

**ROX RESOURCES LIMITED**  
**ABN 53 107 202 602**

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**RULES OF EMPLOYEE SHARE OPTION PLAN**

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**RULES OF EMPLOYEE SHARE OPTION PLAN**

**(adopted by the Board on [#] 2004)**

**1. NAME OF PLAN**

- 1.1 This Plan shall be called the "Rox Resources Limited Employee Share Option Plan".

**2. ESTABLISHMENT AND TERMINATION OF THE PLAN**

- 2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.
- 2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- 2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

**3. PURPOSE OF PLAN**

- 3.1 The purpose of this Plan is to:
- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
  - (b) provide an incentive to the employees to achieve the long term objectives of the Company and to remain in their employment in the long term;
  - (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
  - (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

**4. ELIGIBILITY**

- 4.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (b) the length of service of the Eligible Person with the Company;
- (c) the record of employment of the Eligible Person with the Company;
- (d) the potential contribution of the Eligible Person to the growth of the Company;
- (e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (f) any other matters which the Board considers relevant.

4.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

## 5. OFFER OF OPTIONS

5.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may Offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must state:

- (a) the name and address of the Eligible Person to whom the Offer is made;
- (b) the date of the Offer;
- (c) the maximum number of Options for which the Eligible Employee may make application;
- (d) that the Eligible Person to whom the Offer is addressed may accept the whole or any lesser number of Options offered;
- (e) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (f) the period within which the Offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
- (g) the expected Issue Date of the Options the subject of the Offer;
- (h) the Exercise Price or its method of calculation;
- (i) the Exercise Conditions (if any) attaching to the Options the subject of the Offer;
- (j) the vesting dates (if any) attaching to the Options the subject of the Offer;

- (k) any other specific terms and conditions applicable to the Offer; and
- (l) any other matters which the Board may determine.

## 6. ACCEPTING OFFERS

6.1 Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:

- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.

6.2 Upon:

- (a) receipt of the Application Form referred to in paragraph 6.1(a); or
- (b) the Board resolving to allow a renunciation of an Offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

6.3 If Options are issued to a Permitted Nominee of an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

6.4 On the issue of Options following receipt by the Company of an Application Form, the Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

## 7. NO CONSIDERATION

7.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

## 8. CERTIFICATES

8.1 The Company must give a Participant one or more Certificates stating:

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options; and

(c) the Issue Date of those Options.

8.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

## 9. QUOTATION

9.1 The Company will not apply for Official Quotation of any Options.

9.2 If shares of the same class as those allotted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

## 10. NOT TRANSFERABLE

10.1 Subject to clauses 10.2 and 13.5, Options are not transferable.

10.2 Options may be transferred, by an instrument of transfer, in the following circumstances only:

- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market takeover bid relating to Options;
- (b) a transfer to a bidder on the sale of Options under Division 3 of Part 6A.1 of the Corporations Act;
- (c) a transfer to a 100% holder on the sale of Options under Division 2 of Part 6A.2 of the Corporations Act;
- (d) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Options under section 661A or 664A of the Corporations Act; or
- (e) a transfer approved by the Board in those circumstances as may be determined by the Board.

## 11. EXERCISE OF OPTIONS

11.1 Subject to these Rules and the terms of the Options including the Exercise Conditions and any applicable vesting dates, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.

11.2 Notwithstanding paragraph 11.1, all Options may be exercised:

- (a) during a Bid Period; or
- (b) at any time after a Change of Control Event has occurred; or

- (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning 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.

11.3 Subject to these Rules, Options which have not lapsed may only be exercised by the Participant giving a Notice of Exercise to the Company delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:

- (a) the Certificate for those Options, for cancellation by the Company; and
- (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in paragraph (b).

11.4 Subject to paragraph 13.1, within 10 Business Days after the notice referred to in clause 11.3 becoming effective, the Board must:

- (a) allot and issue the number of Shares specified in the notice to the Participant;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

11.5 The Board may, at its discretion, by notice to the Participant reduce or waive the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

## **12. SHARES ALLOTTED ON EXERCISE OF OPTIONS**

12.1 All Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered pro rata to holders of Shares.

## **13. LAPSE OF OPTIONS**

13.1 Options not exercised on or before the Expiry Date will automatically lapse.

13.2 Unless otherwise determined by the Board, if at any time prior to any Options become exercisable, a Participant (or the Eligible Person in the situation where the Participant is a Permitted Nominee):

- (a) has been dismissed or removed from office for a reason which entitles the Company to dismiss the person without notice;
- (b) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of the Company (whether or not charged with an offence); or
- (c) has done an act which brings the Company into disrepute,

all Options held by the Participant (whether vested or not) will automatically lapse and all rights of an Eligible Person or Participant under the Plan in respect of those Options cease.

13.3 If at any time prior to any Options become exercisable and prior to the Expiry Date of those Options, any one or more of the following events occurs in respect of a Participant (or the Eligible Person in the situation where the Participant is a Permitted Nominee):

- (a) Retirement;
- (b) Total and Permanent Disablement;
- (c) Redundancy;
- (d) death; or
- (e) any other circumstance as the Board may at any time determine (whether in relation to the Participant, a class of Participants, particular circumstances or a class of circumstances ) and whether before or after the Issue Date,

the Board may, at its discretion, in accordance with clause 11.5 waive or vary any Exercise Conditions in regard to Options held by the Participant.

13.4 A certificate signed by the company secretary of the Company stating any of the events referred to in clauses 13.2 or 13.3 have occurred shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the date of such occurrence.

