

METALSGROVE MINING LTD
ACN 655 643 039
(Company)

EMPLOYEE SECURITIES INCENTIVE PLAN



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This Employee Securities Incentive Plan comprises the main body of the Plan which applies to all Participants under the Plan and any Addenda to the Plan which may be added from time to time. The Board may from time to time add Addenda to the Plan to cater for specific requirements for Participants resident in jurisdictions outside of Australia.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Acquisition Price means:

- (a) in relation to a Share Award, the issue price or purchase price of the Share Award offered for subscription or purchase (if any and as the case may be) to an Eligible Participant under clause 9.2 as specified in the Invitation Letter; or
- (b) in relation to a Loan Funded Share, the price at which the Company offers the Loan Funded Share to an Eligible Participant as specified in the Invitation Letter, being normally equal to or above the Market Value of the Loan Funded Share.

After Tax Dividend Amount means that amount equal to the total cash dividend paid on Loan Funded Shares held by a Participant less the amount remaining after deducting the maximum taxation amount payable in respect of that cash dividend, calculated using the Participant's highest marginal tax rate.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act and/or any other applicable securities or corporations laws;
- (b) the Listing Rules;
- (c) the Constitution;
- (d) *the Income Tax Assessment Act 1936 (Cth)*, *the Income Tax Assessment Act 1997 (Cth)* and/or any other applicable taxation laws, each as amended from time to time;
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend paragraphs (a), (b), and (d); and
- (f) any other legal requirement that applies to the Plan and/or the Loan Agreement (if applicable),

which apply to the jurisdiction in which the Eligible Participant receives the Award and the jurisdiction in which the Company is incorporated and primarily operates from time to time.

Application means an application by an Eligible Participant to participate in the Plan made in response to an Invitation Letter.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the securities exchange it operates as the context requires.

Award means:

- (a) an Option;
- (b) a Performance Right;
- (c) a Share Award; and/or
- (d) a Loan Funded Share,

as the case may be.

Bad Leaver means, unless otherwise determined by the Board in its sole and absolute discretion, a Participant who ceases employment or office with any Group Company in any of the following circumstances:

- (a) the Participant resigns from their employment or office;
- (b) the employment of the Participant is terminated due to poor performance; or
- (c) the Participant's employment is terminated, or the Participant is dismissed from their office, for any of the following reasons:
 - (i) the Participant has committed any serious or persistent breach of the provisions of any employment contract entered into by the Participant with any Group Company;
 - (ii) the Participant being guilty of fraudulent or dishonest conduct in the performance of the Participant's duties, which in the reasonable opinion of the relevant Group Company effects the Participant's suitability for employment with that Group Company, or brings the Participant or the Group into disrepute;
 - (iii) the Participant has been convicted of any criminal offence which involves fraud or dishonesty;
 - (iv) the Participant has committed any wrongful or negligent act or omission which has caused any Group Company substantial liability;
 - (v) the Participant has become disqualified from managing corporations in accordance with Part 2D.6 of the Corporations Act or has committed any act that may result in the Participant being banned from managing a corporation under the Corporations Act; or
 - (vi) the Participant has committed serious or gross misconduct, wilful disobedience or any other conduct justifying termination of employment without notice.

Board means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or any

person who is provided with delegated authority by the board of directors from time to time, as delegated in accordance with clause 21.3.

Business Day means a day on which banks are open for general banking business in Western Australia, excluding Saturdays, Sundays or public holidays in Western Australia.

Buy-Back means the purchase by the Company of Share Awards or Loan Funded Shares (as the case may be) or the buy-back by the Company of Plan Shares pursuant to clause 15 and Bought-Back has a similar meaning.

Cancel means the cancellation of Options and/or Performance Rights by the Company and Cancellation and Cancelled has a similar meaning.

Certificate means the certificate issued by the Company to a Participant in respect of an Option and/or a Performance Right (as the case may be).

Change of Control Event means:

- (a) where a person or entity becomes a legal or beneficial owner of 50% or more of the issued share capital of the Company;
- (b) where a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or
- (c) the Board determines that there are circumstances that have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may adversely affect the value of Awards.

Class Order means ASIC Class Order 14/1000 as amended or replaced.

Company means MetalsGrove Mining Ltd (ACN 655 643 039).

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Director means a non-employee director of any Group Company.

Dividend Payment Date means the date on which the Company pays dividends on the Loan Funded Shares.

Drawdown Date means the date on which a Loan is made to a Participant.

Eligible Participant means:

- (a) any Director or Employee who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Awards under the Plan; or
- (b) any other person providing services to the Group and who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Awards under the Plan.

Employee means a full-time or part-time employee of any Group Company.

Exercise Period means the period up to the Expiry Date during which a vested Option may be exercised, and as determined by the Board under clause 8.5.

Exercise Price means the exercise price payable by a Participant to acquire a Plan Share upon the exercise of an Option as specified by the Board in the Invitation in its sole and absolute discretion.

Expiry Date means:

- (a) the date 10 years from the Grant Date of any Awards; or
- (b) any other date determined by the Board and as specified in the Invitation,

after which the Awards will, in the case of Options and/or Performance Rights automatically lapse under clause 8.12, or in the case of Share Awards and/or Loan Funded Shares, be surrendered by the Participant in accordance with clause 14 (as applicable).

Fee means any fee payable by a Participant to the Company on the grant of an Option and/or Performance Right to the Participant, and as determined by the Board in its sole and absolute discretion.

Forfeiture Conditions means any criteria, requirements or conditions as determined by the Board (as specified in the Invitation Letter) or under these Rules which if met (notwithstanding the satisfaction or waiver of any Performance Hurdles and Vesting Conditions) will result in the lapsing of Options and/or Performance Rights or a Participant surrendering Share Awards and/or Loan Funded Shares under clause 13.1(b).

Good Leaver means a Participant who ceases employment or office with any Group Company and is not a Bad Leaver.

Grant Date means the date on which Awards are granted to a Participant following the acceptance of an Application.

Group means the Company and its Related Bodies Corporate and Group Company means any one of them.

Invitation means an invitation to an Eligible Participant to apply for the grant of Awards under these Rules.

Invitation Letter means a letter from the Company to an Eligible Participant, which contains the Invitation.

Issued Capital means issued ordinary shares whether fully paid or not.

Listing Rules means the listing rules, market rules or operating rules of a financial market in respect of which the Company's shares are quoted or are the subject of an application for quotation, including but not limited, the listing rules of the ASX.

Loan means a loan to a Participant to assist in funding the acquisition of Loan Funded Shares, as set out in clause 10.4.

Loan Agreement means an agreement entered into by the Company (or a Group Company) and a Participant which sets out the terms and conditions upon which the Company (or the Group Company) will make a Loan to the Participant.

Loan Funded Share means a Share issued, transferred or allocated in accordance with clause 10.

Loan Term means the time by which the Loan must be fully repaid, commencing on the Drawdown Date, as specified in the Invitation Letter.

