



ACN 146 035 127

PERFORMANCE RIGHTS PLAN

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Performance Rights Plan

PLAN RULES

1 Definitions and interpretation

Definitions

1.1 In these Rules, the following words and expressions have the meanings indicated unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 139GE of the Income Tax Assessment Act.

ASX means ASX Limited ACN 008 624 691.

Blackout Period means any period during which trading in the shares by the Participant is prohibited in accordance with the Company's corporate governance policies on share trading activities as they apply from time to time.

Board means all or some of the Directors acting as a board or a committee of the Board appointed for the purposes of the Plan or these Rules.

Business Day has the same meaning as the Listing Rules.

Ceasing Date has the meaning given in **Rule 8.10**.

Ceasing Event has the meaning given in **Rule 8.11**.

Company means Merah Resources Limited ACN 146 035 127.

Constitution means the constitution of the Company.

Control has the meaning given to that term in section 50AA of the Corporations Act.

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

Director means a director of a member of the Group.

Eligible Participant means a person who is, at the time of an Offer, a full or part-time employee of a member of the Group, a Director, or such other person as the Board determines.

Exercise Condition means in respect of a Performance Right any condition or conditions set out in the Offer which must be satisfied before that Performance Right can be exercised or any other restriction on exercise of that Performance Right specified in the Offer or in these Rules.

Group means the Company and its Related Bodies Corporate.

Income Tax Assessment Act means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as appropriate.

Lapsing Date means, in respect of a Performance Right the date which is 7 years after the date of the grant of that Performance Right, or as detailed in an Offer, or such other date as the Board determines in its discretion with respect to that Performance Right at the time of the grant of that Performance Right.

Life means, in relation to a Performance Right, the period between the date of the grant of the Performance Right and the first to occur of:

- (a) The date the Performance Right lapses pursuant to **Rule 6.5, Rule 8** or **Rule 13**.
- (b) The date on which a Share or Shares has or have been issued and allotted pursuant to a lawful and proper exercise of a Performance Right.
- (c) The Lapsing Date.

Listing Rules means the official listing rules of ASX, as amended or replaced from time to time, except to the extent of any express written waiver by ASX in their application to the Company, and, for so long as the Shares are listed or quoted on any other stock exchange where such stock exchange requires compliance with its listing rules, the listing rules applicable to that stock exchange, each as they apply to the Company from time to time.

Marketable Parcel has the meaning given to that term in the Listing Rules.

Nominee has the meaning given in **Rule 5.4**.

Offer means an offer made to an Eligible Participant to subscribe for one or more Performance Rights under the Plan.

Outstanding Performance Rights means, in relation to a Participant, Performance Rights which remain unexercised from time to time and have not lapsed or been surrendered and the right to exercise that Performance Right has not been lost.

Participant means an Eligible Participant to whom Performance Rights have been granted under the Plan, or if **Rule 5.4** applies, an Associate of the Eligible Participant to whom Performance Rights have been granted under the Plan.

Performance Right means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

Performance Right Exercise Price means in respect of a Performance Right, the price per Share determined in accordance with **Rule 7** and specified in the Offer made in respect of that Performance Right.

Permanently Disabled means, in relation to a Participant, a Participant who is deemed, at the discretion of the Board, to be totally and permanently disabled.

Plan means the Merah Performance Rights Plan established in accordance with these Rules, subject to any amendments or additions made under **Rule 17**.

Product Disclosure Statement has the meaning given to that term in Chapter 7 of the Corporations Act.

Quoted means official quotation of securities on ASX.

Record Date has the meaning given to that term in the Listing Rules.

Related Body Corporate has the meaning given to that term in section 9 of the Corporations Act.

Relevant Interest has the meaning given to that term in section 608 of the Corporations Act.

Relevant Person means:

- (a) in respect of an Eligible Participant, that person; and
- (b) in respect of a Nominee of an Eligible Participant being a permitted Nominee under **Rule 5.4**, that Eligible Participant.

Restricted Share means a Share issued subsequent to the exercise of Performance Rights by a Participant which is subject to restrictions under **Rule 10**.

Rules means the rules of the Plan set out in this document.

Share means a fully paid ordinary share in the capital of the Company or, if at any time the Company's issued ordinary share capital consists of shares of some other description by virtue of an event of a kind dealt with by **Rule 13**, a share of that description.

Takeover Bid has the meaning given to that term in section 9 of the Corporations Act.

Termination by Consent means the termination of a Participant's employment with a member of the Group by the volition of the Participant (including by retirement) and with the written consent of the Board expressly given for the purposes of the Plan.

Trade means to sell, transfer, assign, deal, mortgage, charge or otherwise dispose of or encumber (either in whole or in part) and **Trading** has a corresponding meaning.

Trading Day means a Business Day other than a day which ASX declares is not a trading day, but including a day which for the purposes of settlement ASX declares is a trading day, notwithstanding that there is to be no official meeting of that stock exchange or that dealings between participating organisations of that stock exchange are suspended on that day.

Voting Power has the meaning given to that term in Section 9 of the Corporations Act.

Interpretation

- 1.1 In these Rules (unless the context otherwise requires),
- (a) headings are for convenience only and do not affect interpretation; and unless the context indicates a contrary intention;
 - (b) the expression "**person**" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
 - (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
 - (d) a reference to any document (including these Rules) is to that document as varied, novated, ratified or replaced from time to time;
 - (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
 - (f) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
 - (g) references to parties, Rules, schedules, exhibits or annexures are references to parties, rules, schedules, exhibits and annexures to or of these Rules, and a reference to these Rules includes any schedule, exhibit or annexure to these Rules;
 - (h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
 - (i) the word "includes" in any form is not a word of limitation;
 - (j) a reference to "\$" or "dollar" is to Australian currency;
 - (k) a reference to a power, right or discretion being exercisable by the Board is taken to be a reference to that power, right or discretion being exercisable by a delegate of the Board.

Applicable Legislation

- 1.2 These Rules, the offering and granting of any Performance Rights, the terms and conditions of the Performance Rights granted and the issue of any Shares pursuant to the exercise of Performance Rights will at all times be subject to, and must comply with, the Corporations Act, the Income Tax Assessment Act and any other applicable legislation from time to time and, while the Shares are Quoted, subject also to the Listing Rules.
- 1.3 Despite any other Rules or the terms and conditions of any particular Performance Right that has been granted, a Performance Right may not be

granted and cannot be exercised, and Shares must not be issued on the exercise of a Performance Right, if to do so:

- (a) would contravene the Corporations Act or the Listing Rules; or
- (b) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body in, a Participant's country of residence or if in the opinion of the Board compliance with those local laws, rules or requirements would be impractical or result in any unnecessary or unreasonable burden or expense in the circumstances.

Reference to Shares

- 1.4 A reference to a Share comprised in a Performance Right is a reference to the Share for which the Participant has, for the time being, a Performance Right to subscribe by reason of the grant to him or her of that Performance Right, including any Share resulting from an adjustment made pursuant to these Rules.

Rounding

- 1.5 Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of a Performance Right or a fraction of a Share, the fraction will be eliminated by rounding to the nearest whole number.

2 Purpose

The purpose of the Plan is to:

- (a) encourage participation by Directors and full time or part-time employees in the Company through Share ownership; and
- (b) attract, motivate and retain Directors and full time or part-time employees of the Company.

3 Commencement of the Plan

The Plan will commence on the earlier of the date determined by the Board, or the date on which the Plan is approved by shareholders of the Company.

4 Number of Performance Rights to be Offered

Number of Performance Rights

- 4.1 Subject to **Rule 4.3**, the number of Performance Rights (if any) to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with the Rules and applicable law.

No Consideration

- 4.2 Performance Rights issued under the Plan will be issued for no consideration.

5 Offers of Performance Rights

Form of Offer

- 5.1 Each Offer must be in writing and:
- (a) specify the name and address of the Eligible Participant to whom the Offer is made;
 - (b) specify the number of Performance Rights being offered;
 - (c) specify the Performance Right Exercise Price (if any);
 - (d) state that no amount is payable on the issue of any Performance Right;
 - (e) specify the date of the Offer;
 - (f) specify the date by which the Offer must be accepted and the manner of acceptance of the Offer;
 - (g) include an undertaking that, and an explanation of the way in which, the Company will, during any period or periods during which the Participant may acquire the Shares the subject of the Performance Right, within a reasonable period of the Participant so requesting, make available to the Participant information on the current market price of the Shares, and such other undertakings as may be required by law or any requirement, policy or practice of ASIC;
 - (h) specify the Lapsing Date, terms and conditions and/or any restrictions (including performance hurdles and disposal restrictions) on a Participant's right to exercise Performance Rights and deal with the Shares the subject of the Performance Rights;
 - (i) be accompanied by a copy of these Rules; and
 - (j) otherwise be on terms which the Board may, in its discretion from time to time, determine.

Determination by the Board

- 5.2 The Board, acting in its absolute discretion may:
- (a) offer Performance Rights to any Eligible Participant from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:
 - (i) the Eligible Participant's length of service with the Group;
 - (ii) the contribution made by the Eligible Participant to the Group;
 - (iii) the potential contribution of the Eligible Participant to the Group; or
 - (iv) any other matter the Board considers relevant; and
 - (b) impose conditions, including performance-related conditions, on the right of a Participant to exercise any Performance Right granted.

Personal Offer

5.3 Subject to **Rule 5.4**, an Offer is personal and is not assignable.

Renunciation

5.4 Upon receipt of an Offer, an Eligible Participant may, by notice in writing to the Board, nominate an Associate of that Eligible Participant ("**Nominee**") in whose favour the Eligible Participant wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision. If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Participant will procure that the permitted Nominee accepts the Offer made to that Eligible Participant and that both the Eligible Participant and the Nominee agree to be bound by the Rules.

Time Period

5.5 An Eligible Participant (or permitted Nominee) may only accept an Offer within the time period specified in the Offer document.

6 Grant of Performance Rights

Valid Acceptance

6.1 Where the Company receives a valid acceptance of an Offer under the Rules from an Eligible Participant, it will grant the Performance Rights to the Participant within 10 Business Days of receipt of the valid acceptance and will issue to the Participant a holding statement in respect of the Performance Rights granted (including a notice of exercise of Performance Rights).

Rules

6.2 Performance Rights must be issued in accordance with the Rules and each Participant to whom Performance Rights are granted will be taken to have agreed to be bound by the Rules, the constitution of the Company and the terms upon which those Performance Rights were granted.

No Listing

6.3 The Performance Rights will not be listed on any securities exchange.

Transfer of Performance Rights

6.4 Subject to the prior written consent of the Board (which may be given or withheld in its absolute discretion), a Performance Right granted under the Plan is not assignable or transferable other than to the legal representative of the Participant as contemplated in **Rule 8.11**.

6.5 Where the Participant purports to sell, transfer, assign, deal, mortgage, charge or otherwise dispose of or encumber (in whole or in part) a Performance Right

other than in accordance with **Rule 6.4**, the Performance Right immediately lapses.

- 6.6 A Performance Right granted under the Plan may not be used to secure the payment of any monies.

Approvals

- 6.7 The Board must ensure that:
- (a) every issue of Performance Rights under the Plan complies with any applicable legislation; and
 - (b) all necessary approvals required under any applicable legislation are obtained prior to the issue of Performance Rights under the Plan.

7 Exercise Price

Performance Right Exercise Price

- 7.1 In respect of any proposed Offer, the Board may determine the Performance Right Exercise Price for that Offer in its absolute discretion.

Minimum Exercise Price

- 7.2 Subject to the Listing Rules, the Performance Right Exercise Price may be nil but to the extent the Listing Rules specify or require a minimum price, the Performance Right Exercise Price in respect of an Offer made while the Shares are Quoted must not be less than any minimum price specified in the Listing Rules.

8 When Performance Rights may be Exercised

Exercise

- 8.1 Subject to **Rules 8.2, 8.3, 8.4, 8.9** and **8.10**, a Participant will be entitled to exercise Performance Rights granted as a result of an Offer in respect of which all Exercise Conditions have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- 8.2 Unless the Board determines otherwise in its absolute discretion, a Performance Right granted under the Plan may not be exercised in any circumstances (irrespective of whether the Exercise Conditions (if any) attaching to that Performance Right have been satisfied or otherwise waived) at a time when there is a Black-out Period in place. For these purposes, the Company Secretary will notify the Participant:
- (a) when a Black-out Period commences; and
 - (b) when a Black-out Period has been lifted or, where the Black-out Period relates to a periodic reporting requirement (such as the release of half-yearly or annual results), when such Black-out Period will be lifted.

- 8.3 Where exercise of a Performance Right which is otherwise capable of being exercised is prohibited by virtue of a Black-out Period, the period or periods during which that Performance Right may be exercised is automatically extended by the duration of that Black-out Period (and the expiry date of the relevant Performance Right is accordingly extended by a corresponding period).
- 8.4 No Performance Right may be exercised unless at the time of exercise of the Performance Rights, the Shares have been Quoted throughout the 12 month period immediately preceding the exercise of the Performance Right and have been Quoted during that period without suspension for more than a total of 5 Trading Days during that period.
- 8.5 Once a Performance Right is capable of exercise in accordance with this **Rule 8.1**, it may be exercised at any time up until 5.00pm in Brisbane on the Lapsing Date.

One or Several Parcels

- 8.6 Subject to **Rule 8.1**, Performance Rights may be exercised in one parcel equal to the total number of Performance Rights which are then exercisable, or in several parcels which, when aggregated, equal the total number of Performance Rights which are then exercisable, provided that the number of Shares issued upon exercise of the number of Performance Rights in any parcel is not less than a Marketable Parcel.

Adjustment to Terms of Exercise

- 8.7 The Board will have the power to make adjustments to or vary the terms of exercise of a Performance Right. While the Shares are Quoted, any proposed variation or adjustment will be subject to any requirements of the Listing Rules.
- 8.8 No adjustment or variation of the terms of exercise of a Performance Right will be made without the consent of the Participant who holds the relevant Performance Right if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her Outstanding Performance Rights), other than an adjustment or variation introduced primarily:
- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (b) to correct any manifest error or mistake; or
 - (c) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.

Lapsing of Performance Rights

- 8.9 Subject to the terms of the Offer made to a Participant and unless **Rules 8.11, 8.12** or **8.14** apply, a Participant's Performance Rights will lapse immediately

and all rights in respect of those Performance Rights will thereupon be lost if, in respect of a Participant or an Offer:

- (a) the Relevant Person ceases to be an employee or director of a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the Exercise Conditions have not been met;
- (b) the Exercise Conditions are unable to be met;
- (c) the Lapsing Date has passed;
- (d) a Participant fails to exercise an entitlement under Rule 13; or
- (e) the deadline provided for in Rule 8.10 has passed, whichever is earlier.

Cessation of Employment where Exercise Conditions met

- 8.10 Where a Relevant Person ceases to be a Director or an employee of a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) prior to the Lapsing Date in relation to the Performance Rights granted under an Offer ("**Ceasing Date**") and the Exercise Conditions have been met, the Participant will be entitled to exercise Performance Rights granted as a result of an Offer in accordance with the terms of the Offer and the Rules, for a period of up to 90 days after the Ceasing Date, after which the Participant's Performance Rights will lapse immediately and all rights in respect of those Performance Rights will thereupon be lost.

