

ASX RELEASE

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ASX Code: GIB



Sale of Option over Ellendale Diamond Project, WA

Highlights

- Gibb River Diamonds Limited (ASX: GIB or the 'Company') has entered into a two year Option agreement with Burgundy Diamond Mines Limited (ASX: BDM or 'Burgundy'), which confers the right for Burgundy to acquire 100% of the Ellendale Diamond Project, in the Kimberley Region of Western Australia
- **Total Transaction** consideration is \$6.7 million in cash, 16 million BDM shares, and a 1.5% gross revenue royalty. The cash and shares component consist of three staged payments over two years; with the third payment to exercise the Option. The second and third payments are required to proceed with the transaction and are at Burgundy's election
- **First Payment:** Upon entering into the Option agreement, BDM is paying GIB A\$1.7 million in cash and issuing to GIB 4 million fully paid ordinary shares in BDM
- **Second Payment:** within one year of entering into the Option, BDM to pay GIB A\$1 million in cash and issue to GIB 5 million fully paid ordinary shares in BDM
- **Third Payment:** within two years of entering into the Option and upon the exercise of the Option to purchase the Ellendale Diamond Project, BDM to pay GIB A\$4 million in cash and issue to GIB 7 million fully paid ordinary shares in BDM
- BDM will also pay GIB a 1.5% gross revenue royalty on the diamonds obtained from the tenements, including during the Option period
- Burgundy are a Western Australian based company and look forward to operating in close concert with the local traditional owners, respecting the heritage and fragile environment of this important region of the country

1.0 Overview

Gibb River Diamonds Limited ('GIB' or the 'Company') is pleased to announce the sale of a two year Option agreement with Burgundy Diamond Mines Limited (ASX: BDM; 'Burgundy'), which confers the right for Burgundy to acquire 100% of the Ellendale Diamond Project, WA.

This Option covers all tenements pegged by GIB in the Ellendale Diamond Province, including over the historic Ellendale Diamond Mine and Blina Diamond Project and the associated data.

Burgundy is Western Australian based company with a highly-credentialed management team, focused on global diamond exploration and project development with a vision to become a leading mid-cap diamond producer.

Burgundy intends to extract maximum value from the natural beauty of the Ellendale stones via its own marketing initiatives, and re-establish Western Australia as a supplier of unique high-value diamonds to luxury goods markets worldwide.

2.0 Transaction Structure

The total transaction consideration is \$6.7 million in cash, 16 million BDM shares, and a 1.5% gross revenue royalty. The cash and shares component consist of three staged payments over two years; with the third payment to exercise the Option. The second and third payments are required to proceed with the transaction and are at Burgundy's election:

- (i) **First Payment:** upon entering into the Option agreement, BDM is paying GIB A\$1.7 million in cash and issuing to GIB 4 million fully paid ordinary shares in BDM;
- (ii) **Second Payment:** within one year of entering into the Option, BDM to pay GIB A\$1 million in cash and issue to GIB 5 million fully paid ordinary shares in BDM;
- (iii) **Third Payment:** within two years of entering into the Option and upon the exercise of the Option to purchase the Ellendale Diamond Project, BDM to pay GIB A\$4 million in cash and issue to GIB 7 million fully paid ordinary shares in BDM.

BDM will also pay GIB a 1.5% gross revenue royalty on the diamonds obtained from the tenements, including during the Option period.

All shares issued to GIB in respect of the transaction will be subject to a 6-month voluntary escrow period commencing on the date of issue.

Should Burgundy elect not to proceed with the payments to GIB detailed in (ii) and (iii) above, then (excepting conditions precedent), the Option will not have been exercised and GIB will retain the Ellendale Diamond Project 100%.

3.0 Lookahead

Burgundy is in the process of detailed assessment work on all of the potential sources of diamond-bearing material within the leases, and will be defining sampling programs and potential trial mining operations as this assessment work progresses.

Burgundy are a Western Australian based company, and look forward to operating in close concert with the local traditional owners, respecting the heritage and fragile environment of this important region of the country.

4.0 Conclusion

The Ellendale Diamond Project requires significant capital to progress and GIB believes the involvement of Burgundy will provide greater certainty and upside for GIB shareholders in this regard, whilst also providing significant additional benefits for all stakeholders in the region.

The Option deal is a good one for GIB shareholders providing substantial benefits in the form of cash payments, shares in a well-capitalised ASX listed entity with a strong management team and with continuing upside exposure through a 1.5% gross revenue royalty. Should Burgundy elect not to exercise the Option, then GIB will continue to hold the project 100%.

The Company wishes Burgundy every success in their endeavor and we look forward to assisting them during the Option period.

GIB is currently waiting on assays regarding the Phase 3 drilling program at the Edjudina Gold Project. These results will be reported once they become available and are assessed. This Ellendale Option sale will now enable GIB to focus more attention on the further exploration and development at Edjudina, including the recently discovered Neta Lodes Prospect.

Jim Richards
Executive Chairman

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This announcement has been approved by the Board of Directors of Gibb River Diamonds Limited.

Competent Persons Statement

The information in this report that relates to previously reported exploration results 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 Gibb 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.