Market Value means:

- (a) in relation to Options and Performance Rights, a value determined by application of a valuation methodology approved by the Board; and
- (b) in relation to Share Awards, Loan Funded Shares and Plan Shares, the 'volume weighted average market price' (as that term is defined in the Listing Rules) per Share during the previous five trading days.

Nominal Consideration means the payment to a Participant of \$10.

Notice of Exercise means a notice of exercise in the form set out in Schedule 3.

Option means an option granted under this Plan to subscribe for, acquire and/or be allocated (as determined by the Board in its sole and absolute discretion) one Plan Share subject to the satisfaction of any Vesting Conditions and/or Performance Hurdles, and payment of the relevant Exercise Price (if any).

Participant means a person who has been offered Awards and who has returned a corresponding Application to the Company that has been accepted by the Company pursuant to these Rules.

Performance Hurdles means any ongoing minimum performance requirements (as specified in the Invitation Letter and determined by the Board in its sole and absolute discretion) that are to apply to Awards granted to a Participant.

Performance Right means an entitlement of a Participant granted under this Plan to subscribe for, acquire and/or be allocated (as determined by the Board in its sole and absolute discretion) one Plan Share subject to the satisfaction of any Vesting Conditions and/or Performance Hurdles. For the avoidance of doubt, a Performance Right has a nil Exercise Price.

Plan means the Employee Securities Incentive Plan established in accordance with these Rules.

Plan Share means any Share issued or transferred to a Participant upon exercise of an Option, or any Share issued or transferred to a Participant upon automatic exercise of a Performance Right.

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

Repayments means the total of any amounts paid in reduction of a Loan.

Rules means these rules in respect of the operation of the Plan, as amended from time to time and includes all addendums and schedules to these rules.

Securities has the meaning given in the ASX Listing Rules.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

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

Share Award means a Share issued, transferred or allocated in accordance with clause 9.

Share Trading Policy means any Company share trading policy as implemented and amended from time to time.

Shareholder means any holder of Issued Capital of the Company.

Shareholder Approval means any prior consent or affirming resolution that needs to be obtained from Shareholders before an action is taken or determination made under these Rules.

Tax Liability means any tax or social security contributions liability in connection with an Award for which the Participant is liable (whether directly or indirectly) and for which any Group Company or former Group Company is obliged to account to any relevant authority but excluding any employer social security costs which are not normally recovered from employees.

Term means the period commencing on the Grant Date and ending on the Expiry Date (inclusive).

Vesting Condition means any time based requirement or condition (as specified in the Invitation Letter and determined by the Board in its sole and absolute discretion) which must be met prior to Awards vesting in a Participant.

Vesting Notification means a notice from the Board to a Participant informing the Participant that the Participant's Awards have vested.

1.2 Interpretation

In these Rules, unless otherwise stated or the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;
- (c) a reference to any legislation includes any modification or replacement of it and all regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
- (d) a reference to a person includes a reference to the person's executors, administrators and successors or a body corporate including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) in these Rules any reference to include means to include without limitation; and
- (f) references to dollars and \$ are references to Australian dollars and all amounts payable under these Rules are payable in Australia dollars, except as otherwise determined by the Board.

1.3 Applicable Laws

These Rules, the offering and granting of any Awards, the issuing and/or transferring of Plan Shares, and the rights attaching to or interests in the Awards and Plan Shares, will at all times be subject to all Applicable Laws.

1.4 Rounding

Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of an Award or a Plan Share, the fraction will be eliminated by rounding to the nearest whole number, except as otherwise provided in these Rules.

1.5 Headings

Headings are inserted in these Rules for convenience only and do not affect the interpretation of these Rules.

1.6 Constitution

The entitlements of Eligible Participants and Participants under these Rules are subject to the Constitution. In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail to the extent of that inconsistency.

2. PURPOSE

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with Shareholders by providing an opportunity to Eligible Participants to earn rewards via an equity interest in the Company based on creating Shareholder value.

3. COMMENCEMENT OF THE PLAN

The Plan will commence on the date determined by resolution of the Board.

4. MAXIMUM AWARD ALLOCATION

The Company must have reasonable grounds to believe, when making an offer under the Plan, in reliance of the Class Order, that the number of Awards offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order (including via the conversion of convertible securities) at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

5. ELIGIBILITY AND GRANT

5.1 Participation

The Board may from time to time in its sole and absolute discretion determine that an Eligible Participant may participate in the Plan.

5.2 Selection

Following determination that an Eligible Participant may participate in the Plan, the Board may at any time and from time to time make an Invitation to the Eligible Participant.

5.3 Awards that may be made under the Plan

The Company may, at the sole and absolute discretion of the Board, offer and issue to an Eligible Participant any (or any combination) of the different types of Awards provided under the Plan, as set out in the Invitation Letter.

5.4 Invitation

Subject to clause 6.1, the manner, form, content, timing and frequency of an Invitation Letter and Application will be as determined by the Board in its sole and absolute discretion.

5.5 Application

Unless otherwise determined by the Board in its sole and absolute discretion, an Eligible Participant who wishes to apply to participate in the Plan in response to an Invitation must, on or before the period of time allowed for acceptance of the Invitation, give an Application:

- (a) to the person specified in the Invitation;
- (b) in accordance with any instructions or conditions set out in the Invitation; and
- (c) in the case of a grant of Options and/or Performance Rights, on the acceptance by the Board of the Application, the notice confirming the grant of the Options and/or Performance Rights (as the case may be) will be accompanied by a Certificate.

5.6 Multiple Invitations

Unless otherwise determined by the Board in its sole and absolute discretion, the Board may grant any number of Awards to an Eligible Participant, as set out in any Invitation Letter, notwithstanding that a grant or grants may have been previously made to the Eligible Participant.

6. TERMS OF AWARDS

6.1 Board determination

The terms and conditions of Awards offered or granted under these Rules to each Eligible Participant will be:

- (a) determined by the Board in its sole and absolute discretion and include as a minimum:
 - (i) the type of Award(s);
 - (ii) the number of Awards;
 - (iii) the Grant Date;

- (iv) in the case of a Share Award or a Loan Funded Share, the Acquisition Price (if any);
- (v) in the case of an Option or a Performance Right, the Fee (if any);
- (vi) the Performance Hurdles (if any);
- (vii) the Vesting Conditions (if any);
- (viii) in the case of an Option, the Exercise Price (if any);
- (ix) in the case of an Option, the Exercise Period;
- (x) the Expiry Date and Term;
- (xi) the Forfeiture Conditions (if any);
- (xii) any rights attaching to the Awards and/or the Plan Shares in respect of which the Options and/or Performance Rights are exercisable; and
- (xiii) any disposal restrictions attaching to the Awards and/or Plan Shares; and

(b) set out in an Invitation Letter delivered to the Eligible Participant.

The terms of any Loan offered in connection with Loan Funded Shares granted to an Eligible Participant, as determined by the Board in its sole and absolute discretion, will be set out in a Loan Agreement delivered to the Eligible Participant.

6.2 Awards to be recorded

Awards will be recorded in the appropriate register of the Company.

6.3 Listing

Unless determined otherwise by the Board in its sole and absolute discretion, Options and Performance Rights issued under the Plan will not be quoted on the ASX or any other recognised stock exchange.

7. EMPLOYEE SHARE TRUST

The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Awards and/or Plan Shares for Participants under the Plan, and delivering Plan Shares on behalf of Participants upon exercise of Options and/or Performance Rights (as the case may be).

8. OPTIONS AND PERFORMANCE RIGHTS

8.1 Performance Hurdles and Vesting Conditions

Options and/or Performance Rights (as the case may be) will only vest and be exercisable if the applicable Performance Hurdles and/or Vesting Conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under these Rules.

8.2 Option and Performance Right entitlements

Subject to the Board determining otherwise prior to an Invitation, and subject to these Rules, each vested Option and each vested Performance Right entitles the Participant holding the Option or the Performance Right to subscribe for, or to be transferred, one Plan Share, in the case of an Option, on payment of the Exercise Price (if any).

8.3 Participant rights

A Participant who holds Options and/or Performance Rights is not entitled as a result to:

- (a) notice of, or to vote at or attend, a meeting of the Shareholders unless and until the Options and/or Performance Rights are exercised and the Participant holds Plan Shares; or
- (b) receive any dividends declared by the Company in respect of such Options and/or Performance Rights.

8.4 No transfer of Options or Performance Rights

Options and/or Performance Rights granted under this Plan may not be assigned, transferred, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless:

- (a) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, encumbrance or disposal as the Board sees fit; or
- (b) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

8.5 Exercise Period for Options

The Exercise Period for any Option will be as determined by the Board in its sole and absolute discretion.

8.6 Method of exercise

- (a) In the case of an Option, following the issue of a Vesting Notification to the Participant, the vested Option is exercisable by the Participant within the Exercise Period specified by the Board in the Invitation Letter, subject to the Participant delivering to the registered office of the Company or such other address as determined by the Board:
 - (i) a signed Notice of Exercise;
 - (ii) subject to clause 8.8, a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price (if any) together with the amount or any Tax Liability arising in connection with the Exercise (if applicable); and
 - (iii) the relevant Certificate, or documentary evidence satisfactory to the Board that the relevant Certificate was lost or destroyed.

- (b) In the case of a Performance Right, following the issue of a Vesting Notification to the Participant, a vested Performance Right will be automatically exercised within the period specified by the Board in the Invitation Letter.

8.7 No issue unless cleared funds

Where a cheque is presented as payment of the Exercise Price on the exercise of Options (and/or any Tax Liability arising in connection with that exercise), the Company will not, unless otherwise determined by the Board, allot and issue or transfer Plan Shares until after the cheque delivered in payment of the Exercise Price has been cleared by the banking system.

8.8 Cashless exercise of Options

The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment of the Exercise Price of Options or any Tax Liability arising in connection with the exercise of the Option by cash, cheque or some other method acceptable to the Company, but that on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Exercise Price otherwise payable in relation to the Options (together with any applicable Tax Liability to the extent the Board determines that Tax Liability should be dealt with in this manner) and the then Market Value of the Plan Shares as at the time of the exercise (with the number of Plan Shares rounded down).

8.9 Net settlement of Performance Rights in connection with Tax Liability

Where a Tax Liability arises in connection with the vesting, exercise or settlement of a Performance Right, to the extent that the Participant has not entered into arrangements acceptable to the Company for the payment of that Tax Liability to the Company, or the relevant Group Company or former Group Company, the Board may determine in its sole and absolute discretion that the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Tax Liability and the then Market Value of the Plan Shares as at the time of vesting (with the number of Plan Shares rounded down).

8.10 Minimum Exercise

Options must be exercised in multiples of 100 unless fewer than 100 Options are held by a Participant or the Board otherwise agrees.

8.11 Actions on exercise

On completion of the exercise of Options and/or Performance Rights (as the case may be):

- (a) the Options and/or Performance Rights will automatically lapse;
- (b) the Company will allot and issue, or transfer, the number of Plan Shares for which the Participant is entitled to subscribe for or acquire through the exercise of such Options and/or Performance Rights (as the case may be); and
- (c) issue a substitute Certificate(s) for any remaining Options and/or Performance Rights (as the case may be).

8.12 Lapsing of Options and/or Performance Rights

- (a) Unless the Board otherwise determines in its sole and absolute discretion, Options and/or Performance Rights will lapse on the earlier of:
 - (i) the application of clauses 11 or 12;
 - (ii) the application of clause 13;
 - (iii) the application of clause 18;
 - (iv) if applicable Performance Hurdles and/or Vesting Conditions are not achieved by the relevant time;
 - (v) if the Board determines in its reasonable opinion that the applicable Performance Hurdles and/or Vesting Conditions have not been met prior to the Expiry Date; or
 - (vi) the Expiry Date.
- (b) Where a Participant's Options and/or Performance Rights (as the case may be) have lapsed under clause 8.12(a), the Company will:
 - (i) notify the Participant that the Options and/or Performance Rights held by them have lapsed;
 - (ii) do such things and enter such arrangements with the Company's share registry or otherwise as it considers necessary, and the Participant will be bound by any action by the Company under this clause 8.12(b); and
 - (iii) not be liable for any damages, compensation or other amounts to the Participant in respect of the Options and/or Performance Rights.

8.13 Cancellation of Options and/or Performance Rights

- (a) Notwithstanding any other provisions of the Plan, and subject to Applicable Laws, if a Participant and the Board have agreed in writing that some or all of the Options and/or Performance Rights granted to that Participant may be Cancelled on a specified date or on the occurrence of a particular event, then the Board may Cancel those Options and/or Performance Rights on the relevant date or on the occurrence of the particular event (as the case may be).
- (b) Where Options and/or Performance Rights are to be Cancelled by the Company, the Company may do such things and enter such arrangements with the Company's share registry or otherwise as it considers necessary to enforce any Cancellation and the relevant Participant will be bound by any action by the Company under this clause 8.12(b).

9. SHARE AWARDS

9.1 Invitation to acquire Share Awards

The Board may from time to time make an Invitation to an Eligible Participant to acquire Share Awards under the Plan.

9.2 Acquisition Price

The Board will determine in its sole and absolute discretion the Acquisition Price (if any) for each Share Award. The Acquisition Price will be specified in the Invitation Letter and may be Nil.

9.3 Performance Hurdles and/or Vesting Conditions

- (a) Where Share Awards granted to a Participant are subject to Performance Hurdles and/or Vesting Conditions (as determined by the Board in its sole and absolute discretion and as specified in the Invitation Letter), the Participant's Share Awards will be subject to the restrictions set out in clause 17 unless and until the applicable Performance Hurdles and/or Vesting Conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under these Rules.
- (b) Following the issue of a Vesting Notification to the Participant, the Share Awards held by the Participant will no longer be subject to any restrictions under clause 17 and may then be transferred or sold by the Participant, subject to compliance with Applicable Law, the Company's Securities Trading Policy and the terms of the Plan.
- (c) If the Board determines that a Participant has not satisfied the Performance Hurdles and/or Vesting Conditions (if any), unless otherwise determined by the Board in its sole and absolute discretion:
 - (i) the Participant will forfeit any right or interest in the Share Awards and other entitlements of the Participant under the Plan in relation to those Share Awards; and
 - (ii) those Share Awards will be treated as surrendered by the Participant in accordance with clause 14.

9.4 Participant rights

A Participant who holds Share Awards has the rights set out in clause 16.

10. LOAN FUNDED SHARES

10.1 Invitation to acquire Loan Funded Shares

The Board may from time to time make an Invitation to an Eligible Participant to acquire Loan Funded Shares under the Plan.

10.2 Acquisition Price

The Board will determine in its sole and absolute discretion the Acquisition Price for each Loan Funded Share.

10.3 Performance Hurdles and/or Vesting Conditions

- (a) Where Loan Funded Shares granted to a Participant are subject to Performance Hurdles and/or Vesting Conditions (as determined by the Board in its sole and absolute discretion and as specified in the Invitation Letter), the Participant's Loan Funded Shares will be subject to the restrictions set out in clause 17 unless and until the applicable Performance Hurdles and/or Vesting Conditions (if any) have been

satisfied, waived by the Board or are deemed to have been satisfied under these Rules.

- (b) Following the issue of a Vesting Notification to the Participant and after the full repayment of the Loan, the Loan Funded Shares held by the Participant will no longer be subject to any restrictions under clause 17 and may then be transferred or sold by the Participant, subject to compliance with Applicable Law, the Company's Securities Trading Policy and the terms of the Plan.
- (c) If the Board determines that a Participant has not satisfied the Performance Hurdles and/or Vesting Conditions (if any), unless otherwise determined by the Board in its sole and absolute discretion:
 - (i) the Participant will forfeit any right or interest in the Loan Funded Shares and other entitlements of the Participant under the Plan in relation to those Loan Funded Shares;
 - (ii) those Loan Funded Shares will be treated as surrendered by the Participant in accordance with clause 14; and
 - (iii) the Company will acknowledge the Participant's surrender of those Loan Funded Shares as full consideration for the repayment of the Loan.

10.4 Invitation of Loan

Unless otherwise determined by the Board in its sole and absolute discretion:

- (a) when the Company makes an Invitation to an Eligible Participant to acquire Loan Funded Shares under the Plan, the Company (or any Group Company) will also offer the Eligible Participant a Loan on terms and conditions to be determined by the Board for the purposes of acquiring all or part of the Loan Funded Shares which are the subject of the Invitation; and
- (b) an Eligible Participant, who accepts an Invitation in relation to Loan Funded Shares, must also accept the Loan offered in accordance with clause 10.4(a).

10.5 Loan amount

Unless otherwise determined by the Board in its sole and absolute discretion, the amount of the Loan will be equal to the total Acquisition Price for the subscription or purchase of all or part of the Loan Funded Shares which are the subject of the Invitation.

10.6 Application of Loan moneys

A Participant who accepts a Loan in respect of the Loan Funded Shares in respect of which an Invitation has been made to the Participant will irrevocably authorise the Company or a Group Company (as the case may be) to apply the funds on behalf of the Participant by way of payment of the total Acquisition Price of the Loan Funded Shares to which the offer of the Loan was accepted.

10.7 Loan Interest

The Board will determine at its sole and absolute discretion:

- (a) whether a Loan will be interest bearing or interest-free; and
- (b) if the Loan is interest-bearing, the interest rate that will apply, and which is to be set out in the Invitation Letter.

10.8 Repayment of Loan

- (a) A Participant may repay all or part of a Loan at any time before the expiration of the Loan Term, and at the expiration of the Loan Term the Participant must immediately repay all of the Loan.
- (b) If the Loan becomes due and payable under clause 10.8(c):
 - (i) in respect of the Participant's repayment obligation under the Loan, the Company will not have any recourse beyond the Participant's Loan Funded Shares; and
 - (ii) where the then Market Value of the total Loan Funded Shares held by the Participant is less than the Loan:
 - (A) if any Loan Funded Shares are transferred or sold, all proceeds of the transfer or sale of those Loan Funded Shares will be paid to the Company and that payment will be treated as full consideration for the repayment of that portion of the Loan to which those Loan Funded Shares relate; and/or
 - (B) if any Loan Funded Shares are Bought-Back in accordance with these Rules, the then Market Value of those Loan Funded Shares that are Bought-Back will be treated as full consideration for the repayment of that portion of the Loan to which those Loan Funded Shares relate.
- (c) Unless the Board determines otherwise prior to the execution of the Loan Agreement and subject to the Board's discretion to permit the Loan to continue for a further specified period, the Loan becomes due and payable on the first to occur of the following:
 - (i) expiration of the Loan Term;
 - (ii) if the Participant is declared by the Board to be a Good Leaver, six months after the Participant ceases employment or office with any Group Company;
 - (iii) if the Participant is declared by the Board to be a Bad Leaver, the date the Participant ceases employment or office with any Group Company;
 - (iv) the date the Participant Loan Funded Shares are surrendered by the Participant or Bought-Back, or where the Participant's Loan Funded Shares are subject to Performance Hurdles and/or Vesting Conditions, the date the Board determines that the

applicable Performance Hurdles and/or Vesting Conditions (as the case may be) have not or cannot be satisfied;

- (v) the date the Board determines that a Change of Control Event will occur, or is likely to occur;
 - (vi) such date as is required pursuant to Applicable Law; or
 - (vii) a date other than above, that the Participant and the Company agree to in writing,
- (d) but only in relation to that portion of the Loan which relates to Loan Funded Shares that are to be surrendered and/or Bought-Back (as the case may be) in any of the above circumstances.

10.9 Participant rights

A Participant who holds Loan Funded Shares has the rights set out in clause 16.

10.10 Dividends

Unless otherwise determined by the Board:

- (a) the Company will apply and each Participant irrevocably directs the Company to so apply, on each Dividend Payment Date the After Tax Dividend Amount, and any capital returns, towards repayment of the interest component of the Loan and then towards repayment of any outstanding principal component of the Loan; and
- (b) of the dividends and capital returns remaining after repayment of the interest component and principal component of the Loan under clause 10.10(a) (if any), the Company will pay those remaining dividends and capital returns to the Participant.

10.11 Application of proceeds of transfer, sale or Buy-Back

At the sole and absolute discretion of the Board, where Loan Funded Shares are transferred, sold or Bought-Back by the Company in accordance with clauses 10.3(b), 14(a) or 15, proceeds of the transfer, sale or Buy-Back of any Loan Funded Shares will be applied in the following order within 90 days of the transfer, sale or Buy-Back (as the case may be):

- (a) in repayment or reduction of the outstanding amount of the Loan; and
- (b) subject to clause 10.8(c), by paying the balance (if any) to the Participant, except where the Participant ceases employment with any Group Company and is declared by the Board to be a Bad Leaver.

10.12 Offset of outstanding amount of the Loan

If on cessation of a Participant's employment or office with any Group Company, the Participant owes any money to the Company under the Plan (being any outstanding amount of the Loan), the Participant authorises the Company to offset that money against any payments the Company (or any Group Company) is legally obliged to make to the Participant, to the extent permitted by Applicable Law.

11. GOOD LEAVER

- (a) Subject to the terms of an Invitation Letter, where a Participant becomes a Good Leaver:
 - (i) unless the Board in its sole and absolute discretion determines otherwise:
 - (A) any and all vested Options held by the Participant which have not been exercised will continue in force and remain exercisable until the Expiry Date or such lesser period as determined by the Board;
 - (B) any and all vested Performance Rights held by the Participant which have not been exercised will continue in force and remain exercisable; and
 - (C) the Participant will be entitled to continue to hold all vested Share Awards and Loan Funded Shares; and
- (b) the Board may determine, in its sole and absolute discretion, the manner in which any unvested Awards held by the Participant will be dealt with, including but not limited to:
 - (i) allowing some or all of those unvested Awards to continue to be held by the Participant, and be subject to existing Performance Hurdles and/or Vesting Conditions;
 - (ii) undertaking a Buy-Back of some or all of the unvested Options, Performance Rights, Share Awards and/or Loan Funded Shares (as the case may be) in accordance with clause 15; and/or
 - (iii) requiring that:
 - (A) any remaining unvested Options and/or Performance Rights (as the case may be) automatically lapse in accordance with clause 8.12(a); and/or
 - (B) any remaining unvested Share Awards and/or Loan Funded Shares (as the case may be) be automatically surrendered by the Participant in accordance with clause 14.

12. BAD LEAVER

Subject to the terms of an Invitation Letter, where a Participant becomes a Bad Leaver, unless the Board in its sole and absolute discretion determines otherwise:

- (a) any and all vested Options held by the Participant which have not been exercised will continue in force and remain exercisable until 3 months after the Participant's employment or appointment terminates (**Termination Date**);
- (b) any and all vested Performance Rights held by the Participant which have not been exercised will continue in force and remain exercisable until the Termination Date;

- (c) the Participant will be entitled to continue to hold all vested Share Awards and Loan Funded Shares;
- (d) all unvested Options and/or Performance Rights held by the Participant will automatically lapse in accordance with clause 8.12(a); and
- (e) all unvested Share Awards and/or Loan Funded Shares held by the Participant will be automatically surrendered by the Participant in accordance with clause 14.

13. FORFEITURE

13.1 Forfeiture Conditions

- (a) The Board may determine prior to an Invitation if any Forfeiture Conditions apply in respect of Awards.
- (b) If any of the Forfeiture Conditions set out in the Invitation Letter is met, unless otherwise determined by the Board in its sole and absolute discretion:
 - (i) all unvested and vested Options and/or Performance Rights (as the case may be) held by the Participant will automatically lapse in accordance with clause 8.12(a); and
 - (ii) all unvested and vested Share Awards and/or Loan Funded Shares (as the case may be) held by the Participant will automatically be surrendered by the Participant in accordance with clause 14.

13.2 Fraudulent or dishonest actions

In addition to the Forfeiture Conditions (if any), where, in the reasonable opinion of the Board, a Participant:

- (a) acts fraudulently or dishonestly; or
- (b) wilfully breaches his or her duties to the Group,

then the Board may deem all Awards held by the Participant will be treated in accordance with clause 13.1(b).

14. SURRENDER OF SHARE AWARDS AND LOAN FUNDED SHARES

Where Share Awards and/or Loan Funded Shares (as the case may be) are surrendered by a Participant as a result of a Forfeiture Condition being met or otherwise pursuant to the Rules:

- (a) the Participant consents to the Company either (at the Board's election):
 - (i) treating them as forfeited Share Awards and/or Loan Funded Shares in accordance with the forfeiture provisions of the Constitution, and for the avoidance of doubt, any such forfeited Share Awards and Loan Funded Shares may be sold by the Company to a third party; or
 - (ii) affecting a Buy-Back of those Share Awards and/or Loan Funded Shares for Nominal Consideration;

- (b) the Company will arrange for the Participant's agent or attorney to sign any documents required to deal with those Share Awards and/or Loan Funded Shares; and
- (c) the Company will not be liable for any damages, compensation or other amounts to the Participant in respect of those Share Awards and/or Loan Funded Shares.

15. BUY-BACK

15.1 Buy-Back

Subject to Applicable Law, the Company may at any time Buy-Back Share Awards, Loan Funded Shares, Options, Performance Rights and/or Plan Shares in accordance with clause 15.2.

15.2 Buy-Back procedure

Unless otherwise stated in these Rules, the Board may cause the Company to Buy-Back Share Awards, Loan Funded Shares, Options, Performance Rights and/or Plan Shares held by a Participant for:

- (a) an amount agreed with the Participant at any time; or
- (b) where there is a formal takeover offer made for at least 50% of the Shares, the Company may Buy-Back Share Awards, Loan Funded Shares and/or Plan Shares (as the case may be) at the price or prices offered by the bidder under the takeover offer and/or as considered appropriate by the Board in its reasonable opinion in light of such an offer.

15.3 Buy-Back period

Any Buy-Back under clause 15.2 may occur in one or more tranches within such time, as determined by the Board in its sole and absolute discretion.

15.4 Buy-Back mechanism

Each Participant will do all acts, matters and things which are necessary or desirable to give effect to any Buy-Back of the Participant's Share Awards, Loan Funded Shares, Options, Performance Rights and/or Plan Shares.

16. RIGHTS ATTACHING TO SHARE AWARDS, LOAN FUNDED SHARES AND PLAN SHARES

16.1 Shares to rank equally

Any Share Awards, Loan Funded Shares and/or Plan Shares allotted, issued or transferred by the Company to a Participant under the Plan will rank equally with all existing Shares on and from the date of allotment, issue or transfer, including in respect of all rights and bonus issues.

16.2 Dividends

A Participant will have a vested and indefeasible entitlement to any dividends declared and distributed by the Company on any Share Awards, Loan Funded Shares and/or Plan Shares which, at the record date for determining entitlement to those dividends, are standing to the account of the Participant.

16.3 Dividend reinvestment

The Participant may participate in any dividend reinvestment plan operated by the Company in respect of Share Awards, Loan Funded Shares (provided the Loan has been fully repaid) and/or Plan Shares held by the Participant and such participation must be in respect of all Share Awards, Loan Funded Shares and/or Plan Shares held by the Participant. Shares issued under any dividend reinvestment plan operated by the Company will be subject to the same terms and conditions as the Share Awards, Loan Funded Shares and/or Plan Shares held by the Participant.

