

As approved by the Board
on 19 May 2020

Rules of the Australian Strategic Minerals Performance Rights Plan

Australian Strategic Minerals Ltd
ABN 90 168 368 401

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Australian Strategic Minerals Ltd

ABN 90 168 368 401

Performance Rights Plan Rules

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules, the following definitions apply.

Application Form means an application form for the relevant Employee to apply for Performance Rights substantially in the form set out in Schedule 2, or such other form as approved by the Board from time to time.

Associated Body Corporate means:

- (a) a body corporate that is a related body corporate of the Company;
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASIC Australian Securities and Investment Commission.

Board means the board of Directors of the Company.

Business Day has the meaning given in the Listing Rules.

Certificate means a certificate setting out the number of Performance Rights which a Participant has been granted.

Closing Date has the meaning given in rule 7.1.

Company means Australian Strategic Minerals Ltd (ABN 90 168 368 401).

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

Director means a director of the Company.

Employee means:

- (a) an employee (full time or part time) of a Group Member; or
- (b) a director of a Group Member who holds salaried employment with a Group Member on a full time or part time basis.

Group means the Company and its subsidiaries (as defined in the Corporations Act).

Group Member means a member of the Group.

Listing Rules means the listing rules of ASX as they apply to the Company from time to time.

Market Price means, on any date, the price published by ASX as the closing price of Shares sold on ASX on the last trading day on which the Shares were traded.

Offer Period has the meaning given in rule 5.3(g).

Participant means any Employee who the Board has decided under rule 3 is eligible to participate in the Plan and who applies for and is granted Performance Rights under the Plan.

Performance Criteria means, in relation to a Performance Right, the performance criteria determined by the Board which must be satisfied before a Performance Right (or a specified number or percentage of Performance Rights granted) can vest, subject to any adjustments under rule 12.

Performance Period means, in relation to a Performance Right, the period determined by the Board over which the Board will assess whether the Performance Criteria have been satisfied.

Performance Right means a right granted under the Plan to acquire one Share, subject to any adjustments under rule 12.

Plan means the Australian Strategic Minerals Performance Rights Plan established in accordance with these Rules.

Qualifying Reason means:

- (a) the death, Total and Permanent Disablement or Retirement of the Participant, as determined by the Board in its absolute discretion;
- (b) the Participant ceasing to be employed by a Group Member as a result of the relevant body corporate ceasing to be a Group Member, or as a result of a Group Member selling a business it conducts to someone other than to another Group Member; or
- (c) any other reason as determined by the Board in its absolute discretion.

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

Retirement means, in relation to a Participant, the retirement by the Participant from employment with a Group Member at age 65 or over.

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

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

Share means a fully paid ordinary share in the Company.

Share Limit means the share limit calculated in accordance with rule 5.5.

Takeover Bid means a takeover bid as defined in section 9 of the Corporations Act.

Total and Permanent Disablement means, in relation to an Employee, that the Employee has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Employee unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

1.2 Rules for interpreting this document

Unless the contrary intention appears, the following rules apply to interpreting this document:

- (a) a reference to legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it.
- (b) a singular word includes the plural, and vice versa;
- (c) a word which suggests one gender includes the other genders;
- (d) if a word is defined, another part of speech has a corresponding meaning;
- (e) an expression defined in the Corporations Act has the same meaning where used in these Rules; and
- (f) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

1.3 Headings

Headings are for convenience only, and do not affect interpretation.

1.4 Business Days

If the day on or by which a person must do something under this document is not a Business Day, the person must do it on or by the next Business Day.

2. ESTABLISHMENT AND OPERATION OF PLAN

2.1 Object of Plan

The Plan is established to assist in the recruitment, reward, retention and motivation of certain Employees, as determined by the Board.

2.2 Outline of Plan

Under this Plan, the Board may grant Performance Rights to Employees it considers to be eligible, on terms fixed in accordance with this Plan.

2.3 Board

The Board will manage and administer the Plan for the Company in accordance with these Rules.

2.4 Committee

The Board may delegate management and administration of the Plan, and any of its powers or discretions under the Plan, to a committee consisting of such Directors, other officers, or employees of the Company, or any combination of such persons, as the Board thinks fit. The Board may direct the Committee as to how to exercise any of its discretions under these Rules or the Plan and the Committee must comply with any direction of the Board.

3. ELIGIBILITY

- (a) The Board may from time to time in its absolute discretion decide that an Employee is eligible to participate in the Plan.
- (b) In so deciding, the Board may have regard to:
 - (i) the Employee's position with the Group and the services provided to the Group by the Employee;
 - (ii) the Employee's record and length of employment or service with the Group;
 - (iii) the Employee's potential contribution to the growth of the Group;
 - (iv) the Employee's remuneration level;
 - (v) any other matters which tend to indicate the Employee's merit; and
 - (vi) any other matters which the Board considers relevant.
- (c) The Board may exercise its powers in relation to the participation in the Plan of any Employee on any number of occasions.

4. RIGHTS OF PARTICIPANTS

- (a) Except as expressly provided in this Plan, nothing in this Plan:
 - (i) confers on any Employee the right to receive any Performance Rights;
 - (ii) confers on any Participant the right to continue as an Employee of a Group Member;
 - (iii) affects any rights which a Group Member may have to terminate the

- employment of any Employee;
- (iv) may be used to increase damages in any action brought against a Group Member in respect of any such termination; or
- (v) should be taken to confer on an Employee any expectation to become a Participant.
- (b) These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Participant and any Group Member.

5. INVITATIONS

5.1 Invitations

The Board may from time to time invite an Employee to apply for Performance Rights.

5.2 Related parties

The Board may only invite a related party of the Company (within the meaning set out in section 228 of the Corporations Act) to apply for, and will only grant, Performance Rights as permitted by the Listing Rules and the Corporations Act.

5.3 Contents of invitation in respect of Performance Rights

The invitation must be substantially in the form set out in Schedule 1 (or such other form as approved by the Board from time to time) and specify, or be accompanied by, the following information and documents:

- (a) the date of the invitation;
- (b) the name of the Employee;
- (c) the number of Performance Rights the Employee is invited to apply for;
- (d) for each Performance Right:
 - (i) the Performance Criteria;
 - (ii) the Performance Period;
 - (iii) any other terms or conditions to which the Performance Right is subject, or to which any Shares acquired on vesting of that Performance Right will be subject (if any); and
 - (iv) the closing date for applying for the Performance Right;
- (e) how the Employee is to apply for the Performance Rights;
- (f) a copy of the Rules;
- (g) an undertaking that during the period in which the Participant may acquire the Performance Rights or the Performance Rights may vest (**Offer Period**), within a reasonable period of the Participant so requesting, the Company will make available to the Participant the Market Price of Shares as at the date of the Participant's request, and an explanation of the way in which the Company will do so; and
- (h) an Application Form.

5.4 Share Limit not to be exceeded

The Board must not invite an application for a Performance Right or grant a Performance Right if the issue of Shares pursuant to the Performance Rights would cause the Share Limit to be exceeded. An Application Form in respect of Performance Rights will be disregarded if the issue of Shares pursuant to the Performance Rights referred to in the Application Form would cause the Share Limit to be exceeded.

5.5 Share Limit calculation

- (a) Subject to rule 5.5(b), the Share Limit is exceeded if the aggregate of any one or more of the following exceed 5% of the total number of issued Shares of the Company:
 - (i) the number of maximum number of Shares that are proposed to be issued pursuant to the Invitation;
 - (ii) the number of Shares issued or that may be issued as a result of any offers made at any time during the previous three year period under:
 - (A) the Plan;
 - (B) an employee incentive scheme covered by ASIC Class Order 14/1000 (as amended or succeeded, from time to time); or
 - (C) an ASIC exempt arrangement of a similar kind to an employee incentive scheme. ; and
 - (iii) the number of Shares in the same class issued during the previous three years pursuant to this Plan or any other employee share scheme (as defined in the Corporations Act) extended only to eligible employees of the Company or an Associated Body Corporate.
- (b) In working out whether the Share Limit is exceeded, disregard any offer made or option acquired, or Share issued by way of, or as a result of:
 - (i) an offer to a person situated outside Australia at the time of receipt of the offer;
 - (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
 - (iii) an offer that did not require the giving of a product disclosure statement (as defined in the Corporations Act) because of section 1012D of the Corporations Act; or
 - (iv) an offer made under a disclosure document or product disclosure statement (each as defined in the Corporations Act).

6. NO AMOUNTS PAYABLE BY PARTICIPANT ²

- (a) A Performance Right granted to a Participant under the Plan is granted for no consideration.
- (b) If Performance Rights vests under the Plan, no amount is payable by a Participant in respect of those Performance Rights vesting, or the subsequent issue or transfer of Shares in respect of them.

7. ACCEPTANCE OF PERFORMANCE RIGHTS

7.1 Acceptance

An Employee applying for a Performance Right under an invitation made under rule 5 must, by no later than 5.00pm (Perth time) on the date that is 28 days after the date of such invitation (or any later date/time the Company allows for that invitation), complete and sign the Application Form, and return it to the Company (such that the Company receives it by that time) (**Closing Date**).

7.2 Rules

By accepting the invitation to apply for Performance Rights, the Employee agrees to become a Participant and be bound by:

- (a) the terms of the invitation and Application Form;
- (b) the provisions of the Plan, as amended from time to time; and
- (c) the constitution of the Company, as amended from time to time.

7.3 Grant and Certificate

Subject to rules 5.2 and 5.4, following receipt of a duly completed Application Form, the Company must:

- (a) within a reasonable time after the Closing Date, accept the Employee's application for Performance Rights as set out in relevant Application Form by granting the relevant Performance Rights to the Employee; and
- (b) within 10 Business Days after the grant of the relevant Performance Rights to the Participant in accordance with rule 7.3(a), issue a Certificate for those Performance Rights.

Upon granting Performance Rights to an Employee under this clause 7.3, the Employee will become a Participant.

7.4 Nature of Performance Rights

A Participant does not have a legal or beneficial interest in any Share by virtue of acquiring or holding a Performance Right. A Participant's rights under a Performance Right are purely contractual and personal. In particular, a Participant is not entitled to participate in or receive any dividends or other shareholder benefits until the Performance Right has vested and a Share has been issued or transferred to the Participant.

8. TRANSFER OF PERFORMANCE RIGHTS

- (a) A Performance Right granted under the Plan is only transferable by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.
- (b) Subject to rule 8(a), Participants must not grant any Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are issued or transferred to that Participant, and any such Security Interest or disposal or dealing will not be recognized in any manner by the Company.
- (c) Where the Participant purports to:
 - (i) transfer a Performance Right other than in accordance with rule 8(a); or
 - (ii) grant any Security Interest in or over or otherwise dispose of or deal with a Performance Right or interest in it in breach of rule 8(b),that Performance Right immediately lapses.

9. VESTING OF PERFORMANCE RIGHTS

9.1 Determination as to satisfaction of Performance Criteria within Performance Period

As soon as reasonably practicable after the end of the Performance Period, the Board must:

- (a) determine the number of unvested Performance Rights held by the relevant Participant (including any Performance Rights of that Participant determined for the purposes of rule 9.7(b)) in respect of which the Performance Criteria were satisfied over the Performance Period; and
- (b) provide written notice to the relevant Participant of that determination.

9.2 Vesting of Performance Rights

- (a) Upon the Board giving notice to the relevant Participant under rule 9.1, the number of Performance Rights as set out in that notice (if any) will automatically vest.
- (b) Notwithstanding anything else contained in this Plan, a Performance Right can only vest if, at the time of vesting, it has not lapsed or previously vested.

9.3 Exercise on Vesting

If an invitation made under rule 5 provides for:

- (a) the deemed automatic exercise of a Performance Right, no further action is required from the Participant upon vesting of a Performance Right in order to exercise that Performance Right; or
- (b) the manual exercise of a vested Performance Right, a Participant may exercise any vested Performance Right at any time from the date the Board notifies the Participant under rule 9.1 until the date on which a Performance Right lapses, by a signed written notice to the Board specifying the Performance Rights being exercised and providing the certificate for those Performance Rights.

9.4 New certificate

Within 10 Business Days after the vesting of Performance Rights in accordance with rule 9.2(a) and receipt of the original Certificate from the Participant, the Company must:

- (a) cancel the Certificate for the Performance Rights which have vested; and
- (b) if applicable, issue a new certificate for any remaining Performance Rights covered by the cancelled Certificate.

9.5 Lapse

- (a) An unvested Performance Right will lapse upon the earliest to occur of:
 - (i) the end of the Performance Period if the Performance Criteria relating to the Performance Right have not been satisfied;
 - (ii) the Performance Right lapsing in accordance with rule 8(c);
 - (iii) the Performance Right lapsing in accordance with rule 9.6, 9.7, or 9.8;
 - (iv) the Performance Right lapsing in accordance with rule 10; and
 - (v) the date that is fifteen years after the grant of the Performance Right.
- (b) A vested, but unexercised, Performance Right will lapse upon the earliest to occur of those items set out in rule 9.5(a)(i) to 9.5(a)(v).

9.6 Cessation of employment - generally

Subject to rule 9.7, if a Participant ceases to be employed by a Group Member (and is not immediately employed by another Group Member), all unvested Performance Rights and vested but unexercised Performance Rights of that Participant will automatically lapse.

9.7 Cessation of employment – Qualifying Reason

- (a) If a Participant ceases to be employed by a Group Member (and is not immediately employed by another Group Member) because of a Qualifying Reason, the unvested Performance Rights of that Participant will be treated on the following basis:
 - (i) if less than six months of the Performance Period relating to those Performance Rights has elapsed at the date of the cessation of employment, all of the Performance Rights will lapse (unless the Board, in its absolute discretion, determines otherwise); and
 - (ii) if six months or more of the Performance Period relating to those Performance Rights has elapsed at the date of cessation of employment, then (unless the Board, in its absolute discretion, determines otherwise) no action is to be taken in respect of those Performance Rights until the end of the Performance Period, at which time the unvested Performance Rights of that Participant will automatically lapse, other than the number of Performance Rights calculated on the following basis:

Step 1

Calculate the number of days from the beginning of the Performance

Period up to and including the date of cessation of employment.

Step 2

Divide the result from Step 1 by the number of days in the Performance Period.

Step 3

Multiply the number of unvested Performance Rights held by that Participant by the result from Step 2.

- (b) The Performance Rights calculated in accordance with rule 9.7(a)(ii) that do not lapse must be taken into account for the purposes of the Board's determination under rule 9.1(a).
- (c) If a Participant ceases to be employed by a Group Member (and is not immediately employed by another Group Member) because of a Qualifying Reason, any vested but unexercised Performance Rights held by that Participant will immediately be deemed to have been exercised.

9.8 Fraudulent or dishonest actions

If in the opinion of the Board, a Participant acts fraudulently or dishonestly or is in breach of his or her obligations to any Group Member, then the Board may determine that any unvested Performance Rights and vested but unexercised Performance Rights of the Participant automatically lapse.

10. TAKEOVER, SCHEME OF ARRANGEMENT AND WINDING-UP

10.1 Takeovers

- (a) If a Takeover Bid is made for Shares:
 - (i) before the end of the Performance Period, the Board will make a determination as to how a Participant's unvested Performance Rights will be dealt with, and, in doing so, may determine, in its absolute discretion that a Participant's unvested Performance Rights vest (in whole or in part) and may impose any conditions on such vesting as it thinks fit; and
 - (ii) any vested but unexercised Performance Rights will immediately be deemed to have been exercised.
- (b) In making its determination under rule 10.1(a)(i), the Board will have regard, without limitation, to the extent to which the Performance Criteria in respect of a Participant's Performance Rights have been satisfied as at the date of the Takeover Bid.
- (c) If in making its determination under rule 10.1(a)(i), the Board does not determine that a Performance Right vests, it will automatically lapse, unless the Board has determined that it be dealt with in some other manner.
- (d) Promptly after making a determination under rule 10.1(a)(i), the Board must notify the Participant of the determination in writing.

10.2 Compromise or arrangement

- (a) If:
 - (i) 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; or
 - (ii) any person becomes bound or entitled to acquire Shares under:
 - (A) section 414 of the Corporations Act; or
 - (B) Chapter 6A of the Corporations Act,
- the Board will make a determination as to how a Participant's unvested

Performance Rights and any vested but unexercised Performance Rights will be dealt with, and, in doing so, may determine, in its absolute discretion, that a Participant's unvested Performance Rights vest (in whole or in part) and any vested but unexercised Performance Rights are deemed to have been exercised and may impose any conditions on such vesting or exercise (as the case may be) as it thinks fit.

- (b) In making its determination under rule 10.2(a), the Board will have regard, without limitation, to the extent to which the Performance Criteria in respect of a Participant's Performance Rights have been satisfied as at the relevant date.
- (c) If in making that its determination under rule 10.2(a), the Board does not determine that a Performance Right vests or is deemed to have been exercised (as the case may be), it will automatically lapse, unless the Board has determined that it be dealt with in some other manner.
- (d) Promptly after making its determination under rule 10.2(a), the Board must notify the relevant Participant of its determination in writing.

10.3 Acquisition of shares in Acquiring Company

If a company (**Acquiring Company**) obtains, or in the view of the Board is likely to obtain, control of the Company as a result of:

- (a) a Takeover Bid; or
 - (b) a proposed scheme of arrangement between the Company and its shareholders,
- and both the Company and the Acquiring Company agree, a Participant may, upon the vesting or exercise of Performance Rights (as the case may be), elect to be provided with shares of the Acquiring Company or its parent in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Performance Rights, but with appropriate adjustments to the number and kind of shares subject to the Performance Rights.

11. DELIVERY OF SHARES ON VESTING

11.1 Issue or transfer of Shares

- (a) Each Performance Right which has been exercised under rule 9.3 or 10 entitles the Participant to one Share.
- (b) The Company must issue or cause to be transferred to the Participant or his or her personal representative (as the case may be) the relevant number of Shares in respect of which Performance Rights have been exercised:
 - (i) under rule 9.3(a), within a reasonable time after exercise; or
 - (ii) under rule 9.3(b), within a reasonable time after receipt of a notice of exercise from the Participant.
- (c) No Share in respect of a Performance Right will be issued or transferred to a Participant unless and until that Performance Right has been exercised in accordance with rule 9.3 or 10.

11.2 Shares rank equally

Any Share issued or transferred to a Participant under the Plan:

- (a) is subject to the constitution of the Company; and
- (b) ranks equally in every way (including for dividends for which the Record Date is after the date of issue or transfer) with other Shares then on issue.

12. ADJUSTMENTS

12.1 Alterations to capital and reconstructions

Subject to the Listing Rules, if the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital then the Board may make adjustments to a Participant's Performance Rights (including, without limitation, to the number of Shares which may be acquired on vesting of the Performance Rights) and/or the Performance Criteria on any basis it sees fit in its absolute discretion to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

12.2 New issues

Subject to rule 12.1, during the currency of any Performance Rights and prior to vesting and the issue or transfer of Shares in respect of those Performance Rights, Participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights.

12.3 Rounding

Until a Performance Right vests, all calculations adjusting the number of Shares must be carried out to include all fractions, but on vesting the number of Shares issued or transferred is rounded down to the next lower whole number.

12.4 Notice of adjustment

The Company must give notice to Participants of any adjustment to:

- (a) the number of Performance Rights held by a Participant;
 - (b) the number of Shares which are to be issued or transferred on vesting of a Performance Right; or
 - (c) the Performance Criteria applicable to any of a Participant's Performance Rights,
- and must do so in accordance with any applicable Listing Rules. This notice may be in the form of a revised Certificate.

12.5 Listing Rules

Notwithstanding any other provision of this rule 12, an adjustment must not be made under this rule 12 unless it is consistent with the Listing Rules. The Company may amend the terms of any Performance Right, or the rights of any Participant under the Plan, to comply with the Listing Rules applying at the time to any reorganization of capital of the Company.

13. QUOTATION OF PERFORMANCE RIGHTS AND SHARES

- (a) Performance Rights will not be quoted on ASX.
- (b) Provided that other Shares are quoted by ASX at the time, the Company will apply to ASX for quotation of Shares issued on vesting of Performance Rights as soon as practicable after the issue of those Shares.

14. AMENDMENT OF THE PLAN

14.1 Board may amend

Subject to rules 14.2 and 14.3, the Board may at any time by written instrument, amend all or any of the provisions of these Rules, including this rule 14.

14.2 No reduction of existing rights

Any amendment to the provisions of these Rules must not materially reduce the rights of any Participant as they existed before the date of the amendment, unless the amendment is introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;
- (c) for the purpose of enabling any Group Member, or the Participants generally (but not necessarily each Participant), to receive a more favourable taxation treatment in relation to the Plan; or
- (d) to enable the Plan or any Group Member to comply with the Corporations Act, the Listing Rules, its constitution or relevant instruments of relief granted by the Australian Securities and Investments Commission from time to time.

14.3 Retrospective amendment possible

Subject to rule 14.2, any amendment made under rule 14.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

15. TAXATION

For the avoidance of doubt, subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth), applies to this Plan, subject to the requirements of that Act and as amended from time to time.

16. DURATION

16.1 Discretionary

The Plan continues in operation until the Board decides to end it.

16.2 Suspension

The Board may suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension.

16.3 No prejudice

If the Plan ends or is suspended for any reason, that does not prejudice the accrued rights of the Participants.

17. NOTICES AND CORRESPONDENCE

17.1 To the Company

Any notice, consent or other communication from a Participant to the Company under the Rules is only effective if it is in writing, signed and either sent or delivered to the principal place of business of the Company, or any other address of which the Company gives notice.

17.2 To a Participant

Any notice, consent or other communication from the Company to a Participant under the Rules is only effective if it is given or made by the Board, or a person authorized by the Board to act on behalf of the Company, and is in writing, signed and either sent or delivered to the place of employment of the Participant or to the last address of the Participant given to the Company.

17.3 When a notice is received

A notice, consent or other communication that complies with this rule 17 is regarded as

given and received if it is sent by mail within Australia, two Business Days after posting, and if it is sent to a place outside Australia, seven Business Days after posting.

17.4 Electronic communication

The Company may, if it thinks fit, approve giving or receiving written notices by electronic means and may establish procedures for doing this.

18. GENERAL

18.1 Governing law

- (a) The Plan is governed by the law in force in Western Australia.
- (b) The Company and each Participant submit to the exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this Plan, and waive any right they might have to claim that those courts are an inconvenient forum.

18.2 Disputes

Any dispute or difference of any nature arising in relation to the Plan must be referred to the Board. The Board's decision on that dispute or difference is final and binding on the Company and the Participants.

18.3 No representation or warranty

The Company makes no representation or warranty as to the future market value of the Shares or with respect to any tax matters affecting any Employee or Participant resulting from the issue of the invitation, grant of Performance Rights, the issue or transfer of any Shares upon the vesting of any Performance Rights or transactions in the Shares. Neither the Company, nor any of its directors, officers or employees are liable for anything done or omitted to be done by such person or any other person with respect to price, time, quantity or other conditions and circumstances of the acquisition of Performance Rights, vesting of Performance Rights or the issue or acquisition of Shares hereunder, with respect of any fluctuations in the market price of Shares, or in any other manner related to the Plan.

18.4 Connection with other plans

Unless the Board otherwise determines, participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

Schedule 1

AUSTRALIAN STRATEGIC MINERALS PERFORMANCE RIGHTS PLAN

INVITATION TO APPLY FOR PERFORMANCE RIGHTS

Dear **[name]**

You are invited to apply for the number of Performance Rights set out below, subject to the Australian Strategic Minerals Performance Rights Plan (**Plan**) and the terms set out below. A copy of the Plan is also enclosed. The Plan sets out important information about this invitation which you should consider. Unless the contrary intention appears, capitalized terms used in this letter have the meaning given to them in the Plan.

Employee	[name]
Number of Performance Rights	[insert]
No amounts payable	<p>No amount is payable in respect of the grant of the Performance Rights.</p> <p>If Performance Rights granted to you vest under the Plan, no amount is payable by you in respect of those Performance Rights vesting, the subsequent exercise of those Performance Rights, or upon the issue or transfer of Shares in respect of them.</p>
Performance Criteria	[insert]
Performance Period	[insert date]
Method of exercise	<p><i>*Delete which ever does not apply*</i></p> <p><i>[Where manual exercise is required]</i></p> <p>Upon vesting of your Performance Rights, you may exercise your Performance Rights by the delivery of:</p> <ul style="list-style-type: none"> (a) a written notice of exercise specifying the number of Performance Rights being exercised; and (b) the certificate of the Performance Rights being exercised, to (or as directed by) the Company. <p>If you do not deliver a written notice of exercise before the Performance Right lapses in accordance with rule 9.5 of the Plan, that Performance Right will automatically be forfeited.</p> <p>As soon as practicable after the valid exercise of your Performance Rights you will receive the requisite number of Shares.</p> <p><i>[Where automatic exercise is permitted]</i></p> <p>Upon vesting of your Performance Rights, no further action is required in order to exercise that Performance Right.</p>
Other terms	[insert (if any)]

To apply for these Performance Rights, you must complete the **enclosed** Application Form and return it to the Company at the address set out on the Application Form by no later than 5.00pm (Perth time) on the date that is 28 days after the date of this letter. You will not receive any Performance Rights unless the Application Form is received by the Company by this time (or any later time the Company allows). Please keep a signed copy of the Application Form for your records.

Failure to return the Application Form by the time stipulated will be treated as declining this invitation unless the Company, in its absolute discretion, decides to extend the time for returning

the Application Form. You may not apply for the Performance Rights set out in this invitation in part.

If you are issued Performance Rights, at any time during the Offer Period, you may request the Market Price of Shares by contacting the Company Secretary on (08) 9227 5677 or by email at **[insert email address]**. The Company will provide to you in writing (preferably by email) the Market Price of Shares as at the date of your request. The Company will endeavour to provide this information to you within one Business Day of your request.

Any advice given by the Company in connection with this invitation is general advice only. You should consider obtaining your own independent advice, including financial product advice from a person who is licensed by the Australian Securities and Investments Commission to give such advice.

If you have any questions, you should contact me on (08) **[number]**.

Yours sincerely

**[insert name and title of person sending invitation
Chairman/Managing Director/Company Secretary]**

[Date]

**AUSTRALIAN STRATEGIC MINERALS PERFORMANCE RIGHTS PLAN
APPLICATION FORM**

The Company Secretary
Australian Strategic Minerals Ltd
[address]

Instructions for filling out Application Form:

ACCEPTANCE OF INVITATION AND APPLICATION

I, _____ of _____, accept
Name Address

the Company's invitation to me dated _____ to apply for
Date of Invitation

_____ Performance Rights pursuant to the Australian Strategic Minerals
Number of Performance Rights

Performance Rights Plan.

I agree to comply with, and be bound by, the rules of the Australian Strategic Minerals Performance Rights Plan.

Signature of Employee

Name of Employee

Place of residence of Employee

Date of application