

# Gibb River to keep the diamonds flowing

Just as the stars sprinkle the sky in Western Australia's far north, the sparkle in the dirt has been provided by the precious stones scattered through the region.

Diamonds from Argyle and Ellendale are revered the world over for their rare cuts and colours unlike any other.

For almost 40 years Argyle has been the world's only source of rare pink diamonds, while fancy yellow diamonds from Ellendale were once the stones of choice for Tiffany & Co.

Ellendale's recent history has been storied and the mine gates at Rio Tinto Ltd's Argyle will shut later this year, bringing an end to a chapter of diamond mining in Australia.

"I believe when they are gone, they are gone and there is not even another producer on the horizon apart from us. We are the only producer I am aware of that is permitted and capable of production and providing that we get our capital, we will be Australia's only producing diamond mine,"

Gibb River Diamonds Ltd executive chairman Jim Richards told **Paydirt**.

Subject to raising \$2.5 million or more, Gibb will be ready to start producing at the Blina alluvial diamond project in West Kimberley.

Funding will allow Gibb four months of bulk sampling ahead of trial mining.

"From that point we can be cash positive within four months of setting up a plant and machinery. We are not trying to be the biggest diamond miner, but we are trying



Seth Blume with Gibb executive chairman Jim Richards at Ellendale. A haul ramp to the water still exists which could provide access for a future dredging operation target



to be very profitable. We don't have to be the biggest, we are a micro-cap company and we can add a huge amount of value to the shareholders of our company," Richards said.

Sir Ron Brierley and his related entities are no longer part of Gibb's shareholder base after the remaining shares he held were sold on market in December.

Brierley initiated a hostile takeover of Gibb back in 2015 and has been present on the company's registry since that unsuccessful attempt.

The company stated that Brierley's departure was an "excellent outcome" for shareholders and "one which will enhance our ability to more effectively promote the Blina diamond project through either a strategic partner or financing via JV or the asset sale of the Highland Plains phosphate project [the latter two being potentially non-dilutive]".

Brierley's exit was among a series of positive announcements made by Gibb in late 2019 which sets the company on path for a better 2020.

The WA State Government invited Gibb to apply for exclusive mining and exploration leases covering the Ellendale diamond mine under the Government's Expression of Interest process.

By acquiring the Ellendale leases, Gibb will have ground that complements the nearby Blina project giving it a strong footing in the Kimberley diamond fields.

E9 and E4 at Ellendale were two hard rock mines previously in production before Kimberley Diamond Company (KDC) floundered and the operation closed in 2015.

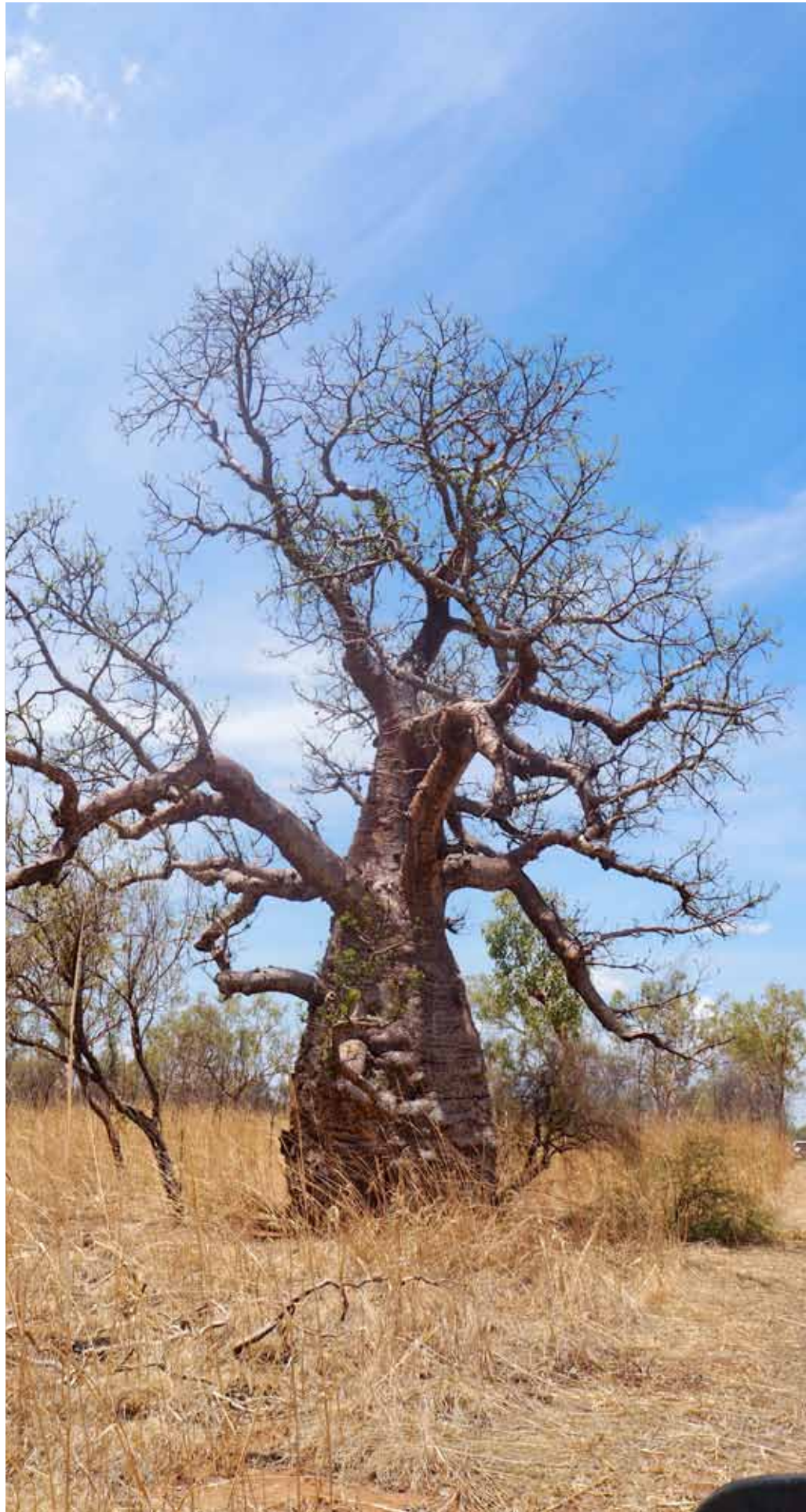
Before then the Ellendale project accounted for about half the world's annual supply of fancy yellow diamonds, sought after by Tiffany & Co via a marketing arrangement.

