

MARATHON RESOURCES LTD

ACN 107 531 822

("The Company")

EMPLOYEE SHARE OPTION PLAN

MARATHON RESOURCES LTD SHARE OPTION PLAN

Plan Rules

1. Purpose

- (a) The Marathon Resources Ltd Share Option Plan provides Eligible Employees with the opportunity to acquire Options, and ultimately Shares, in the Company.
- (b) The manner in which Eligible Employees will be invited to participate in the Plan is set out in these Rules.
- (c) The Plan commences on the date these Rules are adopted by the Company or any later date that the Board decides.

2. Definitions and interpretation

2.1 Definitions

In these Rules, unless the contrary intention appears:

"Additional Requirements" means the performance, vesting and/or other criteria (if any) that are determined by the Board and specified in the Offer Notice to an Eligible Employee.

"Associate" has the meaning ascribed to that term in *the Income Tax Assessment Act 1936* (Cth).

"Associated Company" means a related body corporate (within the meaning of that expression in the Corporations Act) of the Company, that the Board determines Employees of which will be eligible to participate in the Plan.

"ASX" means ASX Limited ACN 008 624 691, or the securities exchange operated by ASX Ltd, as the context requires.

"Base Number" means the number of Shares for which the Options may be exercised as specified in the Certificate or otherwise under these Rules.

"Board" means the Board of Directors of the Company as constituted from time to time.

"Certificate" means an Option certificate issued pursuant to Rule 5 in such form as the Board may from time to time determine, and includes any replacement Certificate issued pursuant to Rule 7(c).

"Company" means Marathon Resources Ltd ACN 107 531 822

"Control" has the same meaning as in section 50AA of the Corporations Act.

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

"Date of Grant" means the date the Options are granted to the Participant.

"Eligible Employee" means an Employee who has been in the employ of the Company for at least six months (or, in the case of a consultant, has been continuously engaged as a

consultant by the Company for at least six months) and has been approved or selected to receive an invitation by the Board for participation in the Plan.

"Employee" means a person who the Board determines to be in the full-time or part-time employment of a company in the Group or a person otherwise in the employment of a company in the Group who the Board determines to be an Employee for the purposes of the Plan, consultants and contractors of a company in the Group that the Board determines to be an Employee for the purposes of the Plan and, for the avoidance of doubt, includes directors of any member of the Group.

"Exercise Period" means, in respect of Options granted to a Participant, the period commencing on the first day after:

- (a) if Options are subject to vesting conditions, the date after satisfaction or waiver of all those vesting conditions; or
- (b) if the Options are not subject to vesting conditions, the Date of Grant;

and, subject to Rule 8 ending on the Expiration Date.

"Exercise Price" means the amount (if any) payable by a Participant on the exercise of an Option as specified in the Grant Notice.

"Expiration Date" means the earlier to occur of:

- (a) five years after the Date of Grant; and
- (b) the date of expiry (if any) specified in the Offer Notice.

"Group" means the Company and the Associated Companies.

"Listing Rules" means the listing rules of the ASX.

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

"Offer" means an offer of grant of Options to an Eligible Employee under Rule 4(a).

"Offer Notice" means a notice issued to an Eligible Employee under Rule 4(a).

"Option" means a right, granted to a Participant, to subscribe for or acquire a Share under the Plan.

"Participant" means a person who holds an Option granted under the Plan.

"Plan" means the Marathon Resources Ltd Employee Share Option Plan established and operated in accordance with these Rules.

"Rules" means the rules governing the Plan set out in this instrument, as amended from time to time.

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

"Shares" mean fully paid ordinary shares in the capital of the Company.

2.2 Interpretation

In these Rules, unless the contrary intention appears:

- (a) reference to any legislation or any provision of any legislation includes any modification or re-enactment of the legislation or any legislative provision substituted for, and all legislation and statutory instruments and regulations issued under the legislation;
- (b) words denoting the singular include the plural and vice versa;
- (c) words denoting a gender include the other genders;
- (d) words denoting an individual or person include the individual's or person's legal personal representatives, executors, administrators and successors;
- (e) headings are for convenience only and do not affect the interpretation of these Rules;
- (f) reference to a clause or paragraph is a reference to a clause or paragraph of these Rules, or the corresponding Rule or Rules of this Plan as amended from time to time;
- (g) reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (h) where any word or phrase is given a definite meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning; and
- (i) if a Participant is an Associate of an Eligible Employee then:
 - (i) a reference in these Rules to a Participant ceasing (for any reason and howsoever defined or described) to be an Employee is a reference to the Employee in respect of whom the Associate is the Associate so ceasing to be an Employee as if the Options held by the Associate were held by such Employee, and the Rules apply accordingly;
 - (ii) the Rules otherwise apply to and bind the Associate; and
 - (iii) a reference in Rule 8(a) to a Participant, where Options are held jointly or otherwise by an Associate of an Employee, extends to the Employee of which the Participant is the Associate.

3. Eligibility

- (a) Only Eligible Employees and their Associates may be granted Options under the Plan.
- (b) No Employee is entitled to Options unless the Board in its absolute discretion selects that Employee to be an Eligible Employee.

4. Grant of Options

- (a) The Company may, by notice in writing, offer to grant an Eligible Employee Options in the Plan.
- (b) No amount will be payable by an Eligible Employee to the Company in consideration of the granting of Options.
- (c) The Offer Notice must specify:
 - (i) the name and residential address of the Eligible Employee to whom the offer is made;
 - (ii) the Acceptance Grant;
 - (iii) the number of Options granted to the Eligible Employee;
 - (iv) the Exercise Price or the manner of determining the Exercise Price; and
 - (v) the Additional Requirements (if any) and any other specific terms and conditions applicable to the Options,

and must be issued with such other information and documents as may be required by the Corporations Act (including any instrument of exemption or modification thereof) or the Listing Rules.

- (d) An Eligible Employee may either:
 - (i) accept the Offer made in the Offer Notice;
 - (ii) reject the Offer;
 - (iii) accept the Offer and nominate in writing that the Options be granted to one or more Associates of the Eligible Employee whereupon the Company may, at the discretion of the Board, grant the Options to the Associates of the Eligible Employee.

5. Certificate

A Certificate must be issued evidencing that the Options have been granted to the Participant and setting out the number of Shares to which the Participant is entitled to subscribe for or acquire. The Certificate must be issued to the Participant within 2 months of the acceptance of the Offer by the Participant.

6. Entitlement

- (a) Each Option entitles the Participant to acquire or to subscribe for and be allotted, credited as fully paid, one Share at the Exercise Price.
- (b) Subject to these Rules and the Listing Rules, the Company must allot Shares following the exercise of Options.
- (c) Shares issued on the exercise of Options will rank equally with all existing Shares of that class from the date of allotment.

7. Exercise of Options

- (a) Subject to the satisfaction or waiver of the Additional Requirements (if any) and these Rules, an Option which has not lapsed is exercisable during the relevant Exercise Period by the Participant lodging with the Company, or such person nominated by the Board for that purpose, a Notice of Exercise signed by the Participant, together with the most recent Option Certificate and, subject to Rule 7(b), the Exercise Price for each Option to be exercised.
- (b) All payments pursuant to Rule 7(a) must be made by cheque or bank draft made out in favour of the Company, or such other method of payment approved by the Board, and must be forwarded to the Company Secretary of the Company, or such other person nominated by the Board for that purpose.
- (c) Each time a Participant exercises any Options covered by a Certificate, the Participant must exercise Options in multiples of 1,000 or such other number as the Board may decide (and, in the case where a Participant holds less than this number, the number held by a Participant). Where a Participant submits a Notice of Exercise in respect of any part of the Options held by the Participant, the Company must issue a replacement Certificate showing the transaction and the remaining number of Options held by the Participant.
- (d) Notwithstanding any other Rule, the Board is not obliged to accept a Notice of Exercise if, in its reasonable opinion, the resulting acquisition of Shares or, if the Shares were to be subsequently sold, such action by that Participant would likely breach the insider trading provisions of the Corporations Act.

8. Lapse of Options

- (a) Subject to Rule 8(b), an Option not previously exercised during the Exercise Period will lapse on the date which is the earlier of:
 - (i) the Expiration Date;
 - (ii) non-satisfaction of any Additional Requirements that would result in forfeiture or lapse of the Options;
 - (iii) a determination of the Board that the Options lapse following the Participant having in the opinion of the Board been dismissed for a reason which entitles the Company or an Associated Company to dismiss the Participant without notice or committing any act of fraud, defalcation or gross misconduct in relation to the affairs of the Company or any Associated Company (whether or not charged with an offence) or doing any act which in the reasonable opinion of the Board brings the Company or any Associated Company into disrepute;
 - (iv) except in the case of retirement at or after age 60 (or such earlier date as is approved by the Board), permanent disability, redundancy or death, one month after the date of termination of the Participant's employment or engagement with the Company or any Associated Company in circumstances other than those referred to in paragraph (iii) above; and
 - (v) the Company's receipt of notice of surrender of the relevant Options from a Participant.

- (b) The Board has the absolute discretion to determine that Options will not lapse on the occurrence of any of the events referred to in Rule 8(a)(ii) to (v) (inclusive), but the Board cannot allow Options to be exercised beyond the Expiration Date. A determination that Options will not lapse on the occurrence of an event referred to in rules 8(a)(ii) will constitute a waiver by the Board of the relevant Additional Requirements.

9. Transfers

- (a) Options are personal to the Participant and may only be exercised during the Exercise Period and not exercised by any other person or body corporate, (except that on the death of the Participant, the Options may be exercised during the Exercise Period in accordance with Rule 7 by the Participant's legal personal representative or in the event that an order is made for the Participant's estate to be administered under the laws relating to mental health, then by the person who is appointed to administer such estate).
- (b) The Options may be transferred at any time to any person, with the prior approval of the Board.
- (c) Options will not be quoted on the ASX.

10. Quotation of Shares

The Company will make application to the ASX for official quotation of Shares issued on the exercise of Options, if other Shares of that class of the Company are listed for quotation of the ASX at that time.

11. Changes in circumstances

- (a) In the event of any reorganisation of the capital of the Company, the terms of the Options must be reorganised in accordance with the Listing Rules as at the date of reorganisation.
- (b) Participants will not be entitled to participate in any new issue of Shares in the Company as a result of such holding unless they have become entitled to exercise their Options under the Plan and do so prior the record date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.
- (c) If the Company makes a bonus issue of Shares pro-rata to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been allotted in respect of an Option before the record date for determining entitlements to the bonus issue, then the number of Shares over which the Option is exercisable must be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option prior to the record date.
- (d) If the Company makes an offer of Shares pro-rata to existing shareholders (other than a Bonus Issue and an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been allotted in respect of an Option before the books closing date for determining entitlements to the rights issue, the Exercise Price of the Option must be adjusted in accordance with the Listing Rules

on the basis that the Exercise Price is the exercise price referred to in the Listing Rules.

- (e) If the Company from time to time offers shareholders other securities, then the Board will determine in its absolute discretion whether the other securities are to be offered to Participants on the exercise of Options or whether any other equivalent securities, interest or rights will be offered to them and the basis thereof, to the intent that on the exercise of Options the Participants may be treated whenever possible as if they were shareholders at the Date of Grant.
- (f) The Board will be entitled to have any calculations or adjustments which are required to be made for the purposes of these Options to be made by the auditors of the Company for the time being and such calculations, in the absence of manifest error, will be final and conclusive and binding on the Participant.
- (g) The Company must notify each Participant of any adjustments made to the Exercise Price or the number of Options or the number of Shares underlying each Option.

12. Takeover, scheme of arrangement, voluntary winding up

- (a) Where, prior to the Expiry Date and whether or not Rules 12(b), 12(c) or 12(d) apply, the Board determines that there are circumstances which have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may materially adversely affect the rights of or value of benefits to Participants, the Board must give written notice of such determination and notwithstanding any other provisions of these Rules must henceforth allow each Participant to lodge with the Company a Notice of Exercise.
- (b) If offers to acquire Shares in any class of shares in the Company are made under a takeover scheme or takeover announcement, then the Board must immediately give written notice to each Participant of the takeover offer and the Participant may, notwithstanding any other provisions of these Rules, exercise any Options at any time during the period of 6 months after the date on which the offers are made or, if the offers are conditional, the date on which the offers become unconditional, provided that no Option will be capable of exercise later than the Expiration Date.
- (c) If a scheme of arrangement under the Corporations Act is proposed between the Company and its shareholders, the Board may, at the request of the Participant:
 - (i) if another company ("acquiring company") acquires Control of the Company and with the agreement of the acquiring company, seek to arrange that, as a condition of the proposed scheme, the Options relate to shares in the acquiring company instead of Shares, on such terms as are agreed between the Company, the option holder and the acquiring company (in which case this document will apply with all necessary modifications as if references to Shares were references to shares in the acquiring company and references to the Company were references to the acquiring company); and/or
 - (ii) notwithstanding the other provisions of these Rules, permit Options to be exercisable, conditional on the scheme of arrangement becoming effective during such a period and on such other terms as it may decide

provided that no Option will be capable of exercise later than the Expiration Date.

If no determination is made under paragraphs (i) or (ii), Options will continue to be subject to these Rules and the terms and conditions on which they were granted.

- (d) If a resolution for a member's voluntary winding up of the Company is to be put before members of the Company (other than for the purpose of a reconstruction or amalgamation) the Participant may, notwithstanding any other provision of these Rules, exercise his or her Options immediately such notice of meeting of members is dispatched to members provided that no Option will be capable of exercise later than the Expiration Date.

13. Notices

Any notice or direction given under these Rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or in such manner as the Board from time to time determines.

14. Right to accounts

Participants will have the right, upon request, to be sent all reports and accounts required to be laid before members of the Company in a general meeting and all notices of general meetings of members but will not, as a Participant, have any right to attend or vote at those meetings.

15. Limitations on size of the Plan

The number of Shares acquired during the previous 5 years from new issues by the Company under all employee share schemes established by the Company (including as a result of exercise of options to acquire unissued Shares granted under any such employee share scheme) when aggregated with the number of Shares which would be acquired from new issues by the Company under all employee share schemes established by the Company were all outstanding options to acquire unissued Shares (issued pursuant to such employee share schemes) to be exercised must not exceed 10% of the total issued share capital of the Company.

16. Variation of Rules

- (a) The Company may, subject to the Listing Rules and Rule 16(b), add to or vary any of these Rules, or waive or modify the application of any of these Rules in relation to any Participant, at any time by resolution of the Board.
- (b) If an addition or variation under Rule 16(a) reduces the rights of Participants in respect of Options held by them prior to the date of amendment under the Plan, the Board must obtain the consent of three-quarters of the Participants affected by such addition or variation.

17. Termination or suspension of the Plan

The Plan may be terminated or suspended at any time by the Board, but any such termination or suspension will not affect or prejudice rights of Participants holding Options at that time.

18. Administration of the Plan

- (a) The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan that are consistent with these Rules.
- (b) Where the Rules provide for a determination, decision, approval or opinion of the Board, such determination, decision, approval or opinion of the Board is in its absolute discretion.
- (c) Any power or discretion that is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion under any fiduciary or other obligation to any other person.
- (d) The decision of the Board as to the interpretation, effect or application of these Rules will be final.
- (e) The Board may delegate such functions and powers under this Plan, as it may consider appropriate, for the efficient administration of the Plan, to a committee made up of a person or persons capable of performing those functions and exercising those powers.
- (f) The Board or a committee may 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.

19. No Interest in Shares

A Participant has no interest in Shares the subject of his or her Options unless and until those Options are exercised and underlying Shares are allotted to that Participant.

20. Rights of Participant

Nothing in these Rules:

- (a) confers on any Participant the right to continue as an Employee of the Company or any Associated Company;
- (b) affects any rights which the Company or any Associated Company may have to terminate the employment or engagement of any Employee; or
- (c) may be used to increase damages in any action brought against the Company or any Associated Company in respect of any such termination.

21. General

- (a) The entitlements of the Participants and these Rules are subject to the Company's Constitution, the Listing Rules and the Corporations Act.
- (b) The Plan must operate in accordance with these Rules, which bind the Company, each Associated Company, and each Participant.

- (c) Notwithstanding any Rule or the terms of any Option, no Option may be granted or exercised if to do so would contravene the Corporations Act or any other applicable laws or the Listing Rules.
- (d) The Company must pay all the expenses, costs and charges incurred in operating the Plan. The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

22. Security Interests

Participants may not grant any Security Interest in or over or otherwise dispose or deal with any Options or any interests therein, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

23. Governing Law

This Plan and the rights of the Participants under the terms and conditions of the Plan are to be governed by the laws of South Australia.