13.5 If at any time prior to the Expiry Date of any Options a Participant dies, the deceased Participant's Legal Personal Representative may:

- (a) elect to be registered as the new Participant of the deceased Participant's Options;
- (b) whether or not he becomes so registered, exercise those Options as if he were the Participant of them in accordance with these Rules; and

- (c) if the deceased Participant had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

#### 14. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP

- 14.1 Participants may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice as required under the Listing Rules to Holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- 14.2 If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Participant 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 the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- 14.3 If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.
- 14.4 If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 14.5 If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.
- 14.6 For the purpose of this clause 14, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.
- 14.7 Any calculations or adjustments which are required to be made under this clause 14 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

- 14.8 The Company must within a reasonable period give to each Participant notice of any change under clause 14 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

## 15. EXERCISE PRICE OF OPTIONS

- 15.1 The method of calculation of the Exercise Price of each Option will be determined by the Board:
- (a) with regard to the Market Value of the shares when it resolves to offer the Option; or
  - (b) at any other price as may be determined by the Board as notified to the Eligible Person on the date that the Options are offered.

## 16. NUMBER OF OPTIONS TO BE ISSUED

- 16.1 The Company shall not Offer or issue Options to any Eligible Person in accordance with the Plan if the total number of Shares the subject of Options being Offered, when aggregated with:

- (a) the number of Shares which would be issued were each outstanding Offer or Option, being an Offer made or Option acquired pursuant to the Plan or any other employee or executive share scheme extended only to employees or directors of the Company and of associated bodies corporate of the Company, to be accepted or exercised (as the case may be); and
- (b) the number of Shares issued during the previous five years pursuant to the Plan or any other employee or executive share scheme extended only to employees or directors of the Company and of associated bodies corporate of the Company,

but disregarding any Offer made, or option acquired or Share issued by way of or as a result of:

- (c) an Offer to a person situated at the time of receipt of the Offer outside Australia; or
- (d) an offer or invitation that that did not need disclosure to investors because of section 708 of the Corporations Act,

would exceed 5% of the total number of Shares as at the time of the Offer.

## 17. AMENDMENTS TO THE RULES

- 17.1 The Board may subject to the Listing Rules alter, delete or add to these Rules at any time (save for the provisions of clause 16).

- 17.2 If any amendment to be made under clause 17.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.
- 17.3 The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules to Eligible Persons residing outside Australia.

## **18. POWERS OF THE BOARD**

- 18.1 The Plan shall be administered by the Board who shall have the power to:
- (a) determine procedures and regulations from time to time for the administration of the Plan which are consistent with these Rules;
  - (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
  - (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
  - (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
  - (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules; and
  - (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules.

## **19. NOTICES**

- 19.1 Notices may be given by the Company to any Participant either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Participants shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A Notice of Exercise shall not be deemed to be served on the Company until actually received.

## 20. NO COMPENSATION OR DAMAGES

- 20.1 The rights and obligations of any Participant under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
- 20.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Participant and the Company.
- 20.3 No Participant has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Participant ceasing to have rights under the Plan as a result of the termination.
- 20.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

## 21. GOVERNING LAW

- 21.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 21.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia and courts entitled to hear appeals from those courts.

## 22. ADVICE

- 22.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

## 23. DEFINITIONS AND INTERPRETATION

- 23.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Application Form**" means a duly completed and executed application for the issue of Options made by an Eligible Person in respect of an Offer, in the form approved by the Board from time to time;

"**ASX**" means Australian Stock Exchange Limited;

"**Bid Period**", in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

**"Board"** means the directors acting as the board of directors of the Company or a committee appointed by such board of directors;

**"Business Day"** means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

**"Certificate"** means the certificate issued in accordance with clause 8 by the Company to a Participant in respect of an Option;

**"Change of Control Event"** means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

**"Company"** means Hardman Resources Limited ABN 98 009 210 235;

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

**"Director"** means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

**"Eligible Person"** means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company;

**"Exercise Condition"** means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

**"Exercise Price"** means, in respect of an Option, the subscription price per Share, determined in accordance with clause 15, payable by a Participant on exercise of the Option;

**"Expiry Date"** means, in relation to an Option, the date determined by the Board prior to the Offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

**"Issue Date"** means, in relation to an Option, the date on which the Company grants that Option;

**"Legal Personal Representative"** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

**"Listing Rules"** means the Official Listing Rules of ASX as they apply to the Company;

**"Market Value"** means:

- (a) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to make an Offer; or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to make an Offer, the last sale price recorded on the stock market of ASX;

**"Notice of Exercise"** means a duly completed and executed notice of exercise of an Option by a Participant, in a form approved by the Board from time to time;

**"Offer"** means an invitation to an Eligible Person made by the Company under clause 5.1 to apply for an issue of Options;

**"Official Quotation"** has the meaning ascribed to it in the Listing Rules;

**"Option"** means an option issued under the Plan to subscribe (subject to clauses 13.2 and 13.3) for a Share;

**"Participant"** means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

**"Permitted Nominee"** has the meaning given to it by clause 6.2;

**"Plan"** means the Hardman Resources Limited Employee Share Option Plan established in accordance with these Rules;

**"Redundancy"** means, in relation to a Participant (or the Eligible Person in the situation where the Participant is a Permitted Nominee), a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that person has ceased (but, for the avoidance of any doubt, does not include the dismissal of that person for personal or disciplinary reasons or where that person leaves the employ of the Company of his or her own accord);

**"Retirement"** means, in relation to a Participant (or the Eligible Person in the situation where the Participant is a Permitted Nominee), retirement by that person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

**"Rules"** means these rules, as amended from time to time;

**"Shares"** means fully paid ordinary shares in the capital of the Company;

**"Tax"** means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge,

fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

**"Total and Permanent Disablement"** means, in relation to a Participant (or the Eligible Person in the situation where the Participant is a Permitted Nominee), that the person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the the person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

23.2 In these Rules, unless a contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.