

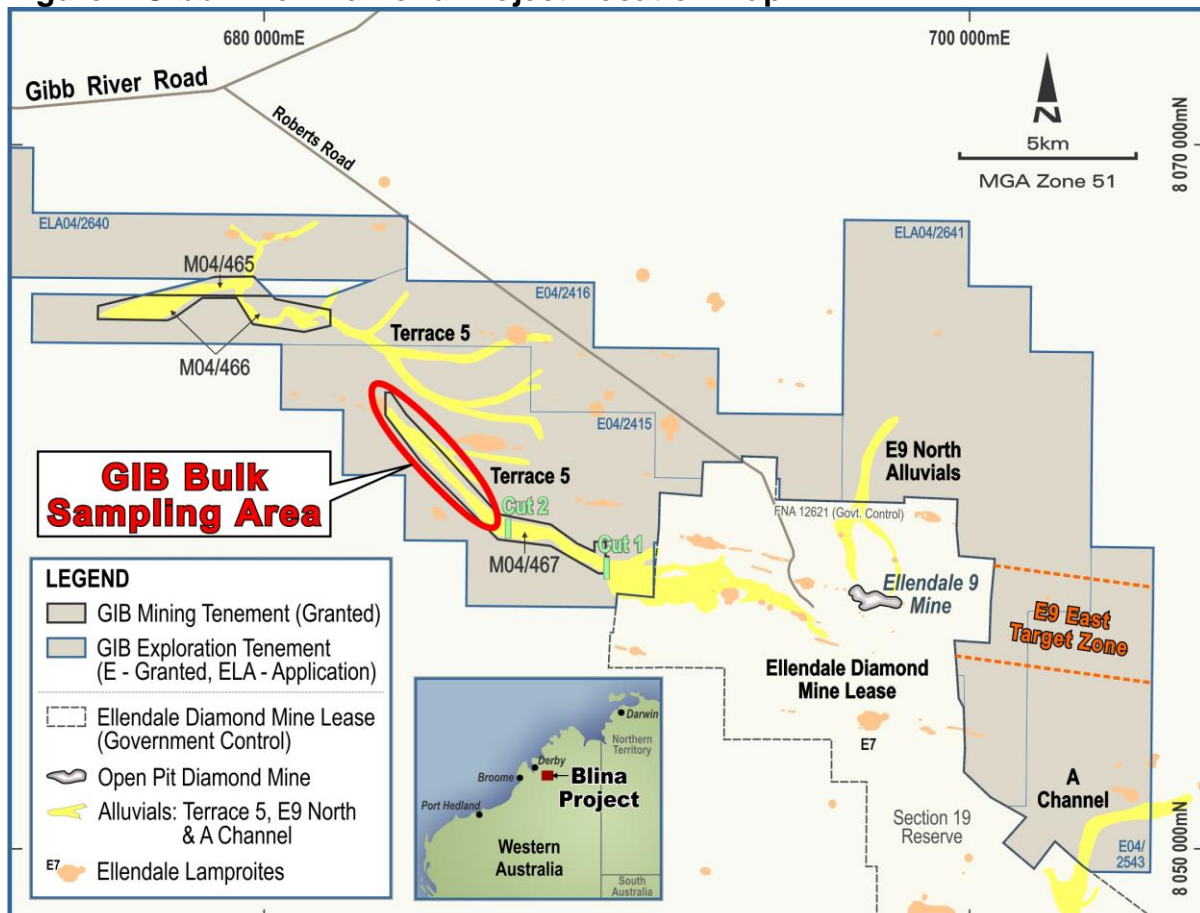
QUARTERLY REPORT

Period Ending 30 June 2019

Highlights

- Financing options for the Blina Diamond Project (GIB 100%) are being pursued through advanced negotiations with several parties for the sale of the Highland Plains phosphate deposit.
- Two separate trips were conducted to the Blina Project site and to Derby to assist with Blina project planning and execution. This included meetings with local engineering contractors and service providers.
- The Company's bid for the Ellendale Diamond Mine lease (under government control) is currently being assessed by the Department of Mines, Industry Regulation & Safety (DMIRS).
- Rehabilitation monitoring of last years exploration trenches was conducted at the Blina project site. The speed with which rehabilitation regrowth occurs at Blina is remarkable and indicates the potential for excellent rehabilitation outcomes for mined areas.

Figure 1:Gibb River Diamond Project Location Map



1.0 Blina Project Financing Update

Gibb River Diamonds Limited ('GIB' or the 'Company') operates its 100% owned Blina Alluvial Diamond Project in the Ellendale diamond field of the West Kimberley, WA. The Blina Project is fully permitted, the major processing plant equipment has already been purchased, the project is 'shovel ready' and the Company is debt free.

Project financing is required to mobilise and commission the plant and equipment, conduct site works, install a camp and have operational capital to conduct four months of bulk sampling operations including trial mining of the best sampled grades.

This capital required is a modest \$2.5 million and the Company aims to raise this capital through the sale of GIB's wholly owned Highland Plains phosphate deposit. A sale option which was previously held over Highland Plains expired on 14 June 2019 and GIB is now free to deal on the project.

GIB is currently in advanced negotiations with three separate parties over the sale of the Highland Plains project and the Company remains optimistic a deal will be secured on favourable terms.

The funds which were paid to GIB by previous option holder ILS Resources Inc. ('ILS') as detailed in the [ASX Release](#) dated 15 July 2019 were not accepted by GIB as they were insufficient and were received after the option had expired, these funds were returned to ILS.

2.0 Field Operations Update



2.1 Derby Contractor Meetings

During the quarter and subsequent to the quarter, two separate trips were successfully conducted to the Blina Project site and to Derby to assist with Blina project planning and execution. This included meetings with local engineering contractors and service providers.

2.2 Rehabilitation

During the quarter, rehabilitation monitoring of last years exploration trenching program was conducted at the Blina project site. The speed with which rehabilitation regrowth occurs at Blina is remarkable and indicates the potential for excellent rehabilitation outcomes in mined areas.

Trench Rehabilitation at Blina

	<p>July 2018: Trench 5 being excavated</p>
	<p>July 2018: Trench 5: filled in and topsoil restored</p>
	<p>April 2019: Trench 5: same view as above showing regrowth and rehabilitation completed</p>

3.0 Ellendale Mining Lease Bid Update

On 29 November 2018 GIB lodged a bid for the former Ellendale Diamond Mine and mining lease under a State Government Expressions of Interest (EOI) process. GIB believes it is very well placed to take control of this area (Section 19 Reserve in Figure 1) and that this acquisition would be transformative for the Company providing enormous synergies with GIB’s surrounding Blina Diamond Project, including funding opportunities for combined development.

The State government has not yet made a decision regarding this lease and the Company awaits an outcome with interest. Full details of this process and further information on the former Ellendale mining lease area can be found in the GIB [ASX Release](#) dated 4 September 2018⁴.

4.0 Diamond Markets

An important development in the retail diamond sector was recently reported in the diamond trade journal '*Hennig Market Report*' (July 2019):

Major diamond retailers are increasingly asking their suppliers for traceability of their polished purchases. Vendors are scrambling to find manufacturers with traceability for their goods. For now, the large manufacturers are saying that they will offer traceable goods, but comprehensive traceability is not yet available. Market opinion is that this will result in further consolidation of the industry with fewer vendors.

This change in the retail diamond market (with retailers wanting ethically sourced, traceable goods) works strongly in GIB's favour. Gibb River Diamonds is already targeting the development of a new conflict free, transparent and traceable diamond source within a tier one jurisdiction (Western Australia), which aligns with where the diamond market is headed.

With the imminent closure of the Argyle diamond mine next year, there will not be a single diamond producer operating within Australia. This presents a considerable opportunity for GIB to become Australia's only diamond producer, with all of the associated marketing and branding opportunities.

5.0 Summary and Lookahead

GIB continues to focus and work towards securing funding for the Blina Diamond Project through the sale of the Highland Plains phosphate project. It is highly encouraging to have several parties interested in this process and GIB is endeavouring to secure the best outcome for shareholders.

With \$1.27 million in cash and a low burn rate, the Company is in a good financial position to negotiate a favourable deal over the Highland Plains asset and then to conduct bulk sampling and trial mining operations at Blina.

GIB Executive Chairman Jim Richards commented: *"The core focus of Gibb River Diamonds is to initiate bulk sampling and trial mining operations at the Blina Diamond Project in the Kimberley region of Western Australia. With permitting to mine now fully secured, this next exciting phase of operations is now scheduled to commence as soon as funding is in place."*

Jim Richards
Executive Chairman

Enquiries To: Mr Jim Richards +61 8 9422 9555

About Gibb River Diamonds

Gibb River Diamonds Limited operates the Blina Diamond Project in the Ellendale Diamond Province of WA's Kimberley Region. The project consists of granted mining leases and various exploration leases with an area of 246.3 km², situated 110km east of Derby.

A diamond bearing alluvial palaeochannel named Terrace 5 extends over some 40km of the GIB project area, with channel widths of 200m to 500m¹. The largest diamond recovered to date from Terrace 5 weighed 8.43 carats, with high quality stones larger than two carats common. A significant number of the diamonds are high value Fancy Yellows.

The Company has defined numerous high grade targets using the latest in Ground Penetrating Radar technology² over proven diamondiferous channels at Terrace 5. A Company trenching program has also discovered extensive areas of un-sampled, shallow and highly prospective alluvial gravels³ which also require testing.

GIB is pursuing a program of systematic bulk sampling of these prospective gravel targets to define the extent and grade of the diamondiferous gravels, which will lead into trial mining of the best grades.



8.43 carat Fancy Yellow diamond previously recovered from GIB's Blina Diamond Project area.

References:

¹Further detailed information including the Table 1 (JORC Code, 2012 Edition) and references are available on the GIB ASX Release dated 9 October 2015, [click here](#)

²Blina Diamond Project, Gamechanger GPR Survey; GIB ASX Release dated 18 October 2017, [click here](#)

³Trenching Discovers New Gravel Targets at Blina; GIB ASX Release dated 6 August 2018, [click here](#)

⁴POZ to Bid for the Ellendale Diamond Mine; GIB ASX Release dated 4 September 2018, [click here](#)

Bulletin 132 (Geological Survey of Western Australia); The kimberlites and lamproites of Western Australia by A.L. Jaques, J.D. Lewis and C.B. Smith.

The information in this report that relates to current and previously reported exploration results and the JORC Exploration Target is based on information compiled by Mr. Jim Richards who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr. Richards is a Director of GIB River Diamonds Limited. Mr. Richards has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Richards consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

^AThe Company is not aware of any new information or data that materially affects the information included in the previously reported exploration and production data (JORC 2004) and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement/year have not materially changed

No New Information

To the extent that the announcement contains references to prior technical information, exploration results and mineral resources; these have been cross referenced to previous market announcements made by the Company. These had been disclosed to JORC 2012 standard. Unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements that assumptions and technical parameters underpinning the relevant market announcement continue to apply and have not materially changed.

Appendix A - Interests In Mining Tenements

Table 1: Western Australia

Lease	State	Status	Held at end of quarter %	Acquired during the quarter %	Disposed of during the quarter %	Beneficial interests in farm-in or farm-out agreements at the end of the quarter
E04/2415	WA	Granted	100%	0%	0%	Granted
E04/2416	WA	Granted	100%	0%	0%	Granted
E04/2489	WA	Surrendered	0%	0%	100%	Surrendered
E04/2519	WA	Application	100%	0%	0%	Application
E04/2526	WA	Application	100%	0%	0%	Application
E04/2534	WA	Withdrawn	0%	0%	100%	Withdrawn
E04/2543	WA	Granted	100%	0%	0%	Granted
E04/2640	WA	Application	100%	100%	0%	Application
E04/2641	WA	Application	100%	100%	0%	Application
M04/464	WA	Surrendered	0%	0%	100%	Surrendered
M04/465	WA	Granted	100%	0%	0%	Granted
M04/466	WA	Granted	100%	0%	0%	Granted
M04/467	WA	Granted	100%	0%	0%	Granted
E69/2820	WA	Granted	20%	0%	0%	JV with Alloy Resources Limited
L04/98	WA	Granted	100%	0%	0%	Granted
L04/99	WA	Surrendered	0%	0%	100%	Surrendered
L04/100	WA	Granted	100%	0%	0%	Granted
L04/105	WA	Granted	100%	0%	0%	Granted
L04/106	WA	Granted	100%	0%	0%	Granted
L04/107	WA	Granted	100%	0%	0%	Granted
P04/273	WA	Withdrawn	0%	0%	100%	Withdrawn
P04/274	WA	Application	0%	0%	100%	Withdrawn
P04/275	WA	Application	0%	0%	100%	Withdrawn

Table 2: Northern Territory

Lease	Mineral Field	Location	Status	Held at end of quarter %	Acquired during the quarter %	Disposed of during the quarter %	Beneficial interests in farm-in or farm-out agreements at the end of the quarter
EL25068	NT	Highland Plains	Granted	100%	0%	0%	GIB 100%: