

ASX RELEASE

30 April 2019

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GIBB RIVER
DIAMONDS

QUARTERLY REPORT

Period Ending 31 March 2019

Highlights

- Blina Diamond Project (GIB 100%) funding discussions continue with various parties.
- Mr Richards presented at various conferences during the quarter and meetings have taken place with leading jewellery brands in Hong Kong, various finance houses and potential partners in Canada and Australia which have led to negotiations some of which are ongoing.
- 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).
- The Option for the potential sale by GIB to a third party of the Highland Plains Phosphate Project, expires at midnight on 14 June 2019 and to be valid, must be exercised on or prior to that date. To exercise the Option, the third party are required to pay to GIB A\$2,500,000 plus GST in cash as well as other previously reported benefits.

Photo: Mr Richards hosted a well-attended networking lunch event held in conjunction with the Hong Kong International Mining Association during the Hong Kong Diamond, Gem and Pearl Show



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 siteworks, install a camp and have enough 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 (see 2.0 Budgets and Operations below), some of which could be financed by Federal Government R&D funding. Executive Chairman Jim Richards is seeking to identify a strategic investor to cornerstone this capital raise.

Various financing arrangements are being looked at and meetings have taken place with leading jewellery brands in Hong Kong, various finance houses and potential partners in Canada and Australia which have led to negotiations, some of which are still ongoing. The building of relationships and the garnering of investment can take time in Asia, but progress is being made. Given the modest amount of capital required, the Company is optimistic that a strategic investor will be found.

Various conferences and meetings were attended during the quarter:

Mr Richards was a speaker and ran a booth at the RIU Explorers Conference in Fremantle ([Video Link](#))



Mr Richards accepts an award from Mr Tim Sun, Chairman of the Hong Kong International Mining Association (HKMIA)



The HKMIA-GIB co-sponsored lunch event in Hong Kong



The GIB stand at the Prospectors and Developers Association of Canada conference in Toronto attracted considerable interest

Meetings at the Hong Kong 121 Mining Investment Conference included follow up interest from an earlier trip



Mr Richards also spoke at the Hong Kong 121 Mining Investment Conference ([video link](#))



The considerable operational success which the Company achieved in 2018 in gaining permitting, sourcing plant and equipment and in new gravel trenching discoveries, were against a backdrop of a challenging market for resources generally and for diamonds in particular, with diamond companies struggling for traction whether listed in Australia, London or Canada.

The leading international diamond analyst Paul Zimnisky stated that a basket of diamond mining stocks were down 28.9% in 2018 following a decline of 17.3% in 2017. Despite our significant operational progress, Gibb River Diamonds has not avoided that worldwide trend.

Whatever challenges the diamond mining industry may face globally, the board believes the GIB focus of targeting top quality, Terrace 5/Ellendale 9 type diamonds, including Fancy Yellows, within high grade trap sites is the key towards achieving success at Blina.

Thus the best way the Company can deliver shareholder value is to procure the funding required to progress the Blina Project to bulk sampling and trial mining as soon as possible.

2.0 Blina Project Budgets and Operations

It is important to note that the testing of the previously reported Ground Penetrating Radar (GPR) targets requires multiple bulk samples. There are 50 GPR geophysics lines within the 5km long mining lease zone within which our 2019 Bulk Samples will be recovered (Figure 1).

There are approximately two targets per line for 100 targets in total, some targets being large enough to warrant multiple bulk samples. Which targets will carry the best grade can be estimated on geological merit (eg depth, high energy areas, waterfalls, rapids, etc), but the final answer can only be ascertained by taking multiple bulk samples and assessing diamond grade using a treatment plant.

The extreme nugget effect in alluvial diamond deposits means that testing just one sample does not give an answer as to whether the project as a whole is commercial. The one sample may have been taken from a trap site that was flushed out or silted up and had no diamonds.

Jim Richards comments “In my experience of mining alluvial diamonds, 95% of the diamonds can be in 5% of the gravels. GIB is targeting that very high grade 5% of the Terrace 5 alluvial system.”

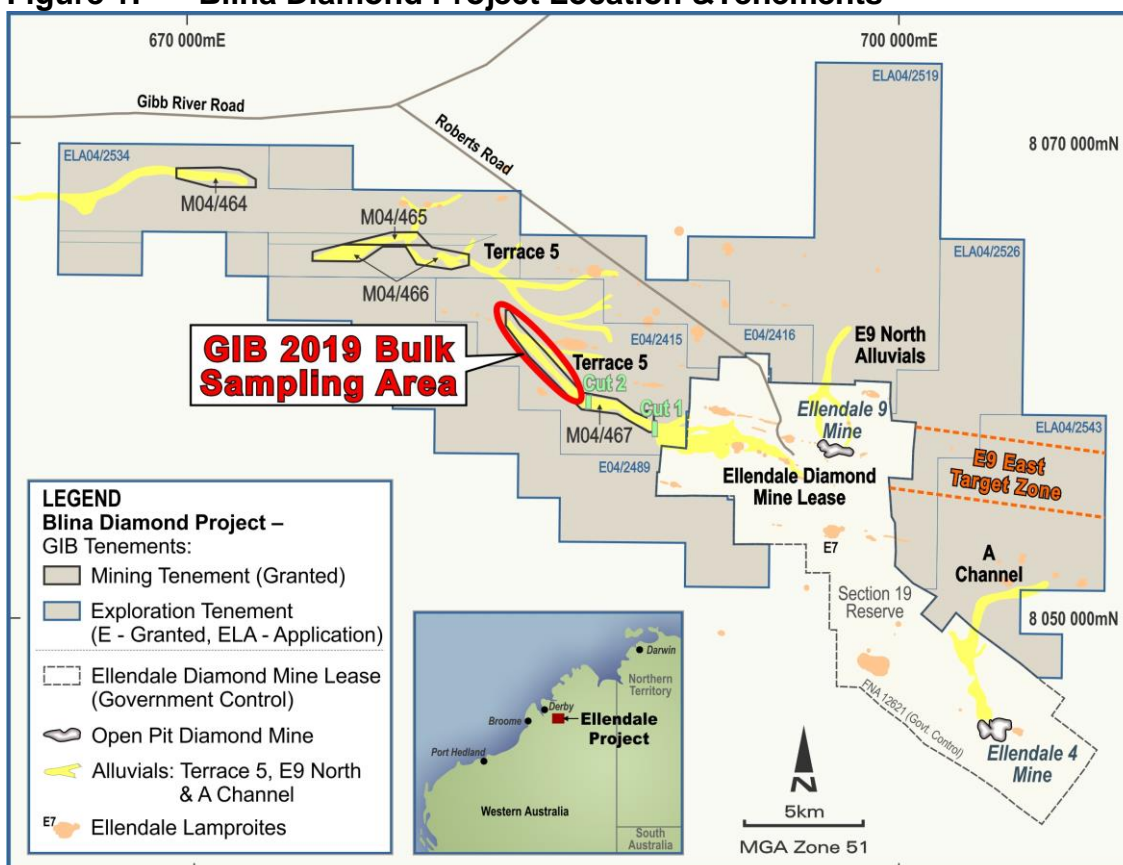
Multiple targets must be tested to prove commerciality and find the trap sites which contain the best grades. This job thus needs to be done in a systematic way with a plant on-site to get an appropriate answer from the best targets. The budget for this sampling program is as follows:

CAPEX	\$1,000,000
OPEX	\$1,500,000

CAPEX includes laterite sheeting of existing roads, camp purchase and build, installation of waterbore and monitoring bore, construction of Tailings Storage Facility (TSF), plant siteworks and commissioning, and construction of ROM pad as well as other associated general works and rehabilitation costs.

OPEX includes staff salaries, contractors, generator hire, fuel, food, camp running expenses, insurances, excavator and 2x haul trucks for campaign sampling/trial mining and a front end loader for the plant. Most of the labour will be local hire. A contingency of 10% has been included in the overall budget. There has been a minimal wet this year and the conditions are currently excellent for building this project, including access via the Gibb River Road from Derby.

Figure 1: Blina Diamond Project Location & Tenements



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 area in Figure 1) and that the 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 made a decision as yet and has not committed to a fixed timeline for this EOI process, however, the Company estimates the process will be resolved in the first half of 2019. 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 Alternative Funding Potential: Highland Plains Option

On 15 March 2019, GIB announced that the Option to sell 100% of the Company's wholly owned Highland Plains Phosphate Project was renewed for a further Option Period of three months as per the terms of the original deal (GIB [ASX Release](#) dated 19 November 2018).

The Further Option Period fee payment of \$100,000 (plus GST) was received by GIB, which was on top of the original Option Fee Payment of \$100,000 (plus GST) paid to GIB in November 2018. The holder of the Option is Canadian company ILS Resources Inc ('ILS') formerly P2O5 Resources Inc.

The Option expires at midnight on 14 June 2019 and to be valid, must be exercised on or prior to that date. To exercise the Option, ILS shall pay to GIB **A\$2,500,000** plus GST in cash as well as other previously reported benefits.

Although GIB does not wish to wait until June to fund the Blina Project, the exercise of this option would deliver the Blina Project funding required. The exercise of the option is at the discretion of ILS.

5.0 Partial Funding via R&D

The discovery and use of ground-breaking new GPR technology utilised by GIB to target high grade alluvial diamond trap sites, has enabled the Company to be awarded Federal government Research and Development refunds. These equate to 42 cents refunded for every eligible dollar spent on the Blina Project.

For the tax year ending June 2018, this refund totaled \$182,039 in cash. GIB will be applying for further R&D refunds for the 2018-19 tax year and in future years as applicable. The income generated from this scheme will assist considerably with our project costs.

6.0 Summary and Lookahead

Despite a challenging market for diamond stocks, GIB is working on a number of enquiries and expressions of interest regarding the potential financing of the Blina Diamond Project. These leads are being followed up and the Company remains focused on securing this financing as soon as possible to deliver bulk sampling and trial mining at Blina this year.

With 1.42 million dollars in cash and a low burn rate, the Company is in a good financial position to negotiate a favourable financing deal to benefit both shareholders and any incoming party.

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

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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 four granted mining leases and various exploration leases with an area of 436 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 recent 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	Granted	100%	0%	0%	Granted
E04/2519	WA	Application	100%	0%	0%	Application
E04/2526	WA	Application	100%	0%	0%	Application
E04/2534	WA	Granted	100%	0%	0%	Granted
E04/2543	WA	Application	100%	100%	0%	Application
M04/464	WA	Granted	100%	0%	0%	Granted
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
E80/5134	WA	Withdrawn	0%	0%	100%	Withdrawn
E80/5258	WA	Withdrawn	0%	0%	100%	Withdrawn
L04/98	WA	Granted	100%	0%	0%	Granted
L04/99	WA	Granted	100%	0%	0%	Granted
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	Application	100%	0%	0%	Application
P04/274	WA	Application	100%	0%	0%	Application
P04/275	WA	Application	100%	0%	0%	Application

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%: