

ASX RELEASE

16 April 2020

ASX Code: GIB



QUARTERLY REPORT

Period Ending 31 March 2020

Highlights

- Company salaries and outgoings have been reduced by up to 50%, GIB is debt free and remains on a firm financial footing, well positioned to weather the COVID-19 storm
- Negotiations are active and ongoing with regards to the sale of the Highland Plains phosphate asset
- Experienced diamond geologist and executive Mr Tom Reddicliffe BSc (Hons), MSc (Geol) FAusIMM, has joined the Board as a Non-Executive Director
- Independent appraisal of diamonds from the Company's Ellendale 9 East lobe reported a value of **US\$750 per carat** (A\$1,120 per carat), a 20% increase since 2008. This price was enhanced by the high number of Fancy Yellows
- Excellent E9 East Channel diamond values of **US\$518 per carat** (A\$773 per carat), indicating a high number of the more valuable Fancy Yellow diamonds
- E12 Channel alluvial diamonds report a value of **US\$498 per carat** (A\$743 per carat)
- The 11 year low Australian vs US dollar exchange rate significantly improves local currency pricing for diamonds (which are priced in US dollars) compared to previous years mining at Ellendale
- Tenement applications over the former Ellendale Diamond Mine are progressing through the time dependent processes at the Mines Department

Ellendale E9 Diamonds



1.0 Company Salary and Outgoings Adjustments

Despite the COVID-19 outbreak causing temporary disruption to the capital markets, GIB believes that the quality of the Ellendale Diamond Project will attract capital when this situation improves. In the meantime it is prudent to cut costs. Executive Chairman Mr Richards' salary has been halved to \$80,000 per annum and Non-Executive Directors' salaries have been cut to \$15,000 per annum, these ongoing changes were implemented for the March payroll. Other cost reduction measures have also been applied.

Most of the Company's tenements are currently applications (Appendix A) which incur no rents or rates. The Minister for Mines announced on 27 March that guidance on [expenditure relief](#) for granted tenements will soon be published, this is a welcome step and will assist the company to maintain its ground holding for the Ellendale Project but not incur additional expenditures.

The Board is confident that these measures, and others, will assist the Company to ride out the current turbulence in the capital markets and allow us to develop the Ellendale Diamond Project once conditions permit. The Company is debt free.

2.0 Kimberley Access Restrictions

On 26 March, the Government of Western Australia imposed [travel restrictions](#) for access to the Kimberley Region of WA. This currently prevents access to our Ellendale Diamond Project tenements in the West Kimberley. The Company understands the need for these restrictions and we have been keeping in close contact with our contractors in the region to ensure operations can quickly resume once circumstances permit.