16.4 Voting rights

A Participant may exercise any voting rights attaching to Share Awards, Loan Funded Shares and/or Plan Shares registered in the Participant's name.

17. DISPOSAL RESTRICTIONS

17.1 Board determines

The Board, in its sole and absolute discretion, may determine, prior to an Invitation being made, whether there will be any restrictions on the disposal of, the granting (or purporting to grant) of any Security Interest in or over, or otherwise on dealing with (or purporting to dispose or deal with), Share Awards, Loan Funded Shares and/or Plan Shares held by any Participants.

17.2 No transfer

Subject to clause 17.1, Share Awards, Loan Funded Shares and/or Plan Shares, or any beneficial or legal interest in those shares, may not be transferred, encumbered or otherwise disposed of, or have a Security Interest granted over them, by a Participant unless all restrictions on the transfer, encumbrance or disposal of the Share Awards, Loan Funded Shares and/or Plan Shares have been met, the Board has waived any such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.

17.3 Board actions

The Company may do such things and enter into such arrangements with the Company's share registry or otherwise as it considers necessary to enforce the transfer restrictions set out in clause 17.2, including but not limited imposing a holding lock on the Share Awards, Loan Funded Shares and/or Plan Shares or using an employee share trust to hold any such shares during the relevant restriction period. Participants will be bound by any action by the Company under this clause 17.3.

17.4 Overriding restrictions on dealing

Share Awards, Loan Funded Shares and Plan Shares must not be dealt with under this clause 17 if to do so would contravene Applicable Laws and Participants must comply with any Share Trading Policy at all times.

17.5 Entitlements

For the avoidance of doubt, the imposition of a restriction on the Share Awards, Loan Funded Shares and/or Plan Shares held by a Participant pursuant to clause 17.1 will not affect the Participant's entitlement to receive a notice of, or to

vote or attend at, a meeting of the members of the Company or Shareholders, and to receive any dividends declared by the Company during the relevant restriction period.

18. CHANGE OF CONTROL EVENT

In the event of a Change of Control Event, and unless the Board determines otherwise in its sole and absolute discretion:

- (a) Awards granted will vest where, in the Board's sole and absolute discretion, the Vesting Conditions and Performance Hurdles applicable to those Awards have been satisfied, but that vesting will occur only on a pro rata basis based on the period with has elapsed from the Grant Date to the date of the Change of Control Event when compared to the relevant overall vesting period and based on actual performance;
- (b) any Options and Performance Rights which the Board determines will not vest under clause 18(a) will automatically lapse in accordance with clause 8.12(a); and
- (c) any Share Awards and Loan Funded Shares which the Board determines will not vest under clause 18(a) will automatically be surrendered by the Participant in accordance with clause 14.

19. ADJUSTMENT FOR CAPITAL RECONSTRUCTIONS

19.1 Reorganisation

Subject to any Applicable Laws, following any variation to the Issued Capital of the Company arising from:

- (a) a reduction, subdivision or consolidation of the Issued Capital of the Company;
- (b) a reorganisation of the Issued Capital of the Company;
- (c) a distribution of assets in specie;
- (d) the payment of a dividend, otherwise than in the ordinary course, of an amount substantially in excess of the Company's normal distribution policy; or
- (e) any issue of Shares or other equity securities or instruments which convert into Shares by way of capitalisation of profits or reserves,

the number of Awards to which each Participant holds under the Plan, and the Exercise Price of Options (if any) held by each Participant, will be adjusted in accordance with the Listing Rules.

19.2 Notification of adjustments

Upon any adjustment being made pursuant to clause 19.1, the Board will notify each Participant (or his or her legal personal representative where applicable) in writing, informing them of the number of Awards (and issuing new Certificate(s) in those circumstances) and/or Plan Shares held by the relevant Participant.

19.3 Limited right to participate in new issues

Subject to clause 19.1, during the currency of any Options and/or Performance Rights and prior to their vesting, Participants are not entitled to participate in any new issue of Securities of the Company as a result of their holding Options and/or Performance Rights.

19.4 Fairness in application

In the application of this clause 19, the Board may (as far as possible) make whatever adjustments it deems necessary or desirable to ensure that the consequences of that application are fair as between the Participants and the holders of other securities in the Company subject to any Applicable Laws including the Listing Rules.

20. CONTRAVENTION OF APPLICABLE LAWS

No act will be done or determination made in accordance with these Rules where to do so would be a breach of any Applicable Laws, and where any such act is done or determination made it will be considered void and to the extent possible be unwound and of no effect in respect of Awards and/or Plan Shares.

21. ADMINISTRATION OF THE PLAN

21.1 Plan to be administered in accordance with the Rules

The Plan will be administered by the Board in accordance with these Rules.

21.2 Regulations

The Board may make such regulations for the operation of the Plan as it considers necessary, provided such regulations are consistent with these Rules.

21.3 Delegation

- (a) The Board may delegate any of its powers or discretions conferred on it by these Rules to a committee of the Board or to any one or more persons selected by it, including but not limited to the company secretary.
- (b) Any delegation will be for such period and upon such terms and conditions as determined by the Board from time to time.

21.4 Decisions final

Every exercise of a discretion by the Board (or its delegates) and any decision by the Board (or its delegates) regarding the interpretation, effect or application of these Rules will be final, conclusive and binding.

21.5 Attorney and agent

- (a) Each Participant hereby authorises and appoints the company secretary of the Company holding office at the relevant time (or their delegate) as their agent or attorney with power to do all things necessary in the name of and on behalf of the Participant to give effect to these Rules, including and without limitation, signing Award and/or Plan Share transfers, and signing all documents and doing all acts necessary to effect a Buy-Back or Cancellation, and accounting for the proceeds of the sale of forfeited

shares, but expressly excluding the power to exercise Options and/or Performance Rights granted to the Participant under the Plan.

- (b) Each Participant agrees to indemnify and hold harmless any person acting as their agent or attorney in accordance with these Rules in respect of all costs, damages or losses of whatever nature arising from so acting, other than costs, damages or losses arising out of the agent's or the attorney's gross negligence, dishonesty, fraud or wilful breach of their duties.

21.6 Notice

Address for service:

- (a) any notice required to be given to the Participants under the Plan or the terms of the Awards granted will be sent to the address of the Participant as entered in the register unless delivered in person; or
- (b) any notice required to be given to the Company under the Plan or the terms of the Awards granted will be sent to the registered office of the Company or such other address as is notified to Participants from time to time.

21.7 Delivery of notices:

- (a) any notice to be given to Participants may be delivered by hand to the Participant;
- (b) any notice to be given to the Company may be delivered by hand or by prepaid post. Notices may also be given to the Company by means of facsimile, email or other mode of electronic delivery to such address as is notified by the Company to the Participant; or
- (c) notices delivered to Participants in accordance with the Constitution will be taken to be delivered in accordance with the Constitution. Notices delivered to the Company by pre-paid post will be taken to be delivered if properly addressed and stamped, 48 hours after mailing in Australia and seven days after mailing outside Australia. Notices delivered by facsimile, email or other mode of electronic delivery will be taken to be delivered on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery.