Death, Permanent Disability, Retirement or Redundancy

- 8.11 If in respect of a Participant, the Relevant Person dies, becomes Permanently Disabled, resigns from employment of a member of the Group or as a Director on the basis of retirement from the workforce, ceases to be an employee of a member of the Group or a Director due to Termination by Consent, is made redundant by the relevant member of the Group or ceases to be an employee of a member of the Group or a Director in such other circumstances as the Board may determine, during the Life of any Performance Rights granted to that Participant ("**Ceasing Event**"):

- (a) the Participant or the Participant's legal personal representative, where relevant, may exercise those Performance Rights which at that date:
 - (i) have become exercisable;
 - (ii) have not already been exercised; and
 - (iii) have not lapsed,

in accordance with **Rules 8.11(c)** and **8.11(d)**;

- (b) at the absolute discretion of the Board, the Board may resolve that the Participant, or the Participant's legal personal representative, where relevant, may exercise those Performance Rights which at that date:

- (i) have not become exercisable; and
- (ii) have not lapsed,

in accordance with **Rules 8.11(c)** and **8.11(d)** and, if the Board exercises that discretion, those Outstanding Performance Rights will not lapse other than as provided in **Rules 8.11(c)** and **8.11(d)**.

- (c) The Participant or the Participant's legal personal representative (as the case may be) must exercise the Performance Rights referred to in **Rule 8.11(a)** and, where permitted, **Rules 8.11(b)**, no later than the first to occur of: (A) the Lapsing Date of the Performance Rights in question; and (B) the date which is 6 months after the Ceasing Event provided that in the case of Performance Rights referred to in **Rule 8.11(b)**, all Exercise Conditions have been met at that time (unless the Board decides to waive any relevant Exercise Conditions, in its absolute discretion).
- (d) Performance Rights which have not been exercised by the end of the period specified in **Rule 8.11(c)** lapse immediately at the end of that period and all rights in respect of those Performance Rights will thereupon be lost.

Fraudulent or dishonest actions

- 8.12 If, in the opinion of the Board, a Participant acts fraudulently or dishonestly or is in breach of his or her obligations to any member of the Group, then the Board will deem any Outstanding Performance Rights of the Participant to have lapsed.

Discretionary Exercise of Performance Rights

- 8.13 Where, in respect of a Participant, the Relevant Person ceases to be an employee of a member of the Group or a Director, for any reason, prior to the date on which Performance Rights become exercisable the Board may, in its absolute discretion, determine that some or all of the Performance Rights held by that Participant do not lapse and may be exercised by the Participant, if otherwise permitted under the Rules, within such additional time as is determined by the Board following the Ceasing Date. Performance Rights which have not been exercised by the end of that period lapse immediately and all rights in respect of these Performance Rights will thereupon be lost.
- 8.14 Despite any other provision of the Rules and subject to the Listing Rules:
- (a) the Board may allow the exercise of some or all of a Participant's Performance Rights even if an Exercise Condition has not been satisfied, if the Board considers that to do so would be in the interests of the Company; and
 - (b) in these circumstances, the exercise of a Participant's Performance Rights may be subject to such further conditions as determined by the Board.

Notice

- 8.15 The Company will send a notice addressed to the Participant (or where the Participant is not the Relevant Person, to the Relevant Person) setting out the number of Performance Rights which can be exercised by the Participant and the period(s) during which the Participant may exercise those Performance Rights fourteen days prior to the first day of the relevant exercise period of any of the Performance Rights granted to a Participant together with such other information as is required by the Corporations Act, the Income Tax Assessment Act, any other applicable legislation from time to time and, while the Shares are Quoted, the Listing Rules.

9 Manner of Exercise of Performance Rights

Delivery to Company Secretary

- 9.1 Performance Rights granted to a Participant may only be exercised by delivery to the Company's secretary (at a time when the Performance Rights may be exercised) of:
- (a) the holding statement for the Performance Rights;
 - (b) a notice addressed to the Company and signed by the Participant:
 - (i) stating that the Participant exercises the Performance Rights and specifying the number of Performance Rights which are exercised; and
 - (ii) specifying the subregister of the Company in which the Shares referred to in **Rule 9.2(a)** are to be recorded; and
 - (c) payment to the Company of an amount equal to the Performance Right Exercise Price multiplied by the number of Performance Rights which are being exercised unless there is no Exercise Price payable in respect of the Performance Rights to be exercised,

provided that the Company will not be entitled to issue or allot Shares without any Company shareholder approval that may be required, or any other approval that may be required, under the Corporations Act, Listing Rules or any applicable law being obtained.

Issue of Shares

- 9.2 If the items specified in **Rule 9.1** are delivered in accordance with that Rule, the Company will, subject to the Listing Rules (if relevant):
- (a) within 10 Business Days of delivery of the documents referred to in **Rule 9.1** issue to the Participant the Shares credited as being fully paid in respect of which the Performance Rights are exercised together with any additional Shares an entitlement to which has arisen under **Rules 11** and **12** in consequence of the exercise of the Performance Rights; and

- (b) cancel the holding statement delivered pursuant to **Rule 9.1(a)** and, if any Performance Rights which have not lapsed remain unexercised, deliver to the Participant a replacement holding statement reflecting the number of those Performance Rights which remain unexercised.

Death of Participant

- 9.3 If the Participant has died, the Participant's legal personal representative will stand in the place of the Participant for the purposes of **Rules 9.1** and **9.2** subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of Shares held by the Participant.

Beneficial Owner of Shares

- 9.4 From and including the date of issue to a Participant of any Shares in accordance with these Rules, the Participant will:
 - (a) be the beneficial owner of those Shares; and
 - (b) subject to **Rule 9.6**, the Corporations Act, the Constitution and, while the Shares are Quoted, the Listing Rules, be entitled to deal with those Shares as beneficial owner.

Equal Rank

- 9.5 A Share issued on exercise of a Performance Right will rank equally in all respects with Shares already on issue on the date of exercise of the Performance Right, except for entitlements which had a Record Date before the date of issue of that Share.

Official Quotation

- 9.6 While the Shares are Quoted, the Company will make application for Shares which are issued after that time pursuant to **Rule 9.2** to be Quoted in accordance with the Listing Rules and for the avoidance of doubt may delay such application until the time that they are no longer Restricted Shares in accordance with the Listing Rules.

10 Restriction on disposal of Shares

Restriction Period

- 10.1 The Board may, in its discretion, determine for the purposes of any invitation under this Plan that:
 - (a) some or all of the Shares issued to a Participant subsequent to exercise of Performance Rights will or will not be Restricted Shares; or
 - (b) different restriction periods will apply to some or all of the Shares, such that restriction (if any) on those Shares will cease at different times.
- 10.2 The Board may, in any circumstances, including but not limited to personal hardship of the Eligible Participant, and from time to time, waive a restriction

period determined pursuant to **Rule 10.1** or determine another period permitted by relevant legislation for the purposes of **Rule 10.1**.

No disposal while Shares restricted

- 10.3 A Participant must not Trade or purport to Trade any Shares while they are Restricted Shares.

Enforcement of Restriction Period

- 10.4 The Company may implement any procedure it considers appropriate to restrict a Participant from Trading the Shares for as long as those Shares are Restricted Shares (including through the imposition of a holding lock).

Lapse of restrictions attaching to Shares

- 10.5 When a Share ceases to be a Restricted Share, all restrictions on Trading with that Share provided in or under these Rules will cease.

11 New Issues and Adjustments for Rights Issues

New Issues

- 11.1 Subject to the Listing Rules (where relevant), a Participant may only participate in respect of a Performance Right in a new issue of Shares or other securities to holders of Shares if the Performance Right has been exercised in accordance with its terms and Shares are allotted and registered in respect of the Performance Right on or before the Record Date for determining entitlements to the issue. The Company must give notice to Participants of any issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

Adjustment for Bonus Issues

- 11.2 If, during the Life of any Performance Right, Shares are issued pro rata to the Company's shareholders for which no consideration is payable by those shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Participant will be entitled, upon later exercise of that Performance Right, to receive in addition to the Share comprised in the Performance Right an issue of so many additional Shares as would have been issued to a shareholder who, on the Record Date for determining entitlements under the bonus issue, held Shares equal in number to the Shares comprised in the Performance Right exercised.

Rights Issues

- 11.3 If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Performance Right Exercise Price shall be reduced according to the formula specified in the Listing Rules (as if the Performance Rights were classified as options).

Reconstruction

- 11.4 In the event of any reconstruction of the issued ordinary capital of the Company the number of Shares attaching to each Performance Right or the Performance Right Exercise Price or both will be reconstructed in the manner as specified in the Listing Rules. If the manner is not specified in the Listing Rules then the Board will determine the reconstruction provided that the number of Shares attaching to each Performance Right or the Performance Right Exercise Price, or both, must be reorganised so that the Participants will not receive a benefit which the shareholders of the Company do not receive. This Rule does not prevent a rounding up of the number of securities to be received on exercise if the rounding up is approved at the shareholders' meeting which approves the reconstruction.

New or amended Performance Right Holding Statements

- 11.5 After each reorganisation of the issued capital of the Company, upon the return by the Participant of the original Performance Right holding statement to the Company, that Performance Right holding statement will be amended or a new Performance Right holding statement will be issued to reflect either or both the adjusted number of Shares that may be taken up upon the exercise of that Performance Right and the adjusted Performance Right Exercise Price (as the case may be).

12 Notice of Adjustments and Cumulation of Adjustments

Cumulation of Adjustments

- 12.1 Effect will be given to **Rule 11** in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.

Notice of Adjustments

- 12.2 Whenever the number of Shares comprised in a Performance Right or the Performance Right Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and ASX together with calculations on which the adjustment is based.

13 Takeovers, compromise, merger or arrangement

Takeovers

- 13.1 If during the Life of a Performance Right or while any Restricted Shares are held by a Participant:
- (a) a Takeover Bid is made to the Company's shareholders to acquire their Shares;
 - (b) the Board recommends that a Takeover Bid be accepted; or
 - (c) a Takeover Bid is declared unconditional,

the Board may, in its absolute discretion, resolve that:

- (d) any Outstanding Performance Rights will be exercisable; or
- (e) any restrictions on trading imposed under Rule 10 cease at a time and in a manner determined by the Board.

Compromise, merger or arrangement

13.2 If during the Life of a Performance Right or while any Restricted Shares are held by a Participant:

- (a) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
 - (b) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 414 of the Corporations Act; or
 - (ii) Chapter 6A of the Corporations Act;
 - (c) the Company merges with another company;
 - (d) the Board concludes that there has been a change in Control of the Company;
 - (e) a selective capital reduction is announced in respect of the Company which would result in a person who previously had Voting Power of less than 50% in the Company obtaining Voting Power of more than 50%;
 - (f) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board;
 - (g) the Company passes a resolution for voluntary winding up; or
 - (h) an order is made for the compulsory winding up of the Company,
- the Board may, in its absolute discretion, resolve that:
- (i) any Outstanding Performance Rights will be exercisable; or
 - (j) any restrictions on trading imposed under Rule 10 cease at a time and in a manner determined by the Board.

14 Administration of the Plan

- (a) The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the administration or operation of the Plan which are consistent with these Rules.
- (b) Any power or direction which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- (c) Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and upon such conditions as the Board may determine to:
 - (i) a committee consisting of such Directors as the Board determines;
or
 - (ii) any one or more persons selected by the Board.
- (d) Every exercise of discretion by the Board (or its delegate) and every decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive, and binding.
- (e) Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Performance Rights under the Plan and in the exercise of any power or discretion under the Plan.

15 Termination and Suspension of the Plan

The Plan may be terminated or suspended at any time by resolution of the Board. Termination or suspension of the Plan will not affect the rights of Participants who were granted Performance Rights prior to that termination or suspension.

16 Rights and Obligations of Participants

Rights of Participants

- 16.1 The rights and obligations of any Participant under the terms of their office, employment or contract with a Member of the Group are not affected by their participation in the Plan. Unless expressly provided otherwise, these Rules will not form part of, and are not incorporated into, any contract of any Participant with a member of the Group (whether or not they are an employee of a member of the Group or a Director). No Participant will have any rights to compensation or damages in consequence of the termination of their office, employment or other contract with a member of the Group for any reason whatsoever in so far as those rights arise or may arise from their ceasing to have rights under the Plan as a result of such termination.
- 16.2 Nothing in these Rules:
 - (a) confers on an Eligible Participant the right to receive any Shares;

- (b) confers on a Participant a legal or beneficial interest in any Share by virtue of acquiring or holding a Performance Right;
- (c) confers on a Relevant Person the right to continue as an employee of the Group;
- (d) affects any rights which any member of the Group may have to terminate the employment of any employee;
- (e) may be used to increase damages in any action brought against any member of the Group in respect of any such termination; or
- (f) will give any Eligible Participant any right to participate in the Plan and the grant of a Performance Right to a Participant does not give that Participant any right to the grant of a subsequent Performance Right.

Rules

- 16.3 All Participants will be entitled to the benefit of and will be bound by the terms and conditions of the Rules and any amendments thereto.

Offer

- 16.4 The Plan will not confer directly or indirectly on any Participant any legal or equitable rights whatsoever against any such corporation (other than rights as a Participant under the Plan against the Company).

Company Reports

- 16.5 Every report and other document sent by the Company to its shareholders generally will, during the Life of any Performance Right, be sent also to the holders of any Performance Rights.

Rights of Performance Rightholders

- 16.6 A grant of a Performance Right does not confer on a Participant any right to receive notice of, or to vote at, a meeting of members of the Company or any right to receive a dividend, before the Performance Right is exercised.

17 Amendment of these Rules

Amendments

- 17.1 Subject to the Listing Rules and **Rule 17.2 and Rule 17.3**, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this **Rule 17**) or the terms and conditions of any Performance Right granted under the Plan, including Exercise Conditions.

No Reduction of Rights

- 17.2 Subject to **Rule 17.3**, no amendment of the provisions of these Rules is to reduce

the rights of any Participant in respect of his or her outstanding Performance Rights, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation or a requirement, policy or practice of ASIC or other regulatory body governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;
- (c) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body; or
- (d) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) or changes in the interpretation of tax legislation by a court of competent jurisdiction.
- (e) to provide for a trustee to hold Restricted Shares on behalf of Participants.

- 17.3 Notwithstanding **Rule 17.2**, the Company may amend all or any of the provisions of these Rules, provided that the Company provides to any affected Participant appropriate compensation, such that the Participant remains no worse off as a result of any such amendment.

Notice of Amendment

- 17.4 As soon as reasonably practicable after making any amendment under **Rule 17.1**, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

Retrospectivity

- 17.5 Subject to **Rules 17.1** and **17.2**, any amendment made pursuant to **Rule 17** may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

18 Miscellaneous

Attorney

- 18.1 Each Participant, in consideration of an Offer:
- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules; and

- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

ASIC exemptions or modifications

- 18.2 Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

Severance

- 18.3 If any provision of these Rules is void, voidable by any party or illegal, it will be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) will be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules which will continue in full force and effect.

Giving of notice

- 18.4 Any notice to Participants may be given in such manner as the Board determines.

Waiver of terms and conditions

- 18.5 Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any terms or conditions (including any Exercise Condition) in relation to any Performance Rights granted to any Participant.

Non-Australian residents

- 18.6 When a Performance Right is granted under the Plan to a person who is not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any applicable or relevant laws, matters of convenience and desirability and similar factors which may have application to the Participant or to any member of the Group in relation to the Performance Right.

Governing Law

- 18.7 This Plan and any Performance Rights issued under it are governed by the laws

of Western Australia and the Commonwealth of Australia.

18.8 The Company and the Participants submit to the non-exclusive jurisdiction of the courts of Western Australia.