluation.

Ellendale prides itself on its excellent safety track record, and is a fatality-free site. The Company is actively involved with the local community surrounding the Mine, and continually seeks opportunities to employ its members, as well as engage in community-enriching initiatives.

KDL additionally has interests in a portfolio of tenements prospective for gold and copper-gold in New South Wales, the Northern Territory and Western Australia.

RETIREMENT OF ENVIRONMENTAL BOND

In July, KDC was accepted into the Western Australian Department of Mines and Petroleum (“DMP”) Mining Rehabilitation Fund (“MRF”), allowing for the immediate retirement of its cash backed \$12.2 million environmental bond.

EARLY REPAYMENT OF LOAN TO GEM

Proceeds from the bond’s return were used to repay the remaining \$10.7 million dollar loan previously provided by Gem Diamonds Limited (LSE:GEM) (“Gem”), thereby settling all accounts between Gem and the KDL group of companies. This early repayment enables the Company to optimally manage its investment in developmental and rehabilitation activities from operational cash flows.

ACQUISITION OF eDIAMOND BELGIUM

In July, the Company acquired eDiamond Belgium BVBA, the Belgian subsidiary of online rough diamond network and trading platform, eDiamond International Limited (“eDiamond”). KDL now has the ability to conduct its commercial goods sales through an already established proprietary office in Antwerp – the traditional centre for diamond marketing worldwide. This step gives the Company greater control over its distribution channels, with the aim of improving pricing structures and maximising gains. The new Belgian subsidiary will be able to integrate eDiamond’s established sales and marketing platform and capabilities into its processes.

SETTLEMENT OF DISPUTE WITH BLINA

In August, KDL announced settlement of the dispute between KDC and Blina Minerals NL (“Blina”) (ASX:BDI), finalising the joint venture and other commercial arrangements between the two companies.

KDL remains a substantial shareholder of Blina.

ACQUISITION OF MANTLE DIAMONDS

In September, KDL executed a binding Heads of Agreement to acquire 100% of the equity in Mantle Diamonds Ltd (“Mantle”) including Mantle’s wholly-owned Lerala Diamond Mine (“Lerala”) in Botswana. The acquisition represents an excellent medium-term development opportunity for the Company, as well as an important step to fulfil KDL’s growth ambitions of becoming a mid-tier diamond producer.

Under the terms of the agreement, the Company will issue a total of 13,566,317 new ordinary shares to Mantle shareholders. The agreement is conditional upon KDL undertaking final due diligence and Mantle undertaking a capital restructuring. The Company aims to complete the transaction by the end of Q2 2014.

Lerala Diamond Mine

Lerala is situated 50km due west of the Martin’s Drift Border with South Africa in east Botswana. The mine comprises a cluster of five diamondiferous kimberlite pipes totalling 6.66 hectares in size, together with a 230 tonnes per hour processing and recovery facility.

Lerala has a 15-year fully permitted mining license covering an area of 21.86 km².

The estimated remaining total Indicated Resource at Lerala is 12.18 Mt at 25.32 cpht (Table 1), including Probable Reserves of 8.38 Mt at 29.68 cpht (Table 2).

Table 1: Indicated Resources (Inclusive of Reserves)

Source	Volume (Mm3)	Tonnes (Mt)	Grade* (cpht)	Carats
K002	1.61	4.24	24.13	1,023,000
K003	1.73	4.63	26.50	1,227,000
K004	0.54	1.43	31.09	445,000
K005	0.62	1.63	20.63	336,000
K006	0.09	0.25	30.98	77,000
Resources	4.59	12.18	25.52	3,108,000

*Cut-off +1mm

Table 2: Probable Reserves

Source	Volume (Mm3)	Ore Tonnes (Mt)	Grade (cpht)	Strip Ratio	Carats
K002	1.01	2.63	29.29	1.98	770,000
K003	1.14	3.05	34.20	1.48	1,043,000
K004	0.43	1.12	30.30	2.08	339,000
K005	0.60	1.58	21.14	1.98	334,000
Reserves	3.18	8.38	29.68	1.81	2,486,000

Probable Reserves are calculated using a diamond price of US\$ 55/ct. This equates to an economic cut-off grade of ~20 cpht

Prior to mining, Mantle undertook a substantial refurbishment of the plant and equipment, focusing on critical engineering modifications to optimise processing and security. To date, DiamonEx and Mantle have together invested in excess of US\$25 million in establishing the plant, mine and infrastructure at Lerala.

Following the completion of engineering improvements designed to further enhance recovery and reduce operating costs, the plant will be ready for re-commissioning. Upgrades that will receive priority subsequent to the completion of the transaction include:

- Purchase of a new diamond sorter to replace out-dated technology and improve recovery;
- Purchase of an optical waste sorter to improve the throughput capacity of the plant; and
- Replacement of the plant's diesel power generators with a link to Botswana's national power grid.

Upon successful completion of the acquisition, KDL aims to restart mining at Lerala in 2014 and is targeting a production rate of >400,000 carats per year.

Exploration Projects

Upon successful completion of the transaction, KDL will also acquire Mantle's portfolio of diamond exploration projects in Finland and Canada, in addition to the Lerala Mine.

MAIDEN DIVIDEND PAYMENT

Subsequent to the end of the quarter, KDL's Board of Directors resolved to declare a maiden dividend of 2 cents unfranked per fully paid ordinary share to KDL shareholders. The dividend was paid on 21 October 2013.

**Kimberley Diamond Company
OPERATIONS**

Following a routine blast in the E9 open pit on 26 June 2013, some slippage of the pit wall occurred beneath the main access ramp. As a result, mining operations in the pit were provisionally suspended.

Production has since continued from the Run of Mine ore on the surface stockpiles.

Subsequent to the construction of a toe buttress in July, it was determined that further work was required to ensure the long-term stability and safety of the pit wall. Construction of the full buttress was completed in October 2013.

Given the proximity to the routine cessation of mining in December for the upcoming wet season, commencement of mining at the E9 West Pit has been postponed till Q4 2014. The decision was reached with consideration of the imminent expiry of the existing mining contract, in addition to the availability of circa 4 Mt of above ground stockpiles available for processing. Production will continue from these stockpiles until the determination to recommence mining at E9 is Q4 2014.

Following the decision not to recommence mining, certain pieces of the mining fleet have been demobilised. The mining and crusher feed contract with Mining and Civil's Australia was terminated, and a tender process initiated for a new Load, Haul and Crusher Feed contract. The outcome of the tender process has resulted in substantial savings both from the reduction in mining activities and improvement in operating rates negotiated. As a further cost rationalisation initiative, 25 positions across various departments within the organisation were made redundant, resulting in an estimated annualised cost saving of \$945,000. Additional cost rationalisation opportunities are being targeted across corporate and operational overheads.

Based on a review of FY2014 budget and current market conditions, the Company does not foresee any material changes to the EBITDA and cash flow forecasts previously released to the market in July 2013. The Company will provide an updated financial forecast for FY2014 in November.

	Q1 2014	Q1 2013	Variance
Waste stripped (tonnes)	69,111	1,886,880	(96%)
LG mined (tonnes)	1,514	213,441	(99%)
Ore mined (tonnes)	14,254	1,359,853	(99%)
Ore treated (tonnes)	1,118,960	1,119,865	0%
Carats recovered	30,215	41,680	(28%)
Grade (cpht)	2.70	3.72	(27%)

Note Q1 2013 results pertain to Gem Diamonds Ltd

The amount of waste stripped, low grade and ore mined were lower in Q1 2014 compared to Q1 2013, largely due to the suspension of mining in the E9 West Pit at the end of June. The small amount of material mined during the quarter originated from the E9 Far East Pit (“FEP”).

The pit wall where the slip occurred was successfully buttressed during the quarter using waste rock from within the pit and surface dumps. The access ramp has now been declared safe for single lane access. This not expected to have a significant impact on future mining activities.

Recovered carats and grade were 28% and 27% lower than those from the comparative quarter of 2013. Subsequent to the pit wall slip, KDC completed the treatment of its recently mined ore stockpiles. From mid-August the operation began treating its surface lower grade stockpiles. Additionally, five other E9 coarse tailings (“lites”) samples were also treated during the quarter, further impacting the recovered grade.

KDC continues to consistently produce high value fancy yellow diamonds. Of the carats produced during the period, 9.6% were fancy yellow diamonds that qualify for sale under a Life of Mine off-take agreement to Laurelton Diamonds Inc. (“Laurelton”), the diamond sourcing and manufacturing subsidiary of the world’s premier jeweller, Tiffany & Co. This is consistent with the historical recoveries.

Ellendale continued through the quarter without a Lost Time Injury (“LTI”) occurrence. The operation stands 464 days LTI-free at 30 September 2013. Additionally there were zero significant safety and environmental legal non-compliance incidents during the quarter. The Department of Mines and Petroleum inspectors conducted a Safety Quarry Systems Audit at Ellendale in September, and the Mine performed well against all audit criteria.

SALES RESULTS

	Q1 2014	Q1 2013	% Change
Carats sold	34,384	41,239	(17%)
Sales value (US\$)	19,783,441	25,490,008	(22%)
Achieved US\$/carat	575	618	(7%)

Q1 2013 results pertain to Gem Diamonds Ltd

The reduced carats recovered and sold are a direct result of the treatment of the low grade ore stockpiles following the slip to the pit wall. The average price this quarter was reflective of the current market conditions and the differing source and mix of ore.

During the quarter, Ellendale's qualifying fancy yellow diamonds, sold under the Life of Mine off-take agreement with Laurelton, comprised 8% of total carats sold and accounted for approximately 73% of KDL's revenue.

The remaining rough production is sold in our offices utilising an online electronic auction platform based in Antwerp, Belgium.

FINANCIALS

Quarterly Unaudited Earnings Results in A\$ (consolidated)

	Q1 2014	June Guidance
Sales of diamonds	\$21,254,868	\$22,374,608
Operating costs	(\$22,840,535)	(\$24,946,889)
Operating profit	(\$1,585,667)	(\$2,572,281)
FX, hedging, other income	\$336,139	-
EBITDA	(\$1,249,528)	(\$2,572,281)

Unit Production Cost in A\$ (KDC)

	Q1 2014	Q1 2013
Cash cost per carat recovered	455	613
Total cost per carat recovered	655	404
EBITDA per carat	(36)	156

Cash costs and total costs exclude corporate costs; Q1 2013 results pertain to Gem Diamonds Ltd

Cash cost per carat recovered decreased to A\$455 per carat in the September quarter in comparison to A\$613 per carat for the corresponding period in 2013. This variance is primarily the result of the cessation of in-pit mining activities following the slip to the pit wall and the treatment of surface stockpiles and "lites" samples. Total cost per carat recovered increased to A\$655 as a result of processing the lower grade ore stockpiles. Whilst mining costs have been reduced due to the cessation of in-pit mining, certain fixed costs elements within the cost base have been carried over lower carat production.

Summary Cash Flow in September Quarter

	A\$000 (Consolidated)
Cash flow related to operating activities	6,632
Cash flow related to investment activities	(630)
Cash flow related to financing activities	(10,751)
Net decrease in cash held	(4,749)
Cash at beginning of quarter	8,830
Exchange rate adjustments	(18)
Cash at end of quarter	4,063

KDL's cash position of \$4.1 million at 30 September 2013, was impacted by a number of factors. Cash on hand was negatively impacted by the delayed receipt of diamond sale proceeds scheduled for end of September but received in early October. Additional factors included the construction of the toe buttress to support the pit slope failure at the E9 West Pit, as well as exploration and evaluation expenditures incurred through the acceleration of Ellendale's exploration program. The exploration activities listed below, were originally planned for Q2 and Q3 2014 but were progressed ahead of schedule, incurring total overall costs of \$2.8 million.

ELLENDALE EXPLORATION PROGRAM

E9 Far East Pit Drilling

During the quarter, 11 Reverse Circulation ("RC") holes totalling 648 metres were drilled in the FEP to improve lithological definition. Samples have been submitted for microdiamond analysis with results expected in December.

E6 Drilling

At E6, 16 RC holes totalling 960 metres, as well as one 50 metre core hole, were drilled to delineate a zone of tuffaceous lamproite suitable for bulk sampling. Samples have been submitted for microdiamond analysis with results expected in December 2013. Results will be used to determine the incidence and location of any future bulk samples.

E9 Geotechnical Drilling

At E9, five geotechnical holes totalling 494 metres were drilled to acquire geotechnical data to inform pit design at the northern end of the West Pit.

ELLENDALE BULK SAMPLING

Coarse Tailings Sampling

During the quarter, five coarse tailings samples from the E9 Plant lites dumps were treated, with results currently being evaluated.

E4 Satellite

A bulk sample of approximately 20,000 tonnes was mined from the E4 Satellite pipe, primarily to improve the diamond revenue information relating to this pipe. The sample will be road-hauled to the E9 East Plant for treatment in November.

COPPER-GOLD EXPLORATION PROGRAMMES

New Copper-gold Project

KDL intends to build a copper-gold production business parallel to its diamond production business. Accordingly, we are seeking to acquire a majority or outright share in a substantial copper-gold resource. During the quarter, several potential candidates were identified and early-stage evaluations completed. Discussions and negotiations were conducted with a number of parties.

Calarie copper-gold project, near Forbes, central NSW (KDL earning 75%)

The second of two diamond drill holes was completed at the historic Lachlan gold mine, where KDL established a new JORC-compliant shallow gold resource in March 2012. Holes GLM001 and GLM002 targeted the depth continuation of the previously-mined, high-grade orebody below the old mine workings.

Drill hole parameters are provided in Appendix 1. Drill hole pierce point locations are shown in Figure 1. Significant (> 1 g/t gold) assay results are summarised in Table 2.

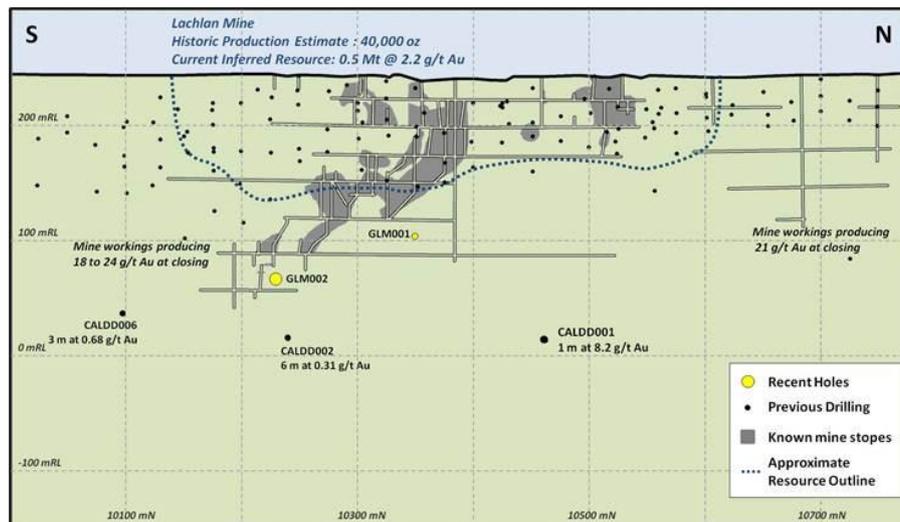


Figure 1: Long-section of the historic Lachlan gold mine showing location of previous workings (grey), previous drill intercepts through the Lachlan Lode (black) and recent drill hole intercepts (yellow).

Table 2: Calarie drill hole parameters

Hole ID	mE GDA94	mN GDA94	mRL AHD	Dip degrees	Azimuth degrees (magnetic)	Length (m)
GLM001	594,671	6,310,214	243	-56	110	238.6
GLM002	594,650	6,310,081	243	-55.8	110	236.3

Table 3: Significant assay result summary for drill holes GLM001 and GLM002.

	From (m)	To (m)	Interval (m)	True Width (m)	Grade (g Au/t)
GLM001	No significant (>1 g/t gold) assay results				
GLM002	203.6	205.4	1.80	1.48	6.17
GLM002	209.8	211.65	1.85	1.52	2.58

Note: Samples comprised half of the NQ3 core, sawn along a consistent orientation line. The assays for GLM002 were completed by ALS using Screened Fire Assay / AAS. The reported intervals were selected using a cut-off grade of 1 g/t gold.

Hole GLM001 targeted the lode position down-dip of the old mine stopes and intersected only 0.6 m of siliceous lode (202.75 - 203.35 m), which assayed 0.6 m at 0.72 g/t gold.

Hole GLM002 targeted the lode position down-plunge of the old mine stopes and intersected 6.9 m (true width 5.6 m) of siliceous lode at 203.6 0 - 210.5 m. This lode width compares favourably with widths of 5 m and 10 m reported within the mine during its operation. The siliceous lode and adjacent

pyritic rock contained two gold-bearing zones: **1.8 m at 6.17 g/t gold** (203.6 - 205.4 m) and **1.85 m at 2.58 g/t gold** (209.8 – 211.65 m). At 213.8 m, the hole intersected an old mine void of 2.5 m width, probably an exploration drive, that may have removed additional gold-bearing material.

Together, these new intercepts confirm that the Lachlan high-grade lode continues downwards, as a south-plunging ore shoot, beyond the bottom of the old mine stopes. Additional drilling will be required to outline the extent of this zone. In addition, other zones of high-grade mineralisation are evident from the presence of old mine workings north of the Lachlan mine and the isolated intercept of 1 m at 8.2 g/t gold in drill hole CALDD001 (Figure 1).

Tenement Interests disposed of by KDL during the quarter

PROJECT	TENEMENT	LOCATION
West Wyalong	EL7827	NSW, Australia
West Wyalong	EL7828	NSW, Australia
Garland	EL7812	NSW, Australia
Wilga Downs ²	EL7810	NSW, Australia

Tenement Interests retained by KDL

PROJECT	TENEMENT	LOCATION
Diamond Projects		
Ellendale	M04/372	WA, Australia
Yarrowitch ²	EL7972	NSW, Australia
Yarrowitch	ELA4807	NSW, Australia
Lachlan Fold Belt Projects		
Calarie ¹	EL7023	NSW, Australia
Calarie ¹	ML739	NSW, Australia
Calarie	EL8007	NSW, Australia
Yeoval ^{2,3}	EL6311	NSW, Australia
Yeoval ^{2,3}	ML811	NSW, Australia
Boomey	EL6567	NSW, Australia
Boomey	ELA4334	NSW, Australia
North Parkes East	EL7994	NSW, Australia
North Parkes East	EL7995	NSW, Australia
Biscay	EL7889	NSW, Australia

Tenement Interests retained by KDL continued

Other Projects		
South Tanami	EL28787	NT, Australia
Troy Creek ²	E69/2903	WA, Australia
Troy Creek ²	E69/2904	WA, Australia
Troy Creek ^{2,4}	E69/2905	WA, Australia
Troy Creek ²	E69/2921	WA, Australia
Troy Creek ^{2,4}	P69/45-I	WA, Australia
Troy Creek ^{2,4}	E69/1729-I	WA, Australia
Troy Creek ^{2,4}	E69/2357-I	WA, Australia
Troy Creek ^{2,4}	E69/2358-I	WA, Australia
Troy Creek ^{2,4}	E69/2869	WA, Australia
Troy Creek ^{2,4}	E69/2870	WA, Australia
Troy Creek ^{2,4}	E69/2485	WA, Australia

COMMERCIAL AGREEMENTS

1. FARM-IN AGREEMENT – CALARIE PROJECT

TriAusMin Limited ACN 062 002 475 and Tri Origin Mining Pty Ltd ACN 115 529 112, as collective Farmers of the Calarie tenements ML739 and EL7023, and the farmee Goodrich, entered into a farmin agreement on 2 August 2011 permitting Goodrich to explore for minerals on the tenements.

Pursuant to the agreement, Goodrich continues to qualify to earn the Acquisition Interest of 75% of the tenements.

2. INTEREST IN ZODIAC RESOURCES PTY LTD

KDL holds a 58% interest in Zodiac Resources Pty Ltd.

3. FARM-IN AGREEMENT – YEOVAL PROJECT

Augur Resources Ltd ACN 106 879 690, as farmor of the Yeoval tenements ML811 and EL6311, and the farmee Zodiac Resources, entered into a farmin agreement on 31 March 2011 permitting Zodiac to explore for minerals on the tenements.

A Deed of Amendment agreement, signed 11 May 2012, amended the earn-in conditions between the parties. Pursuant to this agreement, Zodiac now has a 75% interest in the tenements.

FARM-IN AGREEMENT AND JOINT VENTURE AGREEMENT – TROY CREEK PROJECT

Empire Resources Limited ACN 092 471 513 and Adrian Martin Lambert JESSUP, as joint farmers of the Troy Creek tenements E69/1729, E69/2357-58, P69/45, E69/2485, and E69/2869-70, and the farmee Zodiac Resources, entered into a Farmin agreement on 10 December 2010 permitting Zodiac to explore for minerals on the tenements.

Pursuant to the agreement, Zodiac holds a 55% interest in the tenements subject to meeting qualifying expenditure commitments.

For further information please contact:

Alex Alexander

Chairman

Kimberley Diamonds Limited

T: +61 2 8243 7501

E: alex@kdl.com.au

Lee-Anne de Bruin

Managing Director

Kimberley Diamonds Limited

T: +61 8 9426 9899

E: leeanne.debruin@kdl.com.au

Lerala Mineral Resources and Ore Reserves

The information in this report that relates to the Lerala Mineral Resources and Ore Reserves are based on information compiled by Mr Michael Brennan, a Competent Person who is a member of the South African Institute of Mining and Metallurgy. Mr Brennan is a full-time employee of Mantle Diamonds Limited. Mr Brennan 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Brennan consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Lachlan Mine Inferred Resource

The information pertaining to the existing Inferred Mineral Resource is extracted from the report titled "Maiden JORC Resource estimate for the Lachlan Mine Inferred Deposit" created by Kimberley Diamonds Ltd on 6 March 2012 under JORC 2004 and is 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 and confirms that 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.

*The information pertaining to historic mine production data from the Lachlan Mine is adapted from Andrews, E.C., 1910: *The Forbes-Parkes Gold-Field*. Geological Survey of New South Wales, Mineral Resources 13, 109pp. This document is available to view on www.resources.nsw.gov.au.*

The information in this report that relates to the copper-gold exploration results is based on information compiled by Mr Rod Sainty, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Sainty is a full-time employee of Kimberley Diamonds Ltd. Mr Sainty has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sainty consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1 – JORC 2012 TABLE 1: CALARIE EXPLORATION DRILLING RESULTS

The following table provides explanations required under JORC 2012

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. 	<ul style="list-style-type: none"> As explained in the report, two target points through the expected position of the siliceous lode, down-dip and down-plunge of the old Lachlan gold mine stopes, were drilled using diamond drilling. Core recovery was 100%.
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> Samples comprise sawn half NQ3 diamond core Core was sawn along a consistent orientation line.
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. 	<ul style="list-style-type: none"> Two pin-point specks of visible gold were observed during cutting of the siliceous lode. Accordingly, the half core samples were assayed for gold using both 50 g Fire Assay /AAS and Screened Fire Assay /AAS to assess extent and influence of coarse gold to the sample results. The analyses demonstrated that coarse gold is not a significant factor in the results.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other 	<ul style="list-style-type: none"> Diamond core, NQ3, oriented, using Reflex Ace tool

	<ul style="list-style-type: none"> • <i>type, whether core is oriented and if so, by what method, etc).</i> 	
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> 	<ul style="list-style-type: none"> • Measurement using tape after carefully fitting core pieces together. Reference made to driller's core blocks at end of full drill runs.
	<ul style="list-style-type: none"> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> 	<ul style="list-style-type: none"> • Use of NQ3 core, sawing along consistent orientation line, careful choice of sample boundaries with respect to the geology intersected.
	<ul style="list-style-type: none"> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Core recovery through the siliceous lode was 100%, so there is no relationship between recovery and grade.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> 	<ul style="list-style-type: none"> • Core has been logged in sufficient detail to permit selection of sample intervals but not yet to the extent required for a Mineral Resource Estimate.
	<ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> 	<ul style="list-style-type: none"> • Logging is qualitative in nature. • Lode interval has been photographed
	<ul style="list-style-type: none"> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • The siliceous lode intercept measured 6.9 m in length. 100% of the siliceous lode was logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> 	<ul style="list-style-type: none"> • Half core taken
	<ul style="list-style-type: none"> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> 	<ul style="list-style-type: none"> • Not applicable
	<ul style="list-style-type: none"> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> 	<ul style="list-style-type: none"> • Sample preparation by ALS using established, proven, industry-standard techniques.

	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> Sample preparation by ALS using established, proven, industry-standard techniques.
	<ul style="list-style-type: none"> Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. 	<ul style="list-style-type: none"> Sample preparation by ALS using established, proven, industry-standard techniques. Half sample remains in tray for re-sampling, if required.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Yes. Material is fine-grained.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> Screened Fire Assay /AAS is the highest quality and most appropriate technique available to assess the extent and influence of coarse gold to the sample results. The technique provides a total assay.
	<ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. 	<ul style="list-style-type: none"> Not applicable
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Certified standard and blank samples were inserted into the lode intercept assay batch in addition to the ALS certified standards, duplicates and blanks. These demonstrate acceptable accuracy and precision.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> Intersection verified by second company geologist.
	<ul style="list-style-type: none"> The use of twinned holes. 	<ul style="list-style-type: none"> Not appropriate at this stage of investigation.
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<ul style="list-style-type: none"> Not appropriate at this stage of investigation.

	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> No adjustments made or considered necessary. 																			
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	<ul style="list-style-type: none"> Collars sited using hand-held GPS, considered accurate to +/- 5 m. Down hole surveys taken at 30 m nominal intervals, made by Eastman single shot camera and read by geologist using 10X hand lens 																			
	<ul style="list-style-type: none"> Specification of the grid system used. 	<ul style="list-style-type: none"> MGA94 (Zone 55) was used to site holes after conversion from the historic local grid. The transformation used the following common points: <table border="1" data-bbox="1048 598 1944 922"> <thead> <tr> <th>MGA94_E</th> <th>MGA94_N</th> <th>LOCAL_E</th> <th>LOCAL_N</th> </tr> </thead> <tbody> <tr> <td>594854.71</td> <td>6310544.8</td> <td>9816.7</td> <td>10727</td> </tr> <tr> <td>595001.3</td> <td>6310219.88</td> <td>10110</td> <td>10525</td> </tr> <tr> <td>594652.08</td> <td>6309852.24</td> <td>10000</td> <td>10030</td> </tr> <tr> <td>594728.96</td> <td>6310125.82</td> <td>9925</td> <td>10304</td> </tr> </tbody> </table>	MGA94_E	MGA94_N	LOCAL_E	LOCAL_N	594854.71	6310544.8	9816.7	10727	595001.3	6310219.88	10110	10525	594652.08	6309852.24	10000	10030	594728.96	6310125.82	9925
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	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> A nominal RL used as ground is flat over the prospect. 																			
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	<ul style="list-style-type: none"> Results pertain to two specific pierce points through the siliceous lode, as explained in the announcement. 																			
	<ul style="list-style-type: none"> Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. 	<ul style="list-style-type: none"> Not appropriate, as no attempt has been made to incorporate these results into the Mineral Resource. 																			
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> No sample compositing was used. 																			
Orientation of data in relation to geological	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is 	<ul style="list-style-type: none"> Drill hole intersected siliceous lode at right angle to strike direction and at high angle to dip. No low angle structures were observed within the core which might bias the results. 																			

structure	<i>known, considering the deposit type.</i>	
	<ul style="list-style-type: none"> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> Not applicable
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security</i> 	<ul style="list-style-type: none"> Cut samples hand delivered to ALS laboratory. Core samples stored in locked shed at gated private property.
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> No reviews undertaken

Section 2: Reporting of Exploration Results

Mineral tenement and land tenure status	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> 	<ul style="list-style-type: none"> Exploration Licence (EL) 7023 and Mining Lease (ML) 739, located at Calarie, near Forbes. Held by TriAusMin Ltd (ASX: TRO) and subject to farm-in agreement dated 2 August 2011. KDL earning 75% interest.
	<ul style="list-style-type: none"> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> Tenure is current and in good standing. No extraordinary impediments exist to obtaining a licence to operate.
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Shallow drilling by BHP Gold Mines, Newcrest Mining and Hargraves Resources was effective towards the definition of a shallow oxide zone gold resource. Three widely-spaced, deeper diamond holes by Tri Origin Ltd in 1999 identified potential for a continuation of the primary high-grade siliceous lode to depth.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> Sheet-style, hydrothermal siliceous alteration lode of uncertain genetic affiliation. Located at upper (western) contact of Ordovician Daroolgabie Volcanics unit (a shoshonitic porphyry

Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> 	<p>intrusive) with enclosing sedimentary rocks of the Cotton Formation. The Lachlan Lode was mined over a 1 km strike length by three underground mines from 1896 to 1908.</p>
	<ul style="list-style-type: none"> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • All required information is tabulated within the announcement.
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> 	<ul style="list-style-type: none"> • All required information is tabulated within the announcement. • The lode interval was sampled continuously over its entire length. Individual sample lengths vary from 0.4 m to 1 m, were based on geological boundaries chosen to isolate geologically discrete intervals. • The reported assay intervals were selected using a cut-off grade of 1 g/t gold. • No cutting of high grades was used. • Individual assay results were aggregated using standard weighted average calculation.

	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<ul style="list-style-type: none"> Individual assay results were aggregated using standard weighted average calculation. Example: Interval at 203.60-205.4 (1.8 m) comprised three sample assays: 0.75 m at 4.3 g/t Au, 0.4 m at 1.01 g/t Au and 0.65 m at 11.5 g/t Au. Weighted average calculation result was 1.80 m at 6.17 g/t Au.
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Not applicable
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. 	<ul style="list-style-type: none"> No comment necessary
	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> Drill hole intersected siliceous lode at right angle to strike direction and at 55° to dip. True width of siliceous lode intersection is $6.9 \text{ m} \times \sin 55^\circ = 5.65 \text{ m}$
	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> True width reported
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> A gridded, scaled and annotated long section showing individual pierce points was included in the report. This figure unequivocally and concisely demonstrates, by itself, the location and significance of the two intercepts announced. In this instance, a plan view of the collar locations is unnecessary, and, by not clearly showing the depth and plunge components, is potentially confusing and misleading.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> No comment necessary

Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • No comment necessary
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> 	<ul style="list-style-type: none"> • Additional step-out drilling will be required to determine the full extent of the mineralised zone.
	<ul style="list-style-type: none"> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Due to the wide drill intercept spacing at depth, the extent of mineralisation is unconstrained at this point in time, so possible extensions exist almost everywhere on the long section.