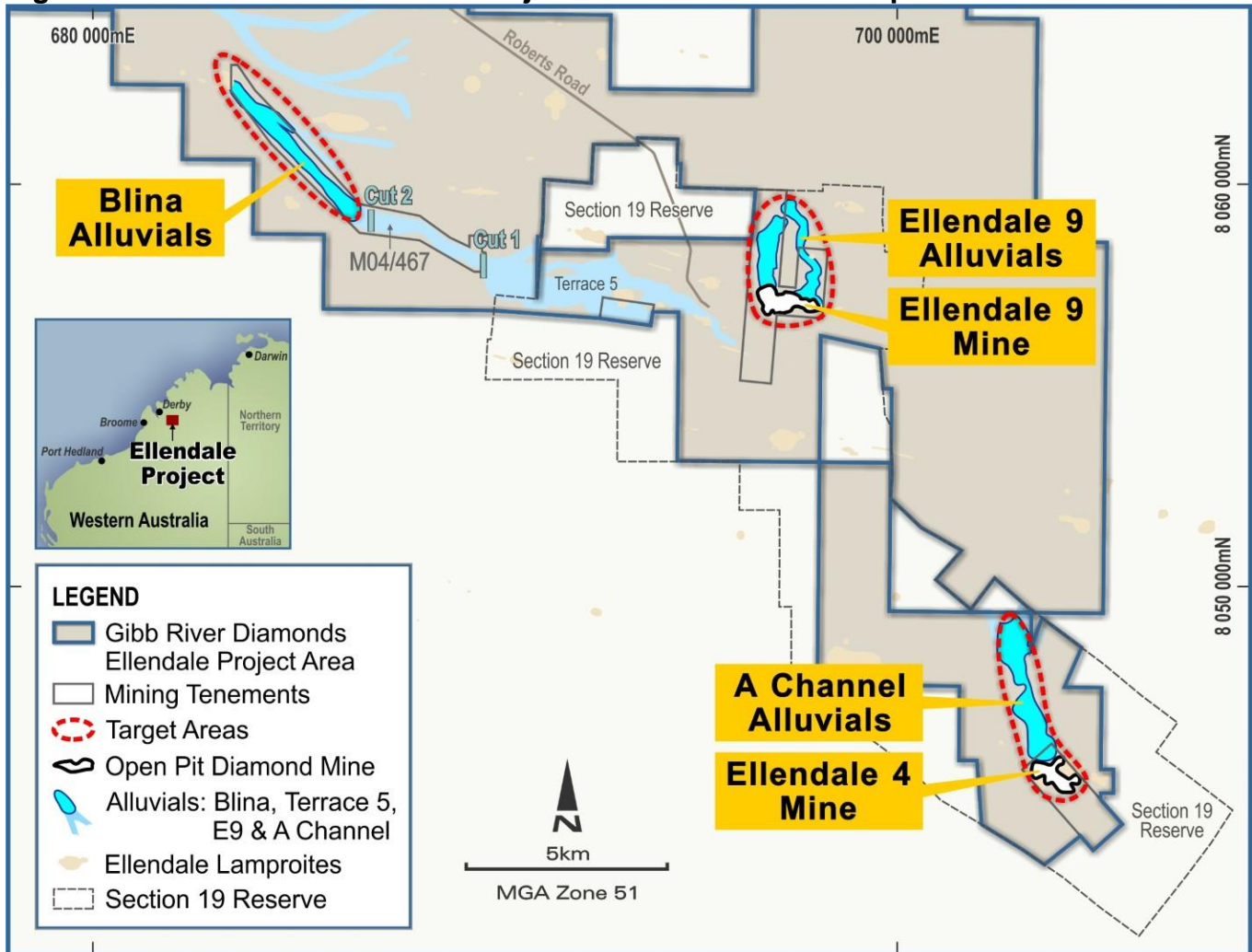
3.0 Operations Update

The Company is actively pursuing the grant of the three mining leases (M04/475, 476 and 477) which were pegged over the most prospective parts of the former Ellendale Diamond Mine tenement ('Section 19' on Figure 1) including the E9 pit and surrounding alluvials. Statutory advertising of these mining leases ('Notification Day') will commence on 17 April 2020.

The grants of associated prospecting, exploration and miscellaneous licenses are also being progressed and have already been advertised. This important concurrent activity, which includes time dependent processes, is occurring whilst the Covid-19 restrictions in the Kimberley run their course.

Other activities including permitting, planning, data compilation and data appraisal are taking place at our offices in West Perth, which remain open. Mr Richards is keeping in close contact with the Company's numerous contacts in the international and Australian financial and diamond communities.

Figure 1: Gibb River Diamond Project Tenure & Location Map



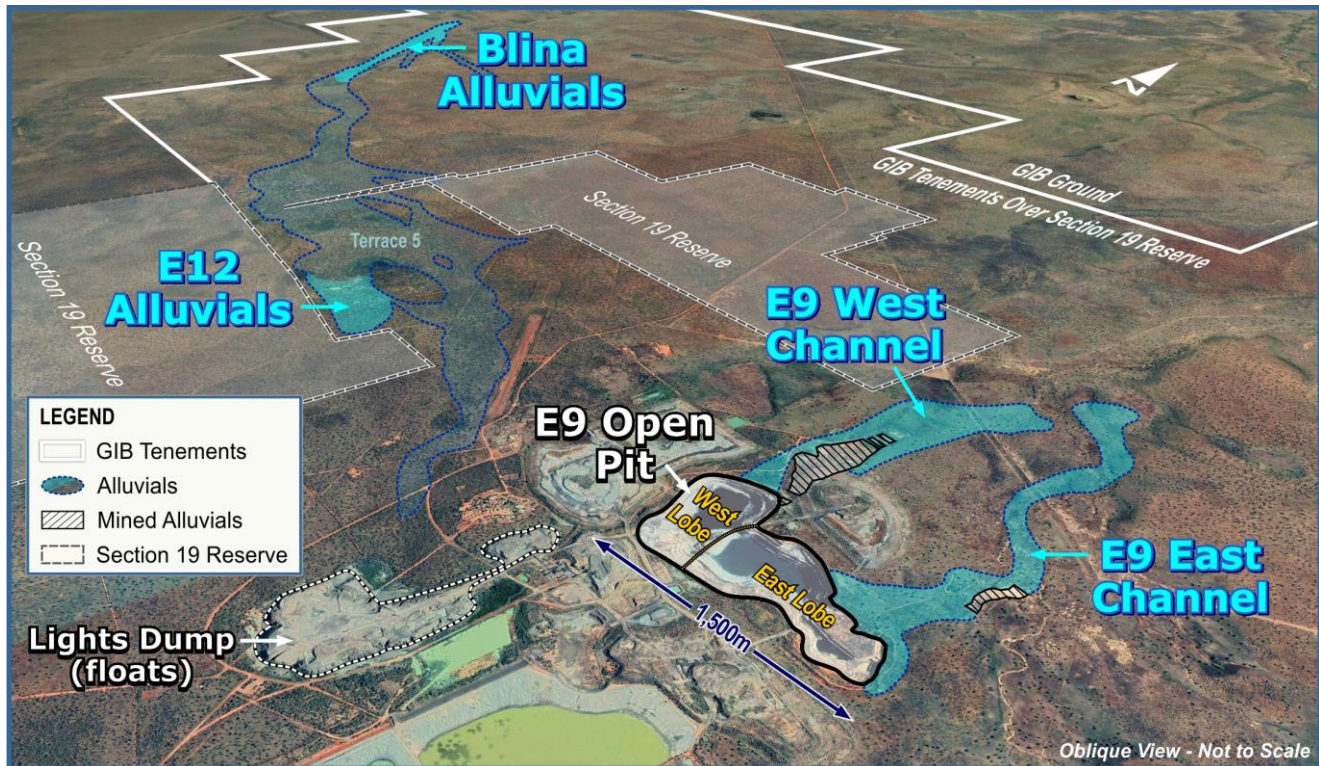
4.0 Updated Ellendale Diamond Valuations

During the quarter, updated diamond valuations for the Ellendale Project were completed. These reviews were important as they help GIB to make commercial decisions regarding mine planning and development priorities at Ellendale.

The diamond valuations were commissioned and paid for by GIB and was conducted by Independent Diamond Valuers International ('IDVI') to provide diamond valuation services to the Company. IDVI was responsible for sorting, grading, valuing and selling diamonds from the Ellendale Diamond Mine (now closed) and the Blina Project from 2002 to 2015. IDVI's pricing system was used throughout this period and was utilised to provide the valuations. GIB considers IDVI to be a reputable, experienced, independent and qualified expert for the purposes of these valuations.

Previous operators of the Ellendale mine had a contract to sell the Fancy Yellow component of their production to Laurelton Diamonds (the jeweler Tiffany & Co), this agreement was based on a percentage premium above the IDVI price book. It is uncertain if similar premium prices can be achieved with any future Fancy Yellow goods. However, there is a potential opportunity to capitalise on the uniqueness of these Fancy Yellow goods to sell at above market prices as demonstrated by KDC's arrangement with Tiffany's.

Figure 2: Diamond valuation areas – E9 West and East lobes and alluvials E9 West Channel, E9 East Channel and E12 Channel



4.1 Diamond Valuation Results – Ellendale Hard Rock

Table 1 summarises the most recent valuations based on a February 2020 price estimate of diamonds recovered from hard rock mining of various lamproite pipe bodies at Ellendale including E9 (average), E9 East Lobe, E9 West Lobe, E4 and E4 Satellite (E4S), with the weight of stones in the valuation as indicated.

The appraisals show a significant rise in valuation for E9 diamonds to **US\$559/carat**, an increase of **18%** from 2008 to February 2020. This price increase is mainly driven by the growth in prices for the Fancy Yellow diamonds⁶ for which Ellendale is famous. Of particular interest is the current Australian dollar price of the E9 diamond valuation which is **A\$835/carat**. This result is considerably enhanced by the Australian dollar trading at 11-year lows to the US dollar.

The **E9 East** area (Figure 2) diamond valuation prices have fared especially well with a **20%** increase since 2008. This increase is in-part due the higher percentages of Fancy Yellow stones in the east lobe which runs at 16% Fancy Yellow (Ellendale West has 9% Fancy Yellows). The E9 East diamond valuation is the highest for the Ellendale field at **US\$750/carat (A\$1,120)**.

