

CODE OF CONDUCT

KIMBERLEY DIAMONDS LTD ABN 95 150 737 563

1. OVERVIEW

1.1 Purpose

The Kimberley Diamonds Ltd (KDL or Company) Code of Conduct (Code) governs all KDL's commercial operations and the conduct of Directors, employees, contractors, consultants and all other people when they represent KDL (Personnel).

KDL holds the view that as part of the wider community in which it operates its business, it has a responsibility to confirm to the general principles enunciated in this Code and in doing so uphold the expectations of all its stakeholders, wherever practicable and possible.

1.2 Provision of this Code

A copy of this Code will be given to all incumbent and new Personnel.

1.3 Questions – Interpretation & Enforcement of this Code

Any questions relating to the interpretation or enforcement of this Code should be forwarded to the Company Secretary.

2. GENERAL PRINCIPLES

2.1 Compliance with Laws

KDL, its subsidiaries and associated entities and Personnel are expected to comply, at all times, with all applicable laws. They are also expected to conduct the Company's operations in keeping with the highest legal, moral and ethical standards.

2.2 Performance of Duties by Personnel

All Personnel of KDL, its subsidiaries and associated entities must conduct the business of the Company with the highest level of ethics and integrity in relation to each other and all others with whom they deal.

Personnel must act:

- a. ethically, honestly, responsibly and diligently;
- b. in full compliance with the letter and spirit of the law and this Code; and
- c. in the best interest of the Company.

2.3 Breach of the Code

Any breach of applicable laws, accepted ethical commercial practices or other aspects of this Code will result in disciplinary action. Depending on the severity of the breach,

such disciplinary action may include reprimand, formal warning, demotion or termination of employment/engagement (as the case may be).

Similar disciplinary action may be taken against any manager who directly approves of such action or has knowledge of the action and does not take appropriate remedial action.

Breach of applicable laws or regulations may also result in prosecution by the appropriate authorities. The Company will not pay, directly or indirectly, any penalties imposed on any Personnel as a result of a breach of law or regulation.

2.4 Reporting Breaches of the Code

All Personnel are requested to report immediately any circumstances which may involve a breach of this Code to the Company Secretary, the Chief Executive Officer/Managing Director or the Chairman.

It is in the best interests of KDL for all Personnel to immediately report any observance of a breach of this Code.

The external auditors of KDL may review the operations of the Company. Part of this review may be to report to the Board any breaches of this Code which they detect.

3. STATEMENT OF COMPLIANCE

3.1 Certificate of Compliance

At the time the declaration made under section 295A of the *Corporations Act* is given, the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) will be required to certify compliance with this Code personally and in their areas of responsibility.

3.2 Reference to Compliance in the KDL Annual Report

The Board will include reference to compliance with this Code in the Annual Report to Shareholders.

4. COMPLIANCE WITH LAWS AND REGULATIONS

4.1 KDL Operations – Compliance with Laws

The operations of the Company must be conducted in compliance with all laws and regulations applicable in Australia and in the jurisdictions in which KDL's operations and activities are being undertaken.

4.2 Observing the Letter and Spirit of the Law

Compliance with the law means observing the letter and spirit of the law as well as managing the business of KDL so that KDL and its Personnel are recognised as "good corporate citizens" at all times.

5. UNACCEPTABLE PAYMENTS & CONTRIBUTIONS

5.1 Prohibited Payments & Contributions

Bribes, kickbacks, inducements or other illegal payments of any kind must not be made (either directly or indirectly) to or for the benefit of any government official (of any country) or any other third party in connection with obtaining orders or favourable treatment or for any other purpose.

Political contributions (to any government or political official or party) must not be made directly or indirectly on behalf of KDL without the prior approval of the Board.

5.2 Personnel's Responsibilities

Personnel must not seek or accept any type of compensation, fee, commission or gratuity from a third party in connection with the operations of the Company.

6. GIVING OR RECEIVING GIFTS

Personnel must not give, seek or accept in connection with the operations of the Company any gift, entertainment or other personal favour or assistance which goes beyond common courtesies associated with accepted ethical commercial practice. For avoidance of doubt, any gift (or series of gifts) received by Personnel from the one party which might, as a matter of judgement, fall outside the ambit of this paragraph, must be reported to the Company Secretary with full details of the background of the gift.

7. PROTECTION OF KDL ASSETS

7.1 Responsibilities of Personnel

Personnel are responsible for taking all prudent steps to ensure the protection of KDL's assets and resources. In particular, Personnel should take care to minimise the possibility of theft or misappropriation of KDL's assets and resources by any person.

7.2 Assets used for KDL Purpose only

Personnel must ensure that KDL's assets and resources are used only for the purposes of the Company and in accordance with appropriate authorisations.

8. PROPER ACCOUNTING

8.1 Accounting Roles

Personnel must ensure that all the Company's accounting records accurately and fairly reflect, in reasonable detail, all underlying transactions and all of KDL's cash, assets and liabilities.

8.2 Maintenance of Accounting Records

Accounting records must be maintained in accordance with International Financial Reporting Standards and any financial and accounting policies issued by KDL.

9. DEALING WITH AUDITORS

9.1 External Auditors

Personnel must fully co-operate with the external auditors of KDL.

Personnel must not make a false or misleading statement to the external auditors of KDL and must not conceal any relevant information from the external auditors of KDL.

9.2 Internal Auditors

Personnel must fully co-operate with the internal auditors of the Company (if any).

Personnel must not make a false or misleading statement to the internal auditors of the Company and must not conceal any relevant information from the internal auditors of the Company.

10. UNAUTHORISED PUBLIC STATEMENTS

10.1 Unauthorised Statements

Personnel must not, without prior consent of the KDL Board which may be included in the terms of engagement or as advised from time to time, directly or indirectly state that they are representing KDL or its public position in respect of any matter.

10.2 Unauthorised Activity

Personnel must not directly or indirectly engage in any activity which could by association cause KDL public embarrassment or other damage.

11. CONFLICT OF INTEREST

11.1 Use of Position for Personal Benefit

Personnel must not use their position for personal benefit independent from the business of KDL or to benefit any other business or person.

11.2 Taking Advantage of Property

Personnel must not take advantage of any property or information belonging to KDL, or opportunities arising from those, for personal benefit independent from the business of KDL or to benefit any other business or person.

11.3 Interest in Third Parties

No Personnel, or any family member or companion over which the Personnel has influence, may directly or indirectly have an equity interest in, or have a significant beneficial connection with, any business or individual with whom KDL have entered into a commercial contract, without the prior written consent of the Chairman or his nominee. For the avoidance of doubt, this paragraph permits contractors and consultants to have outside interests, providing that they are disclosed by the individual at the time of entry into contract with KDL.

11.4 Outside Business Activity

Personnel must not engage directly or indirectly in any outside business activity involving commercial contact with, or work for the benefit of, third parties with whom KDL have entered into a commercial contract, without the prior written consent of the Chairman or his nominee.

12. USE OF INSIDE INFORMATION

12.1 Non Disclosure of Confidential Information

Personnel must not disclose confidential Company information to any third party without the prior consent of a Director of the Company, or if required by law.

12.2 Confidential KDL Documents

Personnel must maintain the confidentiality of all KDL's documents and must not disclose any information contained within the documents to any third party without the prior consent of a Director of KDL.

12.3 Personal Gain

Personnel must not use the Company's information for the purpose of directly or indirectly obtaining personal gain.

13. KDL SECURITIES TRADING POLICY

All Personnel must abide by the Company's Securities Trading Policy.