

OPTION PLAN

NOBLE MINERAL RESOURCES LTD
(ACN 124 893 465)



WHITTENS & McKEOUGH
LAWYERS AND CONSULTANTS

Office Address:
Level 5, 137-139 Bathurst Street
Sydney NSW 2000
All correspondence to:
PO Box A2621
Sydney South NSW 1235
Tel: (02) 8072 1400

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1 DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In these Rules, unless the contrary intention appears:

3 Year Option means an option issued under the 3 Year Terms set out in these Rules to subscribe for a Share.

3 Year Terms means the terms of issue of Options set out in **Schedule 1**.

5 Year Option means an option issued under the 5 Year Terms set out in these Rules to subscribe for a Share.

5 Year Terms means the terms of issue of Options set out in **Schedule 2**.

Associated Body Corporate means any:

- (a) related body corporate of the Company; and
- (b) entity designated by the Board to be an associated body corporate for the purposes of these Rules.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.

Bad Leaver means the circumstances where the employment or engagement of a Participant with the Company or a Related Body Corporate is terminated by the Company or the Related Body Corporate because Participant has engaged in Gross Misconduct; or because the Participant is convicted of any major criminal offence which brings the Company or any of its Related Bodies Corporate into lasting disrepute; or because the Participant discloses, communicates or uses Price Sensitive Information without the prior written consent of the Board except to the extent that the Executive is required by law to disclose, communicate or use that information.

Board means all or some of the Directors acting as a board.

Business Day means a day that is each of the following:

- (a) a Business Day within the meaning given in the Listing Rules; and
- (b) a day that banks are open for business in Perth, Western Australia and Sydney, New South Wales.

Change of Control Event means where:

- (a) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (b) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 411 of the Corporations Act (upon a scheme of arrangement being approved); or
 - (ii) Chapter 6A of the Corporations Act (compulsory acquisition following a Takeover Bid);
- (c) a Takeover Bid or other offer is made to acquire more than 50% of the voting shares of the Company and has become unconditional;
- (d) the Company passes a resolution for voluntary winding up;
- (e) an order is made for the compulsory winding up of the Company; or

- (f) a person or a group of associated persons obtains a Relevant Interest in sufficient Shares to give it or them the ability, in a general meeting, to replace all or a majority of the Board.

Company means HJB Corporation Limited ACN 091 302 975.

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

Director means a director of the Company from time to time.

Gross Misconduct means any act, neglect or default or conduct committed, including without limitation, neglecting to properly discharge the Participant's duties under his/her agreement with the Company with the direct or indirect effect of causing any material damage to the Company or its reputation in the reasonable opinion of the Board.

Incentive Securities means any one of or combination of securities that may be issued to Participants under these Rules, which includes options (such as the Options), performance rights, performance shares, deferred share awards and loan shares.

Listing Rules means the official listing rules of ASX.

New Terms means any terms of issue of Incentive Securities, approved by ordinary resolution of the Board that may be recorded in a further schedule to these Rules.

Option means 3 Year Options and 5 Year Options.

Participant means a full-time or part-time employee or a Director of the Company or an Associated Body Corporate or a person engaged by the Company as a contractor consultant, who is invited by the Board to hold Incentive Securities under the terms of these Rules.

Price Sensitive Information means any information which a reasonable person would expect to have a material effect on the price or value of securities of the Company or any Related Body Corporate. The expression "material effect on the price or value" will have the meaning given under section 1072D of the Corporations Act.

Rules means these rules as altered or added to from time to time and a reference to a provision of these rules is a reference to that provision as altered or added to from time to time, and for the avoidance of doubt, includes the 3 Year Terms, the 5 Year Terms and any New Terms.

Share means an ordinary share in the capital of the Company.

1.2 Interpretation

For the purposes of these Rules, unless the contrary intention appears:

- (a) the singular includes the plural and vice-versa;
- (b) words denoting a gender include all genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to a related body corporate of the Company is a reference to a body corporate that is so related within the meaning of the Corporations Act;
- (e) a reference to these Rules includes all schedules, attachments and annexures to them; and
- (f) a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements or any of them.

2 GRANT OF OPTIONS

2.1 General eligibility

The Board may issue Incentive Securities (such as Options) to Participants having regard, in each case, to all or any of the following matters as determined by the Board:

- (a) the position held by the proposed Participant with the Company or with a Associated Body Corporate;
- (b) the length of the period of service of the proposed Participant with the Company or with a Associated Body Corporate;
- (c) the contribution to the Company or to an Associated Body Corporate that has been made by the proposed Participant;
- (d) the potential contribution of the proposed Participant to the Company or to an Associated Body Corporate;
- (e) the remuneration or fee of the proposed Participant for services rendered to the Company or an Associated Body Corporate;
- (f) whether the proposed Participant has met any performance criteria set by the Board; and
- (g) any other matters that the Board considers to be relevant.

2.2 Price of Incentive Securities

Incentive Securities are to be issued free to Participants.

2.3 Issue of Incentive Securities

Incentive Securities must be issued on the terms of these Rules and each Participant will be taken to have agreed to be bound by these Rules on acceptance by that Participant of an Incentive Security.

2.4 Issue of Incentive Securities to a Director

Incentive Securities may only be issued to a Director pursuant to these Rules if the issue complies with the requirements (if any) of the Corporations Act and the Listing Rules.

3 TERMS OF INCENTIVE SECURITIES

3.1 Terms of Options

- (a) 3 Year Options must be granted on the terms set out in the 3 Year Terms only, and may not be granted on any other terms, conditions or restrictions; and
- (b) 5 Year Options must be granted on the terms set out in the 5 Year Terms only, and may not be granted on any other terms, conditions or restrictions;

3.2 Term of Incentive Securities

The Board in its absolute discretion will determine the terms of any other Incentive Securities (such as issue price, exercise price, vesting conditions, performance hurdles, loan terms and restriction periods (as applicable)) issued under these Rules.

Any such terms as determined by the Board by ordinary resolution will be set out in the New Terms.

3.3 Variation of terms

The terms of the 3 Year Options, the 5 Year Options and any other Incentive Securities may only be varied in compliance with the terms of clause 4, and subject to clause 6, of these Rules.

4 LIMITATION OF AMENDMENTS TO THESE RULES

- (a) The Board must not, without the consent of all of the relevant Participants, amend these Rules in a way which materially prejudices or which reduces the rights of the Participant in respect of the Incentive Securities, other than an amendment primarily:
 - (i) for the purpose of complying, or enabling compliance, with or conforming to legislation applicable to the Company, an Associated Body Corporate or these Rules or a requirement, policy or practice of the Australian Securities and Investments Commission, ASX or other regulatory body governing or regulating the maintenance or operation of these Rules or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to take into consideration possible adverse tax implications in respect of these Rules arising from, amongst others, adverse tax rulings from the Commissioner of Taxation, changes to tax legislation or changes in the interpretation of tax legislation by a court of competent jurisdiction.
- (b) No amendment may be made to these Rules and no New Terms approved, except in accordance with and in the manner (if any) stipulated in the Corporations Act, the Listing Rules or by law.

5 SUSPENSION OR TERMINATION OF THESE RULES

The Board may suspend or terminate these Rules at any time, in which case the Company shall not make any further grants of Incentive Securities under these Rules during the suspended or terminated period. However, during that period the Board shall otherwise continue to administer these Rules in accordance with these Rules in respect of all Incentive Securities which have already been granted until all Incentive Securities have been exercised or expired.

6 OVERRIDING RESTRICTIONS ON ISSUE, EXERCISE AND VARIATION

Regardless of anything else in these Rules, an Incentive Security may not be offered, issued, exercised or varied if to do so:

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

7 ADMINISTRATION OF THESE RULES

7.1 Delegation

- (a) These Rules shall be in all respects administered under the directions of the Board or a committee of the Board.
- (b) The Board or committee of the Board may appoint, for the proper administration and management of these Rules, such secretary or executives or staff or other persons as it considers desirable and may delegate to those persons such powers and authorities as may be necessary or desirable for the administration and management of these Rules.

7.2 Procedures

Subject to these Rules, the Board may make such regulations and establish such procedures for the administration and management of these Rules as it considers appropriate.

7.3 Holding Statements

Each Participant shall be issued with a holding statement stating the number of any Incentive Securities held by that Participant:

- (a) on the date of issue of any Incentive Securities; and
- (b) within 5 Business Days of the exercise of any Incentive Securities (as the case may be).

7.4 Disputes

If any disagreement or dispute with respect to the interpretation of these Rules or the terms of grant of any Incentive Security arises, such disagreement or dispute shall be referred to the Board and the decision of the Board shall, in the absence of manifest error, be final and binding upon all parties.

7.5 Exercise of discretion

The Board may, subject to any express provision in these Rules, the Listing Rules or the Corporations Act to the contrary:

- (a) do any act, matter or thing or make any decision, determination or resolution;
or
- (b) conditionally or unconditionally give or withhold any consent or approval,
as contemplated by these Rules in its absolute uncontrolled and unexaminable discretion and is not obliged to give reasons for so doing.

8 NOTICES

Notices under these Rules may be handed to the person concerned or posted by ordinary prepaid post to the person's last known address or given in such manner as the Board from time to time determines.

9 COMPANY'S RIGHTS NOT WAIVED

9.1 Participation does not affect the right of the Company in respect of the Participants

- (a) The Company's right to terminate or vary the terms of employment or engagement of any Participant shall not be prejudiced in any way by any Participant holding Incentive Securities or anything contained in these Rules.
- (b) Further, holding Incentive Securities, the rights or benefits of a Participant under these Rules or the inability or restricted ability of a Participant to exercise an Incentive Security (as the case may be), or any of them, shall not be used as grounds for granting or increasing damages in any action brought by any Participant against the Company whether in respect of any alleged wrongful dismissal or otherwise.

9.2 No representation as to the price of Shares

- (a) None of the Company, its Directors, officers or employees represents that the Company's Share price will attain, maintain or exceed any price.
- (b) A Participant who chooses to exercise any Incentive Security (as the case may be) does so at their own risk in that they may suffer financial detriment if the Company's Share price falls.

10 GOVERNING LAW

These Rules shall in all respects be governed by and shall be construed in accordance with the laws of New South Wales.

11 SEVERANCE

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

Schedule 1 3 Year Options

Terms of issue of 3 Year Options

The 3 Year Options entitle the Participant to subscribe for Shares in the Company on the following terms and conditions:

1. Each 3 Year Option gives the Participant the right to subscribe for 1 Share upon:
 - (a) exercise of the 3 Year Option in accordance with these terms; and
 - (b) payment of the Exercise Price.
2. The 3 Year Options will expire at 5:00pm (AEST) on the third anniversary of the day on which they were issued (**Expiry Date**).
3. Subject to item 22 below and notwithstanding any other term in the Option Plan, a 3 Year Option will not vest and may not be exercised unless the Company's 20 day VWAP of the Company's shares is 2 cents (\$0.02) or above.
4. Subject to item 23 below, a 3 Year Option that has not vested will lapse upon the Participant ceasing to be an employee or consultant of the Company unless the Board, in its absolute discretion, determines that the 3 Year Options should not lapse. Without limiting the Board's discretion, the Board may make such a determination if the Participant dies, is totally and permanently incapacitated or made redundant.
5. The Company will notify a Participant if the Board makes a determination in accordance with item 4 above in relation to any of that Participant's 3 Year Options.
6. Any 3 Year Option not exercised before the Expiry Date will automatically lapse at 5:00pm (AEST) on the Expiry Date.
7. Each 3 Year Option is exercisable at 1 cent (\$0.01) (**Exercise Price**) payable in full on exercise of that 3 Year Option.
8. A Participant may exercise all or some of the 3 Year Options held by that Participant. If a Participant exercises only part of the 3 Year Options held by that Participant, multiples of 100,000 3 Year Options must be exercised on each occasion.
9. If a Participant exercises fewer than all of the 3 Year Options held by that Participant, the Company will cancel the Participant's holding statement and issue or cause to be issued a new holding statement for the balance of the 3 Year Options held by that Participant.
10. 3 Year Options may only be exercised by a Participant lodging with the Company:
 - (a) a signed written notice of exercise of 3 Year Options specifying the number of 3 Year Options being exercised;
 - (b) the holding statement for the 3 Year Options; and
 - (c) a cheque or electronic funds transfer notice for the Exercise Price for the number of 3 Year Options being exercised((a) – (c) collectively known as **Exercise Notice**)
11. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

12. Within 10 Business Days of receipt of the Exercise Notice and the full amount of the Exercise Price in cleared funds, the Company will allot the number of Shares to the Participant in respect of the number of 3 Year Options specified in the Exercise Notice.
13. Subject to the Corporations Act and the ASX Listing Rules, the 3 Year Options are freely transferrable.
14. All Shares allotted upon the exercise of the 3 Year Options will, upon issuance, rank pari passu in all respects with other Shares.
15. The Company will not apply for quotation of the 3 Year Options on ASX.
16. The Company will apply for quotation of all Shares allotted pursuant to the exercise of the 3 Year Options on ASX within 10 Business Days after the date of allotment of those Shares.
17. If at any time the issued capital of the Company is reconstructed, all rights of the Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of reconstruction.
18. There are no participating rights or entitlements inherent in the 3 Year Options and the Participant will not be entitled to participate in new issue of capital offered to Shareholders during the currency of the 3 Year Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Participant the opportunity to exercise the 3 Year Options prior to the date for determining entitlements to participate in any such issue.
19. In the event the Company proceeds with a pro rata basis (other than a bonus issue) of Securities to Shareholders after the date of issue of the 3 Year Options, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro rata issue.
20. In the event the Company proceeds with a bonus issue of Securities to Shareholders after the date of the 3 Year Options, the number of Securities over which a 3 Year Option is exercisable may be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.
21. The Company is entitled to treat the registered holder of 3 Year Options as the absolute holder of that 3 Year Option and is not bound to recognise any equitable or other claim to, or interest in, that 3 Year Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.
22. If a Change of Control Event occurs all unvested 3 Year Options will automatically vest and be free of the condition set out in item 3 above and may be exercised at any time on or before the relevant Expiry Date and in any number.
23. If a Participant's employment or engagement with the Company or a Related Body Corporate is terminated in circumstances where they are a Bad Leaver then any 3 Year Options not exercised by the Participant before the date of the termination will automatically lapse.

Schedule 2 5 Year Options

Terms of issue of 5 Year Options

The 5 Year Options entitle the Participant to subscribe for Shares in the Company on the following terms and conditions:

- (a) Each 5 Year Option gives the Participant the right to subscribe for 1 Share upon:
 - (a) exercise of the 5 Year Option in accordance with these terms; and
 - (b) payment of the Exercise Price.
- (b) The 5 Year Options will expire at 5:00pm (AEST) on the third anniversary of the day on which they were issued (**Expiry Date**).
- (c) Subject to item 22 below and notwithstanding any other term in the Option Plan, a 5 Year Option will not vest and may not be exercised unless and until the Company's 20 day VWAP of the Company's shares is 3 cents (\$0.03) or above.
- (d) Subject to item 23 below, a 5 Year Option that has not vested will lapse upon the Participant ceasing to be an employee of or consultant of the Company unless the Board, in its absolute discretion, determines that the 5 Year Options should not lapse. Without limiting the Board's discretion, the Board may make such a determination if the Participant dies, is totally and permanently incapacitated or made redundant.
- (e) The Company will notify a Participant if the Board makes a determination in accordance with item 5 above in relation to any of that Participant's 5 Year Options.
- (f) Any 5 Year Option not exercised before the Expiry Date will automatically lapse at 5:00pm (AEST) on the Expiry Date.
- (g) Each 5 Year Option is exercisable at 1 cent (\$0.01) (**Exercise Price**) payable in full on exercise of that 5 Year Option.
- (h) A Participant may exercise all or some of the 5 Year Options held by that Participant. If a Participant exercises only part of the 5 Year Options held by that Participant, multiples of 100,000 5 Year Options must be exercised on each occasion.
- (i) If a Participant exercises fewer than all of the 5 Year Options held by that Participant, the Company will cancel the Participant's holding statement and issue or cause to be issued a new holding statement for the balance of the 5 Year Options held by that Participant.
- (j) 5 Year Options may only be exercised by a Participant lodging with the Company:
 - (a) a signed written notice of exercise of 5 Year Options specifying the number of 5 Year Options being exercised;
 - (b) the holding statement for the 5 Year Options; and
 - (c) a cheque or electronic funds transfer notice for the Exercise Price for the number of 5 Year Options being exercised((a) – (c) collectively known as **Exercise Notice**)
- (k) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- (l) Within 10 Business Days of receipt of the Exercise Notice and the full amount of the Exercise Price in cleared funds, the Company will allot the number of Shares to the Participant in respect of the number of 5 Year Options specified in the Exercise Notice.
- (m) Subject to the Corporations Act and the ASX Listing Rules, the 5 Year Options are freely transferrable.
- (n) All Shares allotted upon the exercise of the 5 Year Options will, upon issuance, rank pari passu in all respects with other Shares.
- (o) The Company will not apply for quotation of the 5 Year Options on ASX.
- (p) The Company will apply for quotation of all Shares allotted pursuant to the exercise of the 5 Year Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (q) If at any time the issued capital of the Company is reconstructed, all rights of the Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of reconstruction.
- (r) There are no participating rights or entitlements inherent in the 5 Year Options and the Participant will not be entitled to participate in new issue of capital offered to Shareholders during the currency of the 5 Year Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Participant the opportunity to exercise the 5 Year Options prior to the date for determining entitlements to participate in any such issue.
- (s) In the event the Company proceeds with a pro rata basis (other than a bonus issue) of Securities to Shareholders after the date of issue of the 5 Year Options, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro rata issue.
- (t) In the event the Company proceeds with a bonus issue of Securities to Shareholders after the date of the 5 Year Options, the number of Securities over which a 5 Year Option is exercisable may be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.
- (u) The Company is entitled to treat the registered holder of 5 Year Options as the absolute holder of that 5 Year Option and is not bound to recognise any equitable or other claim to, or interest in, that 5 Year Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.
- (v) If a Change of Control Event occurs all unvested 5 Year Options will automatically vest and be free of the condition set out in item 3 above and may be exercised at any time on or before the relevant Expiry Date and in any number.
- (w) If a Participant's employment or engagement with the Company or a Related Body Corporate is terminated in circumstances where they are a Bad Leaver then any 5 Year Options not exercised by the Participant before the date of the termination will automatically lapse.