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Employee Option Plan Rules

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1. Definitions, Interpretation and Governing Law

1.1 Definitions

In these Rules, unless the contrary intention appears:

Acceptance Date means the date on which an Invitation under this Plan that has been accepted by a Participant, is accepted in writing by the Company.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of directors of the Company or a committee appointed by it for the purposes of these Rules.

Business Day means any ASX Business Day that is not a Saturday, Sunday or public holiday in Western Australia.

Class Order means a class order published by the Australian Securities and Investments Commission relating to employee incentive schemes.

Company means Egan Street Resources Limited ACN 144 766 236.

Corporations Act means the Corporations Act 2001 (Cth).

Employee means a person who is a full-time or part-time employee or officer or director, of the Company, or a related body corporate, or such other person as the Board determines.

Exercise Price means the exercise price of an Option.

Expiry Date means in relation to an Option, the date determined in accordance with clause 9(d).

Invitation means a written invitation to an Employee to participate in the Plan.

Issue Date means the date determined by the Board as the date on which an Option was granted.

Listing Rules means the Listing Rules of ASX (including any terms of any waivers given under those rules) as they apply to the Company from time to time.

Option means an option granted under this Plan to subscribe for Shares.

Participant means an Employee (or their nominee where applicable) who has accepted an Invitation to participate in the Plan and has been granted Options.

Plan means the The Egan Street Employee Option Plan under these Rules as amended from time to time.

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.

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

Shareholder means a shareholder of the Company.

Specified Expiry Date means the date, or dates, specified in the Invitation as determined by the Board but in any event, will be no later than 5 years from the date of grant of an Option.

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 which is so related within the meaning of the Corporations Act;
- (e) 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; and
- (f) any power, authority or discretion vested in the Company or the Board may be exercised at any time and from time to time and unless expressed otherwise, in their absolute discretion.

2. Grant of Options

2.1 General Eligibility

At any time and from time to time, the Board may make an Invitation to Employees, having regard in each case, to:

- (a) the contribution that has been made by the Employee to the Company;
- (b) the period of employment or engagement of the Employee with the Company, including (but not limited to) the years of service by that Employee;
- (c) the potential contribution of the Employee to the Company; and
- (d) any other matters which the Board considers in its absolute discretion to be relevant.

2.2 Invitation of Options

The Invitation will be in writing and will include:

- (a) the number of Options the subject of the Invitation;
- (b) the Exercise Price and Specified Expiry Date of the Options;
- (c) details on any vesting conditions associated with the Options;
- (d) the last date by which the Participant may accept the Invitation (following which the Invitation, if not accepted, will lapse);

- (e) terms and conditions of the Options; and
- (f) any other information that the Company considers to be relevant to the Invitation.

2.3 Price of Options

Options the subject of an Invitation must be granted for nil monetary consideration or no more than nominal monetary consideration.

2.4 Issue of Options

If an Invitation is accepted by a Participant and that acceptance is accepted by the Company, each Option must be granted on the terms of these Rules as soon as practicable following the Acceptance Date, and each Participant will be taken to have agreed to be bound by these Rules on the Acceptance Date. The Company will announce the grant of Options on ASX.

2.5 Nominees

The Board may, at its sole discretion, issue Options to the nominee of an Employee.

3. Maximum Number of Options

3.1 5% Limit

Subject to clause 3.2 of these Rules, the Company must have reasonable grounds to believe that the number of Shares to be received on exercise of the Options when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three years under:

- (a) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

does not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares at the time the Offer to acquire Options is made

3.2 Exceptions

When aggregating the number of Shares for the purposes of clause 3.1 of these Rules, the Company may disregard any invitation made, Option acquired or Share issued by way of, or as a result of:

- (a) an invitation to a person situated at the time of receipt of the offer outside Australia;
- (b) an invitation that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (c) an invitation made under a disclosure document in accordance with Chapter 6D of the Corporations Act.

4. Option Terms

An Option must be granted in accordance with these Rules or such other additional terms, conditions or restrictions which are not inconsistent with these Rules, as the Board determines either generally or in relation to particular Options.

5. Overriding Restrictions on Issue and Exercise

Notwithstanding anything else in these Rules or in the terms of any Option, an Option may not be, granted, or exercised 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.

6. Administration of the Plan

6.1 Delegation

The Plan shall be in all respects administered under the directions of the Board or a committee of the Board. The Board or committee may appoint, for the proper administration and management of the Plan, such secretarial 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 the Plan.

6.2 Procedures

Subject to these Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as it considers appropriate. If any disagreement or dispute with respect to the interpretation of these Rules or the terms of grant of any Option 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.

6.3 Covenant or exercise of discretion

The Company or any of its subsidiaries or 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 discretion and is not obliged to give reasons for doing so.

7. Advice

7.1 Adjustment to Number of Shares

The Company shall give notice to each Participant of any adjustment to the Exercise Price or the number of Shares which the Participant is entitled to subscribe for on exercise of an Option, in accordance with the Listing Rules.

7.2 Market and Exercise Price

The Company will provide to a Participant upon request, within a reasonable time, either verbally or in writing, details of the current market price (in Australian dollars) of the Shares and details of the Exercise Price in relation to Options held by that Participant.

8. Entitlement

- (a) Each Option entitles the holder to subscribe for and be granted, credited as fully paid, one Share.
- (b) The Exercise Price shall be as determined by the Board (in its discretion) and specified in the Invitation, provided that in no event shall the Exercise Price be less than 80% of the volume weighted average prices at which Shares were traded on the ASX during the one week period immediately preceding the grant date of the Options.
- (c) Subject to these Rules, the Company shall issue Shares on exercise of Options in accordance with the Listing Rules.
- (d) Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue of those Shares.

9. Exercise of Options

- (a) An Option is exercisable by the Participant lodging with the Company Secretary:
 - (i) a notice of exercise of that Option in the form attached as Schedule 1 to these Rules;
 - (ii) the tax file number for the Participant; and
 - (iii) a cheque for the total Exercise Price.

In the event of the death of a holder of Options, those Options are exercisable by the executor of the estate of the Participant in the same manner as set out above.

- (b) An Option must be exercised (if at all) not later than its Expiry Date and, subject to this clause 9, may only be exercised at any time after the Option has vested. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with these Rules that apply to an Option. The exercise of some Options only does not affect the Participant's right to exercise other Options at a later time. If the Participant exercises less than all Options appearing in the Option holder's holding statement, then the Company will cause a replacement holding statement to be issued.

- (c) The Board may from time to time determine any time periods or performance hurdles after which the Options granted will vest in the Option holder and the percentage of Options granted which will vest at each particular time.
- (d) An Option held by a Participant will lapse upon the first to occur of:
- (i) its Specified Expiry Date; or
 - (ii) any vesting condition upon which an Option has been granted being unable to be met; or
 - (iii) if a Participant ceases to be an Employee:
 - (A) and clause 9(e) applies in respect of an Option, the date determined by clause 9(e) passing; or
 - (B) and clause 9(f) applies in respect of an Option, the date specified in clause 9(f) passing; or
 - (C) and neither clause 9(e) or 9(f) apply in respect of an Option, the date upon which the Participant ceases to be an Employee passing; or
 - (iv) the Board making a determination that the Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or any of its subsidiaries; or
 - (v) on such other date for other prescribed circumstances as detailed in the Option terms and conditions in the Invitation.
- (e) If at any time prior to the Specified Expiry Date of an Option held by a Participant, that Participant ceases to be an Employee as a Bad Leaver, in respect of any Vested Option held by that Participant, such Participant will have until the earlier of:
- (i) the Specified Expiry Date; or
 - (ii) the date which is three months after the date of ceasing to be an Employee, to exercise the Option.
- (f) If at any time prior to the Specified Expiry Date of an Option held by a Participant, a Participant ceases to be an Employee as a Good Leaver, any:
- (i) Vested Option held by that Participant; and
 - (ii) any Unvested Option that the Board, in its absolute discretion, shall so determine,
- remains exercisable until the Specified Expiry Date.
- (g) For the purposes of this clause 9:
- "Bad Leaver"** means an Employee who ceases to be an Employee by any reason other than as a Good Leaver;

“**Good Leaver**” means an Employee who ceases to be an Employee by reason of retirement, permanent disability, redundancy or death, or is otherwise determined by the Board as a good leaver on a case by case basis and at its absolute discretion;

“**Unvested Option**” means an Option granted subject to a vesting condition and vesting condition has not been satisfied; and

“**Vested Option**” means an Option granted subject to a vesting condition and which any vesting condition has been satisfied.

10. Change in Control

Notwithstanding any other terms contained in these Rules, upon the occurrence of a Change in Control Event the Board may determine (in its discretion):

- (a) that the Options may vest and be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Change in Control Event provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Change in Control Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately vest and become exercisable and if not exercised within 10 days, shall lapse.

For the purposes of this clause 10 "Change in Control Event" means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or
- (b) the announcement by the Company that:
 - (i) Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement; or
- (c) the occurrence of the sale of all or a majority of the Company's main undertaking; or

- (d) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

11. Transfer

An Option is personal to the Participant to whom it was granted, and the Participant may not sell, transfer or otherwise dispose of, or make a declaration of trust in respect of, it:

- (a) until after the Options have vested; and
- (b) otherwise with the prior written consent of the Board,

and provided that the transfer of the Options complies with the Corporations Act.

12. Quotation of Options and Shares

Options will not be listed for quotation on ASX. However, the Company will make application for official quotation of Shares issued on the exercise of Options to ASX and to each other stock exchange on which Shares are listed at the time.

13. Future Issues of Shares

13.1 New Issues

- (a) There are no participating rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- (b) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.

13.2 Bonus Issues

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

14. Reorganisation of Capital

If there is any reorganisation of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

15. Notices

Notices may be given by the Company to the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the

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relevant provisions of the constitution of the Company apply with all necessary modification to notices to Participants.

16. Right to Accounts

Where expressly requested, Participants will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings of Shareholders. Participants will not have any right to attend or vote at those meetings.

17. Company's Rights not Waived

- (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 the Company or any Participant participating in the Plan or anything contained in these Rules or both. Further, participation in the Plan, the rights or benefits of a Participant under these Rules or the inability or restricted ability of a Participant to exercise an Option 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, termination or otherwise.
- (b) None of the Company, its directors, officers or employees represents that the Company's Share price will attain, maintain or exceed the Exercise Price. A Participant who chooses to exercise any Option does so at his own risk in that he may suffer financial detriment if the Company's share price falls.

18. Governing Law

This Plan and these Rules shall in all respects be governed by, and shall be construed in accordance with, the laws of Western Australia.

19. 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.

20. Suspension, Termination or Amendment of the Plan

- (a) The Board may suspend or terminate the Plan at any time, in which case the Company shall not make any further grants of Options under the Plan during the suspended or terminated period. However, during that period the Board shall otherwise continue to administer the Plan in accordance with these Rules until all Options have been exercised or expired.
- (b) The Plan may be amended at any time by the Board, subject to any requirements of the Listing Rules and the Corporations Act.

Schedule 1 – Notice of Exercise

The Company Secretary

XXXXXXXXXX

Dear Sir/Madam

[Name of person holding the options] hereby gives notice of the exercise of [number of Options] Options granted pursuant to the Company’s Employee Option Plan and exercisable at [\$*].

[A cheque made payable to “XXXXXXXXXXXX account” for [\$*] (being the total of the exercise price payable on the exercise of these Options), is enclosed.]

The tax file number for [name of employee to whom the Invitation of Options was initially made] is [*].

Signed by [name of option holder] in the presence)
of:)
) _____ Signature

Signature of Witness

Name of Witness in full

Executed by Egan Street Resources Limited ACN 144 766 236 in accordance with section 127 of the *Corporations Act*:

Signature of Director

Signature of Secretary/other Director

Name of Director in full

Name of Secretary/other Director in full

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