Gibb has two exploration licences granted over E4 and E9 plus the alluvial mines and prospects, while lease applications for other ground considered prospective by the company were pending at the time of print.

Gibb's leases at Ellendale come with no environmental or other liabilities, with the Department of Mines, Industry Regulation and Safety (DMIRS) having committed \$230,000 from the Mining Rehabilitation Fund to safeguard the site for new operators.

A restart to operations at Ellendale, which produced 1.3 mct of gem and industrial quality diamonds between 2002 and 2015, will hopefully rejuvenate the Kimberley diamond field through mining and exploration.

Richards believes there is potential for new discoveries in the region and he is





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urging the WA Government to rally behind it to help the diamond sector along.

"The current royalty rate on diamonds is 7.5%, the royalty review in 2013 recommended that be dropped to 5%. We are lobbying the State to do that and I think the State needs to come to the party," Richards said.

"More proactive state support for the industry would be terrific to see and I think when we start producing it will be easier to lobby for that as we will be able to lobby with a bit more authority. It is an active issue for this company to lobby the State for support and I think they believe they are sympathetic, but we need some action on it."

Gibb's dream of being a diamond producer is gaining momentum, with the Ellendale acquisition beefing up its value proposition from the humble beginnings planned at Blina.

Phase two trenching work at Blina has confirmed diamondiferous gravel targets starting from 0.4m depth on the granted M04/467 mining lease.

At the time of print, Gibb was working on producing more information on the high-grade trap sites that would be targeted for

the pending bulk sampling programme.

"The material is in the alluvials, it is free dig and close to surface. We have gravel about a third of a metre below the surface which we then truck a few hundred metres to the sampling plant," Richards said.

"You disaggregate it, there is no blasting, the material is screened and put through the flow sort machine and it then ends up being hand sorted in the sealed tray at the end of the day. It is about as easy as it gets, very cheap to process and it is a very simple and straightforward process that requires no chemicals."

Sampling equipment required for Blina is being held in a warehouse in Perth's south-eastern suburb of Welshpool, ready to be mobilised to site when Gibb has funds in place.

Though conditions for juniors trying to raise capital remain challenging, 2020 promises to be a better year and Gibb hopes to have \$2.5 million in place soon.

If navigating market sentiment hasn't been onerous enough, the vibrant diamond sector of yesteryear has dissipated and growth in synthetic diamond production increased in the last 18 months.

The popularity of synthetic diamonds

has coincided with Gibb's attempts to raise money and proved to be unhelpful as the market became disrupted.

Richards said there were signs the synthetic diamond sector, particularly on a commercial basis in Malaysia, was settling back down.

"Younger people seem to like to buy [synthetic] diamonds for themselves, they don't mind buying this blingy-type jewellery with a lot of smaller type diamonds on it. Indeed, it is to some degree a new market that has been created. It is commercially more difficult to produce larger diamonds and to produce diamonds with the same colour Ellendale has got, my understanding is that it is not yet possible," Richards said.

"The [synthetic diamond] yellows come out brownish yellow, they don't come out as a nice Ellendale yellow. So, I think they are not really competing with the high-end we are living in and we are not even trying to recover the smaller Malay-type stuff through the plant, that's not where our value is."

Instead, Richards said, Gibb would look to create value from the 0.4 to plus-4ct stones with good colours, styles and shapes which have historically been in high demand, as demonstrated by Tiffany & Co's deal to take all of the Ellendale yellow stones produced by KDC.

Therefore, it is reasonable to assume synthetic diamonds may follow the path as the synthetic ruby/sapphire market whereby the "blingy", cheap-end costume type of jewellery ends up being synthetic.

"But, if you walk into any high-end jewellery store in the world they are all mined rubies, sapphires and emeralds; they are all from mines and not synthetics and it looks like it is going the same way as diamonds," Richards said.

"It is hard to imagine top-end jewellery stores selling top-end engagement rings with synthetics. There is a market but it's more of a complimentary market. Now that those changes have happened there is more interest in what we have got because we have a story behind what we do and it is a pretty interesting story."

Branding will be an important part of the marketing process for Gibb and the historic attachment of diamonds sourced from the Ellendale fields is an advantage Richards intends to maximise.

"For diamonds to sell it is becoming



Gibb is looking to raise in the order of \$2.5 million



The WA Government has also invited India Bore Diamond Holdings to apply for other tenements at Ellendale



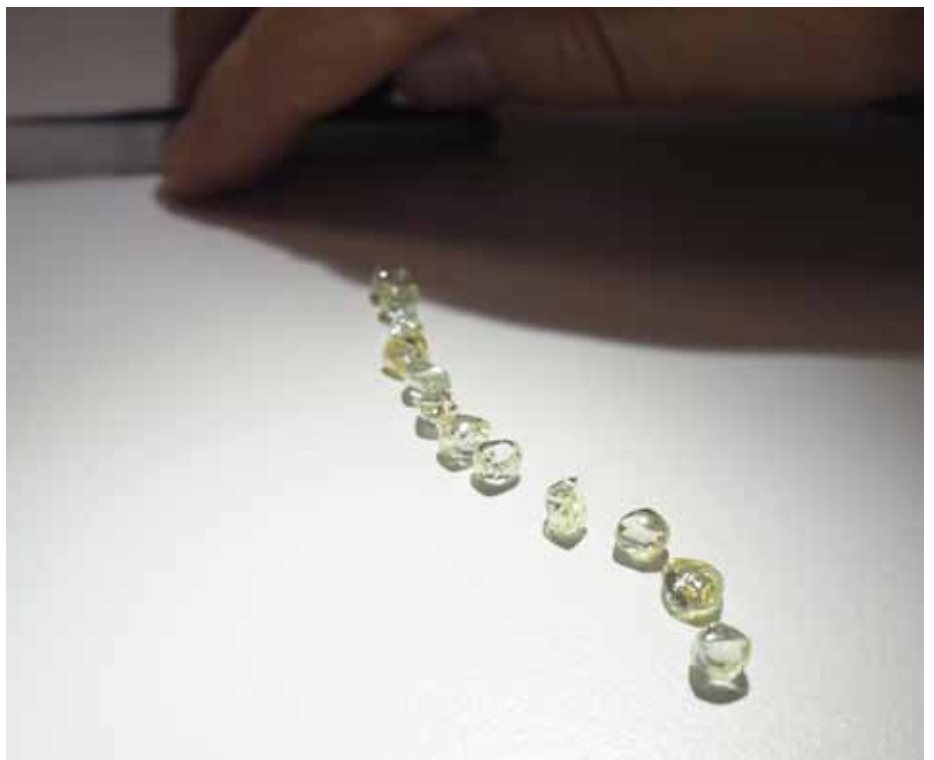
Phase two trenching work at Blina has confirmed diamondiferous gravel targets starting from 0.4m depth on the granted M04/467 mining lease

more and more about branded diamonds. We have got that; we have a Tier 1 jurisdiction, the diamonds are conflict free, very high quality, good large coloured stones and are unique Ellendale stones and colours,” Richards said.

“There’s clearly a demand. When you go to Broome, a lot of the pearlers have created a story. I think there is most definitely a market for our stones through that type of marketing and bespoke high-end jewellery throughout Australia and a nice story to sell overseas as well.

“We have a way to go though, we are a small micro-cap company. We’ll need some help along the way, there is potential for corporate deals. We do have something that is completely unique and there is always interest in what we have got and what we are doing from all kinds of different groups,” he said.

– Mark Andrews



Gibb’s diamonds are generating keen interest from potential investors in Asia