

CORPORATE GOVERNANCE

GIBB RIVER DIAMONDS LIMITED (ACN 129 158 550)

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS 2024

The Company has complied with each of the Eight Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council-4th Edition, other than in relation to the matters specified below as at 11 October 2024.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The listing entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The Company complies with this recommendation.

A policy on matters reserved for the Board is outlined in the "Statement of Board and Management Functions" available on the Company's website.

The Company has established clear details of the roles and responsibilities of each of its board management members.

Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company complies with this recommendation.

The Company has a policy for the evaluation of the Board and Senior Executives in accordance with the Board Charter, available on the Company's website.

The appointment of any director is subject to subsequent approval by shareholders at the next Annual General Meeting of the Company. Meeting materials for such meeting incorporates all relevant details to assist shareholders in deciding whether or not to elect or re-elect that director.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company complies with this recommendation.

Prior to the formal appointment of any director, a written agreement is entered into between the Company and the director setting out the terms and conditions of their appointment.

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Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company complies with this recommendation.

Recommendation 1.5

A listed entity should:

- (a) have and disclose a diversity policy;*
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and*
- (c) disclose in relation to each reporting period:*
 - (1) the measurable objectives set for that period to achieve gender diversity;*
 - (2) the entity's progress towards achieving those objectives; and*
 - (3) either:*
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or*
 - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company does not comply with this recommendation. The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time to formally set objectives for gender diversity. The Company currently employs (including on a consulting basis) 6 staff (1 female and 5 males).

Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The Company complies with this recommendation.

The Company has a Board and Senior Executives Evaluation Policy which is available on the Company's website and is currently in the process of undertaking end of year evaluations of the Board and chief executive.

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Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Company complies with this recommendation.

The Company has a Board and Senior Executives Evaluation Policy which is available on the Company's website and is currently in the process of undertaking end of year evaluations of the Board and chief executive.

Principle 2: Structure the board to add value

Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committee which:*
 - (i) has at least three members, a majority of whom are independent directors; and*
 - (ii) is chaired by an independent director; and disclose:*
 - (iii) the charter of the committee;*
 - (iv) the members of the committee; and*
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Company does not comply with this recommendation. Given the Company's size, it is not considered necessary to have a separate Nomination Committee.

In addition to the above, the following information is provided:

- (a) the skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report;
- (b) the Board, in consultation with external advisers where required, undertakes this role; and
- (c) the Board Charter provides for the proper assessment of prospective directors and include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.

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Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company complies with this recommendation.

The Company complies with this recommendation. The Board has undertaken an assessment of its mix of skills using a skills matrix to assess strengths and identify weaknesses. A summary of the blend of skills is set out below:

Expertise	Industry	Qualifications
<ul style="list-style-type: none">▪ Geology▪ Minerals & Mining▪ Capital Markets▪ Accounting & Finance▪ Renewable energy▪ Technology development	<ul style="list-style-type: none">▪ Capital markets▪ Mineral exploration and mining▪ Banking and Finance▪ Equity markets▪ Technology▪ Renewables	<ul style="list-style-type: none">▪ Business & accounting▪ Geology▪ Management▪ Science

The skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report.

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;*
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
- (c) the length of service of each director.*

The Company complies with this recommendation.

Non-Executive Directors Grant Mooney and Thomas Reddicliffe are considered Independent Directors while James Richards is not considered to be independent as he is a substantial shareholder and is an executive of the Company.

The length of service of each Director is set out in the Annual Report.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The Company complies with this recommendation.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company does not comply with this recommendation for the reasons set out in 2.3 above. The Board is of the view that James Richards considerable exploration and mining experience and shareholding in the Company is a benefit to the Company and provides considerable benefits to shareholders.

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Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Company complies with this recommendation.

The Company has established a process for induction of new directors and where possible, provides each director with opportunities for professional development such that they can improve their effectiveness as directors of the Company.

Principle 3: Act ethically and responsibly

Recommendation 3.1

A listed entity should articulate and disclose its values.

The Company complies with this recommendation.

The Company has established a code of conduct for all directors, senior executives and employees which is summarised in the Company's Annual Report.

Recommendation 3.2

A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and*
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.*

The Company complies with this recommendation.

Recommendation 3.3

A listed entity should:

- (a) have and disclose a whistleblower policy; and*
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

The Company complies with this recommendation.

Recommendation 3.4

A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and*
- (b) ensure that the board or committee of the board is informed of any material breaches of that policy.*

The Company complies with this recommendation.

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Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The board of a listed entity should:

(a) have an audit committee which:

(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(ii) is chaired by an independent director, who is not the chair of the board,

and disclose:

(iii) the charter of the committee;

(iv) the relevant qualifications and experience of the members of the committee; and

(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company does not comply with this recommendation.

The Directors are of the view that given the size of the Company and the relatively small number of directors, it is not practical to have an Audit Committee. The Board undertakes this role.

The Board meets on a regular basis and discusses matters normally captured under the terms of reference of an audit committee, being Company risk, controls and general and specific financial matters, as detailed in Risk Management and Compliance and Control on the Company's website.

Recommendation 4.2

The board of the listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company complies with this recommendation. The Board receives assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company also has a separate policy in relation to Risk Management which is available on the Company's website.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company complies with this recommendation.

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Principle 5: Make timely and balanced disclosure

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Company complies with this recommendation.

The Company has a Continuous Disclosure policy which is set out on the Company's website.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Company complies with this recommendation.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Company complies with this recommendation.

Principle 6: Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company complies with this recommendation.

A summary of the Company's Corporate Governance policies is set on the Company's website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company complies with this recommendation.

The Company has established an investor relations program to ensure effective communications between the Company and shareholders and investors.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company complies with this recommendation.

The Company has a Shareholder Communication Policy which is set out on the Company website.

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Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company complies with this recommendation.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company complies with this recommendation.

The Company provides the option to shareholders to receive communications electronically, notification of this option is provided by the Company registry.

Principle 7: Recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(i) has at least three members, a majority of whom are independent directors; and

(ii) is chaired by an independent director;

And disclose:

(iii) the charter of the committee;

(iv) the members of the committee; and

(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company does not comply with this recommendation.

The Directors are of a view that given the size of the Company, it is not necessary to have a separate committee to oversee risk and this function is undertaken directly by the Board and senior management at regular intervals. The Risk Management Policy is available on the Company's website.

Recommendation 7.2

The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company complies with this recommendation.

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As stated above, in the forum of board meetings the board regularly addresses certain risks that may affect the Company's business interests and confirmation of these risks being addressed are noted in the Corporate Governance Policies within the Annual Report.

Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or*
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not comply with this recommendation.

The Directors are of the view that given the size of the Company, it is not practical to have an internal audit function and that risk management is undertaken by the Board and senior management.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company does not comply with this recommendation.

The Directors are of the view that given the Company's size, risks are addressed directly by the Board and senior management and are not disclosed externally.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

- (a) have a remuneration committee which:*
 - (i) has at least three members, a majority of whom are independent directors; and*
 - (ii) is chaired by an independent director;**and disclose:*
 - (iii) the charter of the committee;*
 - (iv) the members of the committee; and*
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Company does not comply with this recommendation.

The Company does not presently have a remuneration committee. The Directors are of the view that given the size of the Company, the relatively small number of directors it is not practical to have a remuneration committee. The Board undertakes this role with the assistance of any external advice which may be required from time to time.

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Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company complies with this recommendation.

The Company has separate policies relating to the remuneration of non-executive directors as opposed to senior executives.

These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) disclose that policy or a summary of it.*

The Company complies with this recommendation.

The Company has a Securities Trading Policy which, among other things, sets out the Company's policy on trading the Company's securities. A copy of this policy is on the Company's website.