Table 1: Ellendale 2020 Hard Rock Diamond Valuations comparative to 2008

Pipe	2008	2020	% Increase	2020	Weight (carats)	Value US\$
	Price per carat US\$	Price per carat US\$	US\$ valuation 2008 to 2020	Price per carat A\$		
E9	\$457	\$559	18%	A\$835	38,748	\$21,672,163
E9 East	\$602	\$750	20%	A\$1,120	16,551	\$12,421,153
E9 West	\$374	\$454	18%	A\$678	10,152	\$4,612,372
E4	\$128	\$135	5%	A\$201	136,127	\$18,310,523
E4S	n/a	\$137	n/a	A\$204	864	\$118,032

Diamonds recovered in the 1.5-16mm range.

Diamonds were collated into parcels for sale under commercial mining circumstances, not exploration ('Lots' in the attached IDVI report), resultantly the 'number of stones' data was not collated, only total weights in carats.

Diamond breakage data is not available.

Exchange Rates Feb 2020 1US\$=A\$0.67

See ASX Release and copy of the Independent Valuation⁵

4.2 Diamond Valuation Results – Ellendale Alluvials

Table 2 summarises the most recent valuations based on a February 2020 price estimate of diamonds recovered from alluvial mining of E9 West Channel, E9 East Channel and E12 Channel at Ellendale by a previous operator. The weight of stones in the valuation is as indicated:

Table 2: Ellendale 2020 Alluvial Diamond Valuations: E9 West Channel, E9 East Channel & E12 Channel

Alluvial Channel	2020	Value A\$	Weight (carats)	Value US\$
	Price per carat US\$			
E9 East Channel	\$518	\$773	833	\$431,217
E9 West Channel	\$157	\$234	27,299	\$4,292,953
E12 Channel	\$498	\$743	428	\$213,157

Diamonds recovered in the 1.5-16mm range.

Diamonds were collated into parcels for sale under commercial mining circumstances, not exploration, resultantly the 'number of stones' data was not collated, only total weights in carats.

Diamond breakage data is not available.

Exchange Rates Feb 2020 US\$0.67=A\$1.00

See ASX Release and copy of the Independent Valuation⁶

In summary, the high valuation of **US\$518/carat** (A\$773) for diamonds from the E9 East Channel, upgrades this area as a target for extensions to the previously mined alluvials and also for eluvials from the E9 East lamproite pipe. More information is currently being compiled on this area.

4.3 Ellendale Project Diamond Valuation Summary

The Board is very pleased with the updated valuation data for the Ellendale diamond field. The increases in the valuations of Ellendale diamonds since 2008 indicates the uniqueness and value of the Fancy Yellows in particular, which is the main component which is driving these price increases. For this reason, the Company is placing more emphasis on the Ellendale 9 area and surrounding alluvials as this is the source of the best fancy yellow stones within the Ellendale field.

The Ellendale Project has been one of the world's largest diamond producers in the past. The Company continues to evaluate the enormous potential of our 100% owned Ellendale leases to deliver a profitable diamond mining operation. The increased and updated diamond valuations in this report provide an excellent basis for assessing the potential of our Ellendale leases both hard rock and alluvial prospects.

5.0 Appointment of Mr Tom Reddicliffe as Non-Executive Director

On 24 March, the Company announced the appointment of Mr Tom Reddicliffe BSc (Hons), MSc (Geol) FAusIMM as a Non-Executive Director effective 24 March 2020.

Mr Reddicliffe has considerable knowledge of diamond mining and exploration companies. He is a geologist with some 40 years of largely Australian focused diamond exploration, evaluation and trial mining experience having graduated with an Honours degree in geology in 1974 from the University of Queensland. He is currently a Fellow of the Australian Institute of Mining and Metallurgy.

Mr Reddicliffe joined Ashton Mining Limited in 1976, and worked with the AEJV exploration teams at both Ellendale and Argyle. He was appointed the Australian Exploration Manager of Ashton Mining Limited in 1991 and remained in that position up until Ashton was taken over by Rio Tinto in late 2000. During his position as exploration manager with Ashton Mining Limited, Mr Reddicliffe was credited with discovering the Merlin diamond pipes in the Northern Territory in 1993 which became a renowned producer of large, good quality white diamonds. Merlin produced Australia's largest diamond - the 104.73 carat gemstone Jungiila-Bunajina.

After his tenure with Ashton Mining Limited, Mr Reddicliffe joined Striker Resources (renamed North Australian Diamonds Limited in 2004) as Technical Director from 2003 and was appointed CEO in 2007. Mr Reddicliffe stepped down from the Board of North Australian Diamonds Limited in mid-2011.

The Board of GIB is delighted Mr Reddicliffe has joined our team and believe his unique blend of experience and ability will make an excellent contribution to the success of the Ellendale Diamond Project.

5.1 Resignation of Mr Mark Thompson

Mr Mark Thompson has resigned as a Non-executive Director of Gibb River Diamonds effective 24 March 2020, in order to more closely focus on his role as Managing Director of ASX listed material company Talga Resources Limited. Mr Thompson has been a director of GIB since 1 October 2012 and has made a considerable contribution to our Company in that time, both technically and corporately. The current board would like to sincerely thank Mr Thompson for his considerable service over the last seven and a half years.

6.0 Summary and Lookahead

The current Covid-19 outbreak has caused delays across Australia to exploration and mine development work and has also affected the financing of the Ellendale Project. However, the effects on GIB are reduced as the Company had not yet commenced mobilisation to the project site.

Swift action in the form of major cutbacks to salaries and outgoings have ensured the Company remains on a firm financial footing, well positioned to weather the COVID-19 storm. The current hiatus in fieldwork is not being wasted, with the grant of various tenement licenses progressing through the required timelines at the Mines Department and project data being reviewed and assessed. The Company has no debt and outgoings are low.

Negotiations are active and ongoing with regards to the sale of the Highland Plains phosphate asset and this is another option for Ellendale Project funding.

GIB believes there is excellent potential for the new Ellendale leases to deliver a profitable diamond mining operation and we continue to move towards our goal of becoming Australia's next diamond producer. The current 11 year low Australian vs US dollar exchange rate significantly improves local currency pricing for diamonds (which are priced in US dollars) compared to previous years mining at Ellendale.

The Company has \$699,000 in cash.

Jim Richards
Executive Chairman

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Ellendale Diamond Project Summary

Gibb River Diamonds Limited ('GIB' or the 'Company') owns the mining leases (100%) which cover the Ellendale Diamond Project in the West Kimberley, WA. The Ellendale Project has been one of the world's foremost diamond producers with past production of approximately 1.3 million carats. This included the annual supply of over 50% of the world's Fancy Yellow diamonds, which were the subject of a special marketing agreement between the former operator and Tiffany & Co.

The Company's aim at Ellendale is to progress and permit areas which can be brought into profitable production as quickly as possible. A number of exciting targets align with this aim including:

- E9 Alluvials
- Blina Alluvials
- Dredging mineralisation within the existing E4 and E9 pits
- A Channel Alluvials
- Numerous other alluvial and hard rock targets

A summary of these targets and JORC Table 1 can be found in the [GIB ASX release](#) dated 23 December 2019.

The Blina Alluvial Project is fully permitted, the major processing plant equipment has already been purchased and the project is 'shovel ready'. The project consists of a diamond bearing alluvial palaeochannel 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.

Blina 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. The capital required is a modest \$2.5 million and the Company is currently looking at ways to raise this capital, including through the sale of GIB's wholly owned Highland Plains phosphate deposit. The Company is debt free.

For further information regarding grades and historical production from the Blina Project alluvials^{1,2&3}, [click here](#), [click here](#) and [click here](#)

Note 6 to Appendix 5B:

Payments to related parties of the entity and their associates: during the quarter \$66,000 was paid to Directors and associates for salaries superannuation and consulting fees.

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](#)

⁵Ellendale 9 East Diamond Values Increase 20% to US\$750/carat; GIB ASX Release dated 3 March 2020, [click here](#)

⁶Further Excellent Ellendale Diamond Valuations Up to US\$518 per carat (A\$773 per carat) from Alluvial Targets; GIB ASX Release dated 12 March 2020, [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.

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
E04/2543	WA	Surrendered	0%	0%	100%	Surrendered
E04/2640	WA	Withdrawn	0%	0%	100%	Withdrawn
E04/2641	WA	Withdrawn	0%	0%	100%	Withdrawn
E04/2665	WA	Application	100%	100%	0%	Application
E04/2666	WA	Application	100%	100%	0%	Application
E04/2667	WA	Application	100%	100%	0%	Application
E04/2668	WA	Application	100%	100%	0%	Application
M04/465	WA	Granted	100%	0%	0%	Granted
M04/466	WA	Granted	100%	0%	0%	Granted
M04/467	WA	Granted	100%	0%	0%	Granted
M04/475	WA	Application	100%	100%	0%	Application
M04/476	WA	Application	100%	100%	0%	Application
M04/477	WA	Application	100%	100%	0%	Application
P04/277-287	WA	Applications	100%	100%	0%	Applications
E69/2820	WA	Granted	20%	0%	0%	JV with Alloy Resources Limited
L04/98	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
L04/115-116	WA	Applications	100%	100%	0%	Applications

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%: