

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 Monday 23 November 2020 at 3.00pm (WST)
at the offices of HLB Mann Judd, Level 4, 130 Stirling Street, Perth WA 6000**

Shareholders are urged to vote by lodging the Proxy Form attached to this Notice.

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 WA 6000**

**Commencing
at 3.00pm (WST)
on Monday 23 November 2020**

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 3.00pm (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 the offices of HLB Mann Judd, Level 4, 130 Stirling Street, Perth WA 6000 on Monday 23 November 2020 at 3.00pm (WST) for the purpose of transacting the following business.

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 2020 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 2020."

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 – GRANT MOONEY

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

"That Grant Mooney, 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 – ELECTION OF DIRECTOR – TOM REDDICLIFFE

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

"That Tom Reddicliffe, being a Director of the Company appointed by the Directors as an additional Director and holding office until this Meeting in accordance with rule 7.3(f) of the Constitution of the Company and, being eligible, offers himself for election, is hereby elected as a Director of the Company."

RESOLUTION 4 – APPROVAL TO ISSUE SECURITIES TO EDJUDINA GOLD PROJECT VENDORS

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

"That the issue up to 5,500,000 Shares and 5,500,000 Options to the Edjudina Gold Project Vendors or their nominees is approved under and for the purposes of Listing Rule 7.1 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 the Edjudina Gold Project Vendors or their nominees or a 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 5 – 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 6 – APPROVAL TO ISSUE SECURITIES UNDER EMPLOYEE INCENTIVE SCHEME

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

"That the issue of securities under the 'Employee Incentive Plan' for a period of 3 years from the Meeting is approved under and for the purposes of Listing Rule 7.2 Exception 13(b) 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 a person who is eligible to participate in the Employee Incentive Plan 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 a related party the subject of the Resolution or is an associate of a related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 7 – 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 up to 2,000,000 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 8 – 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, subject to the passing of Resolution 2, the issue 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 9 – 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 3, the issue 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 and 6 to 9. The Proxy Form expressly authorises the chair of the Meeting to exercise the proxy in relation to Resolutions 1 and 6 to 9 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 and 6 to 9.
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 Friday 20 November 2020 at 5.00pm (WST).
6. A Proxy Form is attached. If required it should be completed, signed and returned 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: 16 October 2020

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 2020 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 2020;
- (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 2020.

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 2020. 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 – GRANT MOONEY

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 Grant Mooney was last re-elected as a Director at the 2018 annual general meeting. Grant Mooney retires by rotation in accordance with the Constitution, and being eligible, offers himself for re-election as a Director.

Mr Grant Mooney is a non-executive director of the Company. Details of the qualifications and experience of Mr Mooney is set out in the Company's 2020 Annual Report.

The Board of the Company recommends the re-election of Grant Mooney as a Director.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – TOM REDDICLIFFE

Rule 7.3(f) of the Company's Constitution provides that any Director appointed by the Board as an additional director holds office until the next following annual general meeting and is eligible for election at that meeting. Additionally, Listing Rule 14.4 provides that a Director appointed as an additional director must not hold office (without re-election) past the next annual general meeting.

Mr Tom Reddicliffe was appointed by the Board as an additional Director on 24 March 2020.

Mr Tom Reddicliffe holds office until this Meeting and, being eligible, offers himself for election as a Director of the Company.

Mr Tom Reddicliffe is a non-executive director of the Company. Details of the qualifications and expertise of Mr Reddicliffe is set out in the Company's 2020 Annual Report.

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

5. RESOLUTION 4 – APPROVAL TO ISSUE SECURITIES TO EDJUDINA GOLD PROJECT VENDORS

5.1 Background

This Resolution is seeking approval to the issue of up to 5,500,000 Shares and 5,500,000 Options to the Edjudina Gold Project Vendors or their nominees representing the vendor equity consideration for acquiring the Edjudina Gold Project subject to the exercise of an option in favour of the Company ("**Issue**").

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 shares it had on issue at the start of that period.

The Issue does not fall within any of these exceptions. While the Issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the Issue under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

To this end, this Resolution seeks the required Shareholder approval to the Issue under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the Company can proceed without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

If this Resolution is not passed, the Issue can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without shareholder approval under Listing Rule 7.1 for 12 months following the Issue.

5.2 Listing Rule 7.3

For Shareholders to approve the Issue under and for the purposes of Listing Rule 7.1, the following information is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) The securities will be issued to the Edjudina Gold Project Vendors or their nominees.

None of these parties will be a related party of the Company.

- (b) The number of securities to issue is up to a total of 5,500,000 Shares and 5,500,000 Options to the Edjudina Gold Project Vendors being up to 5,000,000 Shares and 5,000,000 Options to Nexus Mt Celia Pty Ltd and 500,000 Shares and 500,000 Options to Coxsrocks Pty Ltd.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares, other than the Shares being subject to a voluntary escrow for 12 months from issue. The Options will have an exercise price of 9 cents and an expiry date of 28 November 2022. The full terms of the Options are set out in Schedule 1.
- (d) The securities will be issued after exercise of the option to acquire the Edjudina Gold Project and, in any event, be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The securities will be issued for nil issue price and represents the vendor equity consideration for acquiring the Edjudina Gold Project.
- (f) The purposes of the issue of the securities is it represents the vendor equity consideration for acquiring the Edjudina Gold Project. No funds will be raised by the issue of the securities.
- (g) The securities will be issued under the terms of a Deed of Option and Tenement Sale Agreement by which the Company can acquire the Edjudina Gold Project (E31/1179) (see ASX announcement of 16 July 2020). The Company has until 15 January 2021 to exercise the option to acquire the Edjudina Gold Project. Upon exercise of the option, the parties will enter into the Tenement Sale Agreement and complete the transaction for the Company's purchase of the Edjudina Gold Project. The consideration payable by the Company to the Edjudina Gold Project Vendors is a total of \$330,000 cash and the issue of 5,500,000 Shares and 5,500,000 Options. The Shares and Options are the subject of this Resolution.

6. RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% CAPACITY

6.1 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.

6.2 **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 2.35 cents	Funds raised based on issue price of 4.7 cents	Funds raised based on issue price of 9.4 cents
		(50% decrease in current issue price)	(Current issue price)	(100% increase in current issue price)
201,009,445 (Current)*	20,100,944	\$472,372	\$944,744	\$1,889,489
301,514,167 (50% increase)*	30,151,417	\$708,558	\$1,417,117	\$2,834,233
402,018,890 (100% increase)*	40,201,889	\$944,744	\$1,889,489	\$3,778,978

*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 2020.
2. The issue price set out above is the closing price of the Shares on the ASX on 23 September 2020.
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.

7. RESOLUTION 6 – APPROVAL TO ISSUE SECURITIES UNDER EMPLOYEE INCENTIVE SCHEME

7.1 Background

The Board adopted the Employee Incentive Plan in October 2020 and it enables the Company to issue Options or Performance Rights to eligible participants being employees (full and part-time), directors, relevant contractors, casual employees and prospective parties in these capacities.

The Employee Incentive Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth and assist with reward and retention of eligible participants.

The Employee Incentive Plan is an employee incentive scheme in accordance with the Listing Rules.

The Employee Incentive Plan is in accordance with ASIC Class Order 14/1000, as amended, which expanded the class of financial products that could be offered (ie performance or incentive rights can be issued as well as shares and options) and expanded the categories of persons who can participate (ie certain contractors and casual employees).

A summary of the Employee Incentive Plan is set out in Schedule 2.

7.2 Listing Rule 7.2 Exception 13(b)

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%. See Section 6.1 above for further information on Listing Rule 7.1A.

Although Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Employee Incentive Plan itself, Listing Rule 7.2 Exception 13(b) provides that an issue of securities under an employee incentive scheme (such as the Employee Incentive Plan) will not be included in calculating the Company's placement limits in Listing Rules 7.1 and 7.1A if it is made within 3 years after shareholders approve the issue of equity securities under the scheme as an exception to the placement limits.

By this Resolution the Company is seeking approval to issue securities under the Employee Incentive Plan for a period of 3 years from the Meeting to eligible participants who are not Directors or Listing Rule 10.14 parties, so that the issue of securities is excluded in calculating the placement limits in Listing Rules 7.1 and 7.1A.

This will enable the Company to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval to such issues under Listing Rules 7.1 and 7.1A.

If this Resolution is passed, the Company will be able to proceed with issues of securities under the Employee Incentive Plan for a period of 3 years from the Meeting and these issues will be excluded in calculating the Company's placement limits in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval.

If this Resolution is not passed, any issues of securities under the Employee Incentive Plan will be included in calculating the Company's placement limits in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval.

For Shareholders to approve the issue of securities under the Employee Incentive Plan for a period of 3 years from the Meeting, the following information is provided to Shareholders in accordance with Listing Rule 7.2 Exception 13(b):

- (a) A summary of the Employee Incentive Plan is set out in Schedule 2. Options or Performance Rights may be issued under the Employee Incentive Plan to eligible participants.
- (b) No securities have been issued to date under the Employee Incentive Plan.
- (c) The maximum number of equity securities proposed to be issued under the Employee Incentive Plan following Shareholder approval sought by this Resolution is 20,000,000 equity securities.

Any equity securities proposed to be issued under the Employee Incentive Plan to a Director or Listing Rule 10.14 party will require separate Shareholder approval under Listing Rule 10.14 of the Listing Rules.

7.3 Recommendation

The Board recommends that Shareholders approve the issue of securities under the Employee Incentive Plan as it will allow the Company to issue such securities for the benefit of eligible participants for a period of 3 years from the Meeting whilst preserving the Company's placement limits in Listing Rules 7.1 and 7.1A and will provide flexibility in the manner in which the Employee Incentive Plan is managed.

8. RESOLUTIONS 7 TO 9 – APPROVAL TO ISSUE OPTIONS TO DIRECTORS

8.1 General

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

Resolutions 7 to 9 seek Shareholder approval so that the Company may issue Options to each of the 3 Directors. The approval to issue Options to Grant Mooney (Resolution 8) and Tom Reddicliffe (Resolution 9) is respectively conditional on their re-election or election as Directors.

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.

8.2 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 7), Grant Mooney (Resolution 8) and Tom Reddicliffe (Resolution 9) or their nominees.

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

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

- (i) 2,000,000 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 will have an exercise price of 7.5 cents and an expiry date of 30 November 2023. The full terms of the Options are set out in Schedule 3.

- (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.

As announced on 16 April 2020, the Directors from March 2020 reduced their remuneration by 50% in response to the COVID-19 outbreak and disruption to capital markets. The Directors are therefore being remunerated at what they consider below market remuneration. Jim Richards as Executive Chairman is being paid \$80,000 per annum salary and Grant Mooney and Tom Reddicliffe as Non-Executive Directors are being paid a director's fee of \$15,000 per annum. The proposed issue of the Options to the Directors in these circumstances, is considered an appropriate incentive. Further, the issue of the Options is a cost effective and efficient reward and incentive to be provided to each Director by the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation.

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 7 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 8 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 9 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 from March 2020 in response to the COVID-19 pandemic is \$80,000 per year salary plus statutory superannuation as executive chairman.

The current total remuneration received by Grant Mooney from March 2020 in response to the COVID-19 pandemic is \$15,000 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 \$30,000 per annum plus GST.

The current total remuneration received by Tom Reddicliffe from March 2020 in response to the COVID-19 pandemic is \$15,000 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	36,549,735	3,000,000 ¹
Grant Mooney	9,273,888	1,000,000 ¹
Tom Reddicliffe	0	0

1. The Options have an exercise price of 9 cents and an expiry date of 26 October 2020.

(f) *Dilution*

The passing of the Resolutions would have the effect of issuing up to 6,000,000 Options to the Directors.

If any of the Options are exercised into Shares, the effect will be to dilute the shareholding of existing Shareholders. If all the 6,000,000 Options were exercised into Shares, the effect would be to dilute the shareholding of the existing Shareholders by approximately 2.90% based on the total number of Shares on issue at the date of this Notice of 201,009,445.

(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	7.7 cents	30 December 2019
Lowest Price	1.6 cents	4 December 2019
Latest Price	5.0 cents	25 September 2020

(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	6,000,000	
Underlying share spot price	5 cents	1
Exercise Price	7.5 cents	2
Dividend rate	Nil	3
Risk free rate	0.83%	4
Volatility	100%	5
Life of the Options	36 months	6
Valuation	2.7 cents	

Note 1: The underlying share spot price used for the purpose of the valuation is based on the closing Share price of 5 cents on 25 September 2020.

Note 2: The exercise price is 7.5.

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 0.83% at 25 September 2020.

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 36 months expiring on 15 November 2023, the final date for exercise of the Options.

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

Number and Value of Options	
Jim Richards	2,000,000 Options – 2.7 cents each (\$54,000)
Grant Mooney	2,000,000 Options – 2.7 cents each (\$54,000)
Tom Reddicliffe	2,000,000 Options – 2.7 cents each (\$54,000)

(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.