22. PLAN AMENDMENT

22.1 Amendment of Plan

- (a) Subject to clause 22.2, the Listing Rules and the Constitution, the Board may at any time amend these Rules or the terms and conditions upon which Awards have been issued under the Plan.
- (b) No amendment to these Rules or to Awards granted under the Plan may be made if the amendment materially reduces the rights of any Participant in respect of Awards granted to them prior to the date of the amendment, other than:

- (i) an amendment introduced primarily:
 - (A) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (B) to correct any manifest error or mistake;
 - (C) to allow the implementation of a trust arrangement in relation to the holding of Share Awards, Loan Funded Shares and/or Plan Shares granted under the Plan;
 - (D) for the purpose of complying with the Applicable Laws; and/or
 - (E) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or
 - (F) an amendment agreed to in writing by the relevant Participant(s).
- (c) Subject to the Listing Rules, the Board may determine that any amendment to these Rules or the terms of Awards granted under the Plan be given retrospective effect.
- (d) Any amendment of these Rules or the terms and conditions upon which Awards are granted under the Plan by the Board will be of immediate effect unless otherwise determined by the Board.
- (e) As soon as reasonably practicable after making any amendment to these Rules or the terms and conditions of Awards granted under the Plan, the Board will give notice of the amendment to any Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

22.2 Amendment by addendum

Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply to Participants in particular jurisdictions or circumstances by means of an addendum to these Rules.

23. TERMINATION OR SUSPENSION

23.1 Termination or suspension

Subject to clause 23.2, the Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit.

23.2 Resolution to terminate, suspend, supplement or amend

In passing a resolution to terminate or suspend the operation of the Plan, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

24. NO EMPLOYMENT CONTRACT

Nothing in these Rules or the terms of any Award:

- (a) confers upon an Eligible Participant a right to a grant or offer of a grant of Awards;
- (b) confers on an Eligible Participant or a Participant the right to continue as an employee or officer or other service provider of a Group Company (as the case may be);
- (c) affects the rights of a Group Company to terminate the employment or office or other service of an Eligible Participant or a Participant (as the case may be);
- (d) affects the rights and obligations of any Eligible Participant or Participant under the terms of their office or employment or other service with any Group Company;
- (e) confers any legal or equitable right on an Eligible Participant or a Participant whatsoever to take action against any Group Company in respect of their office or employment or other service; or
- (f) confers on an Eligible Participant or a Participant any rights to compensation or damages in consequence of the termination of their employment or office or other service by a Group Company for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

25. REGULATORY RELIEF

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC and/or any other regulatory body (as applicable) in respect of the Plan or which applies to the Plan pursuant to their power to exempt and modify the Corporations Act and/or any other Applicable Laws 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 clause 25 to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

26. NON-EXCLUSIVITY**26.1 Non-exclusivity**

This Plan will not be deemed to be the exclusive method of providing incentive compensation to Eligible Participants, nor will it preclude any Group Company from authorising or approving other forms of incentive compensation for employees of any Group Company.

26.2 Relationship to other equity plans

Participation in this Plan will not affect or be affected by any participation in any other employee equity plan operated by any Group Company, except as specifically provided in the terms of that other plan.

27. MISCELLANEOUS

27.1 Enforcement

These Rules, any determination of the Board made pursuant to the Rules, and the terms of any Award granted under the Plan, will be deemed to form a contract between the Company and the Participant.

27.2 Listing Rules

While the Company remains admitted to the ASX or any other recognised stock exchange, the provisions of the relevant Listing Rules will apply to the Plan, and to the extent that the Plan and the Listing Rules are inconsistent, the provisions of the relevant Listing Rules will apply.

27.3 No fiduciary capacity

The Board may exercise any power or discretion conferred on it by these Rules in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

27.4 Tax Liability

Participant will be responsible for and indemnifies each relevant Group Company or former Group Company against any Tax Liability relating to his Award. Any Group Company or former Group Company may withhold an amount equal to such Tax Liability from any amounts due to the Participant (to the extent such withholding is lawful) and/or make any other arrangements as it considers appropriate to ensure recovery of such Tax Liability including, without limitation, the sale of sufficient Shares acquired subject to the Award to realise an amount equal to the Tax Liability. Where the number of Plan Shares delivered to the Participant is reduced pursuant to clause 8.8 or 8.9 in connection with a Tax Liability, that reduction shall satisfy this indemnity to the extent of the value (at the time specified in the relevant clause) of the Plan Shares not delivered as a result of that reduction.

27.5 Governing law

Except as may be provided in a Schedule or Addendum to this Plan, this Plan and any Option and/or Performance Right and/or other Award granted under it will be governed by, and must be construed according to, the laws of the State of Western Australia and the Commonwealth of Australia.

SCHEDULE 1 – TEMPLATE INVITATION LETTER

[insert date]

[Name and address of Eligible Participant]

Dear [insert]

METALSGROVE MINING LTD – EMPLOYEE SECURITIES INCENTIVE PLAN

The board of directors of MetalsGrove Mining Ltd (ACN 655 643 039) (**Company**) is pleased to make an offer to you of Awards under its Employee Securities Incentive Plan (**Plan**) on the terms of this offer letter (**Offer**). Terms used in this Offer have the same meaning as used in the Plan.

The Company is pleased to advise you of the following:

- (a) this Offer is subject to the terms and conditions of the Plan, a copy of which is attached to this Offer;
- (b) subject to the following, the Company is willing to offer you the following Awards under the Plan, with the following [Option Exercise Price and Expiry Date, and subject to the following Vesting Conditions]:

[insert details of Awards, [Option Exercise Price], Expiry Date and Vesting Conditions]

- (c) the grant of the Awards is subject to the terms of the Plan, including the Company obtaining any necessary Shareholder approvals and you remaining an Eligible Participant at the time the Awards are to be granted and (subject to a number of exceptions), exercised and converted into Shares;
- (d) the Awards under the Plan will be granted to you for [nil] cash consideration;
- (e) the Shares issued on exercise of the Awards [will be subject to the following Restriction Periods/will not be subject to any Restriction Periods]:
 - (i) [insert];
 - (ii) [insert];
- (f) [The following is to be included where a limited loan is provided: The Company is prepared to grant you a limited recourse loan for the full amount to purchase the Shares on the terms set out in this Offer and the Share Plan (Loan). You may accept the offer of the Loan in whole (and not in part) by completing the Loan Agreement attached to this Offer and returning it to the Company Secretary as provided for in the Loan Agreement.
 - (i) Assuming an Issue Price of \$[insert] per Share, the total Loan will be \$[insert]. The actual Loan amount will depend on the Issue Price, and the number of Shares you are to be issued, which will be determined as set out above.

- (ii) The Loan is repayable in full by [insert] (Loan Repayment Date) and is interest free.
 - (iii) As set out in the Share Plan, all or part of the Loan may be repaid prior to the Loan Repayment Date. In addition, the Loan must be repaid early in certain circumstances as set out in the Share Plan, including where you cease to be an Eligible Participant.
 - (iv) Shares under the Plan are subject to certain restrictions, including restrictions on transfer until the Loan is repaid in full.
 - (v) Please read the Share Plan and Loan Agreement in full and if you have any questions in respect of the Loan and the risks, rights and obligations relating to the Loan, you should contact your financial and legal advisers before accepting the Loan.]
- (g) **[The following is to be included where a loan is not provided, and cash consideration is payable: You must either:**
- (i) enclose with the completed Acceptance Form a cheque for the amount due for the number of Plan Shares that you (or your Nominee) have accepted; or
 - (ii) at the time the completed Acceptance Form is lodged with the Company, pay the amount due for the number of Plan Shares that you (or your Nominee) have accepted by electronic funds transfer.]
- (h) this Offer remains open for acceptance by you until 5pm WST on [insert date] **(Closing Date)** at which time the Offer will close and lapse;
- (i) you may apply for the Awards by filling out Acceptance Form below and returning to the Company Secretary before the Closing Date;
- (j) you may apply for the Awards to be registered in your name, or in a Nominee's name. Examples of acceptable Nominees are set out in the Plan. Please discuss this with the Company Secretary if you have any queries;
- (k) unless the Plan provides otherwise, the Shares to which you are entitled on exercise of the Awards will be issued to you as soon as practicable after the exercise date;
- (l) Awards are only transferrable in special circumstances as set out in the Plan;
- (m) the Company will apply for the Shares to be quoted on the ASX in accordance with the ASX Listing Rules within 10 Business Days of the later of the date the Shares are issued and the date any Restriction Period that applies to the Shares ends. The Shares may be subject to restrictions on disposal in accordance with the Plan in which case the Company will impose a Holding Lock with the Company's share registry and the Shares will not be able to be traded until the Holding Lock is lifted by the Company;
- (n) the Company will issue, where required to enable Shares issued on exercise of Awards to be freely tradeable on the ASX (subject to any Restriction Period), a cleansing statement under Section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will have a prospectus available in relation to the Shares which complies with the requirements of the Corporations Act;

- (o) the Company undertakes that, during the period commencing on the date of this Offer and expiring on the Closing Date, it will, within a reasonable period of you so requesting, make available to you the current market price of the underlying Shares to which the Awards relate;
- (p) the current market price of the underlying Shares to which the Awards relate can be found on the Company's ASX website at [insert];
- (q) you must not sell, transfer or dispose of any Shares issued to you the exercise of Awards where to do so would contravene the insider trading or on-sale provisions of the Corporations Act; and
- (r) Subdivision 83A-C of the *Income Tax Assessment Act 1997*, which enables tax deferral on Options, [will/will not] apply (subject to the conditions in that Act) to Awards granted to you under this Offer.

You should be aware that the business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company, including Options offered under the Plan, and Shares issued on exercise of the Awards.

Any advice given by the Company in relation to the Awards, or underlying Shares offered under the Plan, does not take into account your objectives, financial situation and needs (including financial or taxation issues).

This Offer and all other documents provided to you at the time of this Offer contain general advice only and you should consider obtaining your own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice. You are advised to seek independent professional advice regarding the Australian tax consequences of the grant of Awards and the acquiring and disposing of any Shares that are issued on exercise of Awards under the Plan according to your own particular circumstances.

Please confirm your (or your Nominee's) acceptance of the Offer set out in this letter by completing the Acceptance Form below and returning it to the Company **by no later than** [insert].

Yours faithfully

[insert name]
Director
METALSGROVE MINING LTD

Encl.

SCHEDULE 2 –ACCEPTANCE FORM TEMPLATE

MetalsGrove Mining Ltd (ACN 655 643 039) (**Company**) has invited you (or your Nominee), by an offer dated [insert] (**Offer**), to apply for the grant under its Employee Securities Incentive Plan (**Plan**) of certain Awards.

The entity below applies for the Awards under the terms of the Offer, this Acceptance Form and the Plan.

Full Name:			
ACN			
Address:			
Ph:		Email:	

Tax file number(s) or exemption: _____

CHESS HIN (where applicable): _____

In applying for the grant of Awards under the Offer, the person below acknowledges and agrees:

- (a) the Board may, in its absolute discretion, reject this Acceptance Form and not grant the Awards;
- (b) to be entered on the register of Awards holders of the Company as the holder of the Awards applied for, and any Shares issued on the exercise of the Awards;
- (c) to be bound by the terms of the Constitution of the Company;
- (d) to be bound by the terms and conditions of the Plan;
- (e) to be bound by the terms and conditions of the Offer;
- (f) a copy of the full terms of the Plan has been provided to it;
- (g) that, by completing this Acceptance Form, it agrees to appoint the Company Secretary as its attorney to complete and execute any documents and do all acts on its behalf which may be convenient or necessary for the purpose of giving effect to the provisions of the Plan and Offer (as applicable);
- (h) that any tax liability arising from the Company accepting its application for Awards under the Plan or the issue of Shares on exercise of the [Awards is its responsibility and not that of the Company; and
- (i) to the extent required by the terms of the Plan and the ASX Listing Rules, to enter into any necessary restriction agreement in relation to any Shares provided on the exercise of the Awards and to the placing of a Holding Lock on those Shares.

EXECUTED BY DEED POLL

Where an individual

SIGNED by **[INSERT NAME OF INDIVIDUAL]** in the presence of:)
)

Signature of witness

Signature

Name of witness

Where an Australian company

EXECUTED by **[INSERT]**)
ACN [INSERT])
in accordance with section 127 of the)
Corporations Act 2001 (Cth):)

Signature of director

Signature of director/company
secretary*

Name of director

Name of director/company secretary*

*please delete as applicable

SCHEDULE 3 – NOTICE OF EXERCISE

To: The Directors
MetalsGrove Mining Ltd

I/ We _____ of _____
_____ being registered holder(s) of the Awards to acquire fully
paid ordinary shares in the Company set out on the certificate annexed to this notice,
hereby exercise _____ of the abovementioned Awards. [I/We enclose my/our
cheque for \$ _____ in payment of the option exercise price due in respect of
those options calculated on the basis of \$ _____ per option.]

I/ We authorise and direct the Company to register me/us as the holder(s) of the Shares to
be allotted to me/us and I/we agree to accept such Shares subject to the provisions of
the Constitution of the Company.

Dated:

EXECUTED BY DEED POLL

Where an individual

SIGNED by **[INSERT NAME OF** _____)
INDIVIDUAL] in the presence of: _____)

Signature of witness

Signature

Name of witness

Where an Australian company

EXECUTED by **[INSERT]** _____)
ACN [INSERT] _____)
in accordance with section 127 of the _____)
Corporations Act 2001 (Cth): _____)

Signature of director

Signature of director/company
secretary*

Name of director

Name of director/company secretary*

*please delete as applicable