

GIBB RIVER DIAMONDS LIMITED

ACN 129 158 550

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting of Shareholders
to be held on Friday, 12 November 2021 at 1.30pm (WST)
at the offices of HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia**

Due to the ongoing COVID-19 pandemic, the Company will take steps to ensure attendance in person is in adherence to any COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

Shareholders are urged to vote by lodging the Proxy Form.

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of Gibb River Diamonds Limited will be held at:

**HLB Mann Judd, Level 4,
130 Stirling Street, Perth,
Western Australia, 6000**

**Commencing
at 1.30pm (WST)
on Friday 12 November 2021**

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 1.30pm (WST). Given the current COVID-19 pandemic, Shareholders are urged to vote by proxy.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form as soon as possible and deliver the Proxy Form in accordance with the instructions on the Proxy Form. You may also submit your Proxy Form online in accordance with instructions on the Proxy Form.

Your Proxy Form must be received no later than 48 hours before the commencement of the Meeting.

GIBB RIVER DIAMONDS LIMITED
ACN 129 158 550

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Gibb River Diamonds Limited will be held at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia on 12 November 2021 at 1.30pm (WST) for the purpose of transacting the following business.

Due to the ongoing COVID-19 pandemic, the Company will take steps to ensure attendance in person is in adherence to any COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

GENERAL BUSINESS

ACCOUNTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report in the Annual Report of the Company for the financial year ended 30 June 2021."

Voting exclusion:

A vote in respect of the Resolution must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TOM REDDICLIFFE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Tom Reddicliffe, who retires by rotation in accordance with rule 7.3 of the Constitution of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a director of the Company."

RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 4 – APPROVAL TO ISSUE OPTIONS TO JIM RICHARDS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That the issue of up to 5,000,000 Options to Jim Richards or his nominees is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Jim Richards and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf

of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 5 – APPROVAL TO ISSUE OPTIONS TO GRANT MOONEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, the issue of up to 2,000,000 Options to Grant Mooney or his nominees is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Grant Mooney and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (e) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (f) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (g) the proxy is the chair of the Meeting; and
- (h) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS TO TOM REDDICLIFFE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 2, the issue of up to 2,000,000 Options to Tom Reddicliffe or his nominees is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Tom Reddicliffe and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (i) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (j) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (k) the proxy is the chair of the Meeting; and
- (l) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
3. The chair of the Meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, including Resolutions 1, 4, 5 and 6. The Proxy Form expressly authorises the chair of the Meeting to exercise the proxy in relation to Resolutions 1, 4, 5 and 6 even though these Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the chair) will not be voted on Resolutions 1, 4, 5 and 6.
4. Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling of the activities of the Company, directly or indirectly. Closely related parties are defined in the Corporations Act, and include certain family members, dependants and companies controlled by key management personnel.
5. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 10 November 2021 at 5.00pm (WST).
6. If using the Proxy Form, please complete, sign and return it to the Company's registered office in accordance with the instructions on that form. Voting online is available.

By order of the Board

A handwritten signature in black ink, appearing to read 'Grant Mooney', written in a cursive style.

Grant Mooney
Director and Company Secretary

Dated: 28 September 2021

GIBB RIVER DIAMONDS LIMITED
ACN 129 158 550

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.gibbriverdiamonds.com.

Shareholders will be offered the following opportunities:

- (a) discuss the annual financial report for the financial period ended 30 June 2021;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2021.

A reasonable opportunity will be provided for questions about or comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting Consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

2.4 Proxy restrictions

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for this Resolution.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution.

The Chairman intends to vote all undirected proxies in favour of this Resolution. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on this Resolution, by signing and returning the Proxy Form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2021. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TOM REDDICLIFFE

Rule 7.3 of the Constitution requires that at each annual general meeting, one-third of directors for the time being (rounded down to the nearest whole number) shall retire from office and that a Director that so retires is eligible for re-election. Additionally, Listing Rule 14.4 provides that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. The retirement rules do not apply to the managing director.