8.3 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 7 to 9 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 7 to 9, if the Resolution is passed, the Company will be able to proceed with the issue.

For each of Resolutions 7 to 9, 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.

8.4 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 7), Grant Mooney or his nominee (Resolution 8) and Tom Reddicliffe or his nominee (Resolution 9).
- (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 2,000,000 Options to Jim Richards (Resolution 7), 2,000,000 Options to Grant Mooney (Resolution 8) and 2,000,000 Options to Tom Reddicliffe (Resolution 9).
- (d) The Options will have an exercise price of 7.5 cents and an expiry date of 30 November 2023. The full terms of the Options are set out in Schedule 3.
- (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 7.2(d) above.
- (i) The 2,000,000 Options to be issued to Jim Richards under Resolution 7 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 2,000,000 Options to be issued to each of Grant Mooney and Tom Reddicliffe under Resolutions 8 and 9 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.

"**Edjudina Gold Project Vendors**" means Nexus Mt Celia Pty Ltd (ACN 622 301 875) and Cocksrocks Pty Ltd (ACN 111 457 231).

"**Employee Incentive Plan**" means the Gibb River Diamonds Employee Incentive Plan, with the terms summarised in Schedule 2.

"**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.

"**Performance Right**" means a right to acquire a Share subject to the satisfaction of applicable vesting conditions.

"**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.

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

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

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

SCHEDULE 1

Terms of Options (Resolution 4)

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 9 cents (Exercise Price).
3. The Options may be exercised at any time prior to 5.00 pm WST on 28 November 2022 (Expiry Date).
4. The Options are only transferable with Board approval. The Options are not intended to be quoted.
5. 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 paying the Exercise Price for each Option being exercised. The Company will process all relevant documents received at the end of every calendar month.
6. 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.
7. 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 term 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.
8. 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.
9. 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.

SCHEDULE 2

Terms of Employee Incentive Plan (Resolution 6)

- 1. Purpose** The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer Options or Performance Rights to assist with reward, retention, motivation and recruitment of eligible participants.
- 2. Eligible Participants** Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary, relevant contractors and casual employees and prospective parties in these capacities ("Eligible Participants").
- 3. Offers** Subject to any necessary Shareholder approval, the Board may offer Options or Performance Rights to Eligible Participants for nil consideration.
- 4. Expiry Date** The expiry date of any Options or Performance Rights will be determined by the Board.
- 5. Vesting Conditions and Lapse**

An Option or Performance Right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon the vesting of the Options or Performance Rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles.

An Option or Performance Right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or permanent disablement) and upon misconduct by a participant.
- 6. Cashless Exercise Facility** An Eligible Participant issued with Options may elect to utilise a cashless exercise facility enabling the Eligible Participant to set-off the exercise price of the Options against the number of Shares to which they are entitled to receive upon exercise based on a market value of the Shares over the 5 Trading Days preceding the date of exercise.
- 7. Shares issued on vesting** Each Option or Performance Right entitles the holder to one fully paid ordinary share on exercise or vesting.
- 8. Transferability and quotation** An Option or Performance Right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the Options or Performance Rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on the exercise of the Options or vesting of the Performance Rights.
- 9. No voting or dividend rights** The Options or Performance Rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Options or Performance Rights are vested and the underlying Shares have been issued.
- 10. No participation rights** The Options or Performance Rights do not entitle the holder to participate in the issue of securities unless the Options or Performance

Rights are exercised or vested and Shares have been issued before the record date for determining entitlements.

- 11. Limitation on number of securities** Securities to be issued under the Employee Incentive Plan in any 3 year period must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit being any offer to a person outside Australia, an offer not requiring disclosure to investors because of section 708 of the Corporations Act or an offer made under a disclosure document.
- 12. Administration of the Employee Incentive Plan** The Employee Incentive Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Employee Incentive Plan as it considers appropriate.
- 13. Operation** The operation of the Employee Incentive Plan is subject to the Listing Rules and the Corporations Act.
- 14. Application of Subdivision 83A-C of the *Income Tax Assessment Act 1997 (Cth)*** Subdivision 83A-C (deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997 (Cth)* applies to the Employee Incentive Plan and holders of securities issued under the Employee Incentive Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.

SCHEDULE 3

Terms of Options (Resolutions 7 to 9)

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 7.5 cents (Exercise Price).
3. Subject to paragraph 4, the Options are exercisable at any time prior to 5.00 pm WST on 30 November 2023 (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.