

**Musgrave Minerals Ltd Employee Option Plan Rules**

## Table of Contents

Clause		Page No
<b>1.</b>	<b>Definitions, Interpretation and Governing Law</b> .....	<b>1</b>
1.1	Definitions .....	1
1.2	Interpretation .....	2
<b>2.</b>	<b>Grant of Options</b> .....	<b>3</b>
2.1	General Eligibility .....	3
2.2	Invitation of Options .....	3
2.3	Price of Options.....	3
2.4	Issue of Options .....	3
2.5	Nominees .....	4
2.6	Deferred Taxation .....	4
<b>3.</b>	<b>Maximum Number of Options</b> .....	<b>4</b>
3.1	5% Limit.....	4
3.2	Exceptions .....	4
<b>4.</b>	<b>Option Terms</b> .....	<b>4</b>
<b>5.</b>	<b>Overriding Restrictions on Issue and Exercise</b> .....	<b>4</b>
<b>6.</b>	<b>Administration of the Plan</b> .....	<b>5</b>
6.1	Delegation .....	5
6.2	Procedures .....	5
6.3	Covenant or exercise of discretion .....	5
<b>7.</b>	<b>Advice</b> .....	<b>5</b>
7.1	Adjustment to Number of Shares .....	5
7.2	Market and Exercise Price.....	5
<b>8.</b>	<b>Entitlement</b> .....	<b>6</b>
<b>9.</b>	<b>Exercise of Options</b> .....	<b>6</b>
<b>10.</b>	<b>Change in Control</b> .....	<b>7</b>
10.1	Board discretion.....	7
10.2	Defined terms .....	7
<b>11.</b>	<b>Transfer</b> .....	<b>8</b>
<b>12.</b>	<b>Quotation of Options and Shares</b> .....	<b>8</b>
<b>13.</b>	<b>Future Issues of Shares</b> .....	<b>8</b>
13.1	New Issues .....	8
13.2	Bonus Issues.....	8
<b>14.</b>	<b>Reorganisation of Capital</b> .....	<b>8</b>
<b>15.</b>	<b>Notices</b> .....	<b>8</b>

## Table of Contents

Clause		Page No
16.	Right to Accounts .....	9
17.	Company's Rights not Waived .....	9
18.	Governing Law .....	9
19.	Severance .....	9
20.	Suspension, Termination or Amendment of the Plan .....	9

---

# 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.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Relief** means the relief from the disclosure and licensing provisions of the Corporations Act contemplated by ASIC Regulatory guide 49 as modified from time to time and any additional relief granted by ASIC pursuant to an application made by the Company. ASIC Relief includes the relief set out in the Class Order and any future ASIC class order relating to ASIC Regulatory Guide 49.

**Associated Body Corporate** means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**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 Class Order 14/1000 published by the ASIC relating to employee incentive schemes.

**Company** means Musgrave Minerals Ltd ACN 143 890 671.

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

**Eligible Participant** means:

- (a) a