Mr Tom Reddicliffe was last re-elected as a Director at the 2020 annual general meeting. Tom Reddicliffe retires by rotation in accordance with the Constitution, and being eligible, offers himself for re-election as a Director.

Mr Tom Reddicliffe is a non-executive director of the Company. Details of the qualifications and experience of Mr Reddicliffe is set out in the Company's 2021 Annual Report.

The Board of the Company recommends the re-election of Tom Reddicliffe as a Director.

4. RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% CAPACITY

4.1 Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An "*eligible entity*" means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

This Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Specific information required by Listing Rule 7.3A

(i) Period for which approval is valid

An approval under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (b) The time and date of the Company's next annual general meeting.
- (c) The time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

(ii) Minimum price at which equity securities may be issued

Any equity securities issued under Listing Rule 7.1A must be in an existing quoted class of the eligible entity's equity securities and issued for a cash consideration per security which is not less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- (b) if the securities are not issued within 10 Trading Days of the date in paragraph (a), the date on which the securities are issued.

(iii) Purposes for which funds raised may be used

Equity securities can only be issued under Listing Rule 7.1A for a cash consideration. Funds raised by the issue of equity securities under Listing Rule 7.1A may be used for the continued development of the Company's current assets, the acquisition of new assets or other investments (including expenses associated with such acquisition) and for general working capital.

(iv) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the equity securities in that class may be significantly lower on the issue date than on the date of the Shareholder approval under Listing Rule 7.1A; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The table below shows the potential dilution of existing Shareholders on the basis of 3 different assumed issue prices and values for variable "A" in the formula in Listing Rule 7.1A.2. This includes one example that assumes that "A" is double the number of Shares on issue at the time of the approval under Listing Rule 7.1A and that the price of Shares has fallen by 50%.

Number of Shares on Issue (Variable "A" in Listing Rule 7.1A.2)	Number of Shares issued under additional 10% capacity	Dilution		
		Funds raised based on issue price of 3.7 cents	Funds raised based on issue price of 7.4 cents	Funds raised based on issue price of 14.8 cents
		(50% decrease in current issue price)	(Current issue price)	(100% increase in current issue price)
211,509,445 (Current)*	21,150,944	\$782,585	\$1,565,170	\$3,130,340
317,264,167 (50% increase)*	31,726,417	\$1,173,877	\$2,347,755	\$4,695,510
423,018,890 (100% increase)*	42,301,889	\$1,565,170	\$3,130,340	\$6,260,680

*The number of Shares on issue (variable "A" in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

1. The current Shares on issue are the Shares on issue as at 23 September 2021.
2. The issue price set out above is the closing price of the Shares on the ASX on 23 September 2021.
3. The Company issues the maximum number of equity securities available under the additional 10% capacity.

4. No Options are exercised into Shares before the date of the issue of the equity securities.

(v) Allocation Policy

The Company's allocation policy for the issue of equity securities under the additional 10% capacity will depend on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the additional 10% capacity have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company and may include new investors who have not previously been Shareholders.

(vi) Equity securities issued under Listing Rule 7.1A.2 in the previous 12 months

The Company has not issued or agreed to issue any equity securities under Listing Rule 7.1A.2 in the 12 months preceding this Meeting.

(vii) Voting Exclusion Statement

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

5. RESOLUTIONS 4, 5 AND 6 – APPROVAL TO ISSUE OPTIONS TO DIRECTORS

5.1 General

The Board consists of Jim Richards (Executive Chairman), Grant Mooney (Non-Executive Director) and Tom Reddicliffe (Non-Executive Director).

Resolutions 4, 5 and 6 seek Shareholder approval so the Company may issue Options to each of the 3 Directors. The approval to issue Options to Tom Reddicliffe (Resolution 6) is conditional on his re-election as a Director.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and Listing Rule 10.11 because each of the Directors is a related party of the Company. Each of Chapter 2E and Listing Rule 10.11 are dealt with separately below.

5.2 Chapter 2E of the Corporations Act - Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each of the Directors is a related party of the Company.

The issue of Options to a related party is a financial benefit requiring shareholder approval in the absence of a specified exception applying.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

- (a) *The related party to whom the resolution would permit the financial benefit to be given*

The related parties are Jim Richards (Resolution 4), Grant Mooney (Resolution 5) and Tom Reddicliffe (Resolution 6) or their nominees.

- (b) *The nature of the financial benefit*

The nature of the financial benefit is the issue of up to:

- (i) 5,000,000 Options to Jim Richards (or his nominees);
- (ii) 2,000,000 Options to Grant Mooney (or his nominees); and
- (iii) 2,000,000 Options to Tom Reddicliffe (or his nominees).

The Options have an exercise price of 11 cents, which represent a premium to the Share price at the date of this Notice being 149% of the VWAP for the 5 Trading Days from 21 to 27 September 2021. The Options have an expiry date of 31 August 2025. The full terms of the Options are set out in Schedule 1.

- (c) *Reasons for giving the benefit and Directors Recommendation*

The purpose of the issue of the Options is to incentivise each of the Directors to provide ongoing dedicated services and provide remuneration linked to the performance of the Company. The benefit will only be received from the Options upon the Company's Share price exceeding the exercise price of the Options and thereby warranting their exercise.

The Options are a cost effective and efficient reward and incentive, as opposed to alternative forms of incentive, such as the payment of cash consideration.

The Directors independent of the particular Director in each case (being the other Directors that are not the subject of the particular Resolution) consider that the quantity of Options together with the terms of the Options constitutes an appropriate number to adequately incentivise the Director in question in light of that Director's skill and experience and their current remuneration as detailed below.

The Company acknowledges that the issue of the Options to each of Grant Mooney and Tom Reddicliffe as non-executive directors may be contrary to guidelines for non-executive director remuneration in the ASX Corporate Governance Principles and Recommendations, 4th Edition suggesting that non-executive directors should not receive performance based remuneration. However, the Directors independent of the particular Director consider the issue of the Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

The independent Directors and in each case recommend that Shareholders vote in favour of the Resolutions.

Jim Richards abstains from making a recommendation to Shareholders on Resolution 4 as he has a material personal interest in the outcome as the recipient of the Options.

Grant Mooney abstains from making a recommendation to Shareholders on Resolution 5 as he has a material personal interest in the outcome as the recipient of the Options.

Tom Reddicliffe abstains from making a recommendation to Shareholders on Resolution 6 as he has a material personal interest in the outcome as the recipient of the Options.

(d) *Current total remuneration package*

The current total remuneration received by Jim Richards is \$160,000 per year salary plus statutory superannuation as executive chairman.

The current total remuneration received by Grant Mooney is \$25,000 per year director's fee plus statutory superannuation. Mr Mooney also acts as the Company Secretary and his consulting company Mooney & Partners Pty Ltd receives a fee of \$48,000 per annum plus GST.

The current total remuneration received by Tom Reddicliffe is \$25,000 per year director's fee plus statutory superannuation.

(e) *Existing relevant interests*

As at the date of this Notice, the Directors have a relevant interest in securities of the Company as follows:

	Shares	Options
Jim Richards	41,683,592	2,000,000 ¹
Grant Mooney	9,273,888	2,000,000 ¹
Tom Reddicliffe	0	2,000,000 ¹

1. The Options have an exercise price of 7.5 cents and an expiry date of 30 November 2023.

(f) *Dilution*

The passing of the Resolutions would have the effect of issuing up to 9,000,000 Options to the Directors.

Options are exercised into Shares, the effect will be to dilute the shareholding of the existing Shareholders. If all the 9,000,000 Options were exercised into Shares, the effect will be to dilute the shareholding of the existing Shareholders by approximately 4.08% based on the total number of Shares on issue at the date of this Notice of 211,509,445.

(g) *Trading history*

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Closing Price	Date
Highest Price	23.5 cents	8 October 2020
Lowest Price	4.5 cents	7 October 2020
Latest Price	7.5 cents	24 September 2021

(h) *Valuation of Options*

The Company has valued the Options to be issued by reference to the Black and Scholes valuation model.

The following assumptions have been made regarding the inputs required for the model:

	Input	Note
Number of Options	9,000,000	
Underlying share spot price	7.4 cents	1
Exercise Price	11 cents	2
Dividend rate	Nil	3
Risk free rate	1.6%	4
Volatility	100%	5
Life of the Options	3 years 11 months	6

Note 1: The underlying Share spot price used for the purpose of the valuation is based on the closing Share price of 7.4 cents on 23 September 2021.

Note 2: The exercise price is 11 cents.

Note 3: No dividends are expected to be paid during the life of the Options.

Note 4: The risk free rate is based on the Commonwealth Government 10 year Treasury bond yield of 1.6% at August 2021.

Note 5: The volatility was calculated from the Company's historical trading volatility over the last 12 months and is 100%.

Note 6: The life of the Options has been assumed to be 3 years and 11 months.

Based on the above assumptions, the Options have been valued as follows:

Number and Value of the Options	
Jim Richards	5,000,000 Options – 4.6 cents each (\$230,000)
Grant Mooney	2,000,000 Options – 4.6 cents each (\$92,000)
Tom Reddicliffe	2,000,000 Options – 4.6 cents each (\$92,000)

(i) *Other information*

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in issuing the Options.

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolutions.

5.3 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) Listing Rule 10.11.1 - a related party;
- (b) Listing Rule 10.11.2 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) Listing Rule 10.11.3 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) Listing Rule 10.11.4 - an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) Listing Rule 10.11.5 - a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Options falls within Listing Rule 10.11.1 (as each of the parties the subject of Resolutions 4, 5 and 6 is a Director of the Company) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

The Resolutions seek the required Shareholder approval to the issue of the Options under and for the purposes of Listing Rule 10.11.

For each of Resolutions 4, 5 and 6, if the Resolution is passed, the Company will be able to proceed with the issue.

For each of Resolutions 4, 5 and 6, if the Resolution is not passed, the Company will not be able to proceed with the issue and this incentive will not be issued to the Director. No other replacement incentive is currently proposed.

5.4 **Listing Rule 10.13**

For Shareholders to approve the issue of the Options under and for the purposes of Listing Rule 10.11, the following information is provided to Shareholders in accordance with Listing Rule 10.13:

- (a) The securities will be issued to Jim Richards or his nominee (Resolution 4), Grant Mooney or his nominee (Resolution 5) and Tom Reddicliffe or his nominee (Resolution 6).

- (b) Each of Jim Richards, Grant Mooney and Tom Reddicliffe is a Director and is therefore a related party (Listing Rule 10.11.1).
- (c) The maximum number of securities the Company will issue is 5,000,000 Options to Jim Richards (Resolution 4), 2,000,000 Options to Grant Mooney (Resolution 5) and 2,000,000 Options to Tom Reddicliffe (Resolution 6).
- (d) The terms of the Options are set out in Schedule 1.
- (e) The Options will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (f) The Options will be issued for no consideration and there is no issue price.
- (g) The purpose of the issue is to issue Options to incentivise and remunerate the Directors in performing their role and the issue of the Options is considered an appropriate incentive in the circumstances of the Company. No funds will be raised from the issue of the Options.
- (h) The current total remuneration package of each of the Directors is set out in Section 5.2(d) above.
- (i) The Options to be issued to Jim Richards under Resolution 4 are to be issued as an incentive under the terms of the executive service agreement for the engagement of Jim Richards as Executive Chairman. Other than the remuneration referred to above, the other material terms of the executive service agreement with Jim Richards is he is engaged on an ongoing basis as an Executive Director subject to either Jim Richards or the Company being able to terminate the agreement without cause on one month's notice and otherwise either party can terminate the engagement upon limited events akin to misconduct and incapacity. Otherwise, the terms of the engagement is on standard commercial terms.

The Options to be issued to each of Grant Mooney and Tom Reddicliffe under Resolutions 5 and 6 are to be issued as an incentive under the terms of their non-executive director engagement agreement. Other than the remuneration referred to above, the other material terms of their engagement is each is engaged as a non-executive director subject to the rights of Shareholders and they must perform this role in accordance with applicable laws. Otherwise, the terms of the engagement is on standard commercial terms for a non-executive director.

GIBB RIVER DIAMONDS LIMITED
ACN 129 158 550

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

"**Annual General Meeting**" or "**Meeting**" means the meeting convened by this Notice.

"**ASIC**" means Australian Securities and Investments Commission.

"**ASX**" means the ASX Limited (ACN 008 624 691).

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Board**" means the Board of Directors of the Company.

"**Chair**" or "**Chairman**" means the chairperson of the Company.

"**Company**" or "**GIB**" means Gibb River Diamonds Limited (ACN 129 158 550).

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means Corporations Act 2001 (Cth).

"**Directors**" mean the directors of the Company from time to time.

"**equity securities**" has the same meaning as in the Listing Rules.

"**Explanatory Statement**" means this Explanatory Statement.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Option**" means an option to subscribe for a Share.

"**Resolution**" means a resolution referred to in the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a registered holder of Shares in the Company.

"**Takeover Event**" has the meaning set out in Schedule 1.

"**Trading Day**" has the same meaning as in the Listing Rules.

"**VWAP**" means the volume weighted average price.

"**WST**" means Western Standard Time, Perth, Western Australia.

"**A\$**" or "**\$**" means Australian dollars unless otherwise stated.

SCHEDULE 1

Terms of Options (Resolutions 4, 5 and 6)

The terms of the Options are:

1. Each Option entitles the holder to one Share (fully paid ordinary share) upon exercise of the Option.
2. The exercise price of the Options is 11 cents (Exercise Price).
3. Subject to paragraph 4, the Options are exercisable at any time prior to 5.00 pm WST on 31 August 2025 (Expiry Date).
4. Upon the holder, or the Director associated with the holder, ceasing to be a Director, the holder will have 30 days thereafter to exercise the Options, unless the Board otherwise determines.
5. The Options are only transferable with Board approval. The Options are not intended to be quoted.
6. The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). Prior to the Expiry Date, the Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it to the Company and either paying the Exercise Price for each Option being exercised or electing to use the Cashless Exercise Facility (as defined below) in respect of each Option being exercised. The Company will process all relevant documents received at the end of every calendar month.
7. (Cashless Exercise Facility)
 - (a) If the Shares of the Company are quoted on the ASX at the time of exercise of the Options, the holder of Options may, subject to paragraph 7(c) below, elect to pay the Exercise Price for an Option by setting off the Exercise Price against the number of Shares which they are entitled to receive upon exercise (Cashless Exercise Facility). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off.
 - (b) If the holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average of the prices at which Shares were traded on the ASX during the 5 Trading Days immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = O \times \frac{(MV - EP)}{MV}$$

Where:

S = Number of Shares to be issued on exercise of the Options.

O = Number of Options.

MV = Market value of the Shares (calculated using the volume weighted average prices at which Shares were traded on the ASX over the 5 Trading Days immediately preceding the exercise date).

EP = Option exercise price.

- (c) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with paragraph 7(b)) is zero or negative, then the holder will not be entitled to use the Cashless Exercise Facility.
8. Upon the exercise of an Option in accordance with these terms, the holder will be issued a Share ranking equally with the then issued Shares. The Company will apply to ASX in accordance with the Listing Rules for all Shares pursuant to the exercise of the Options to be admitted to quotation.
 9. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Optionholder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
 10. If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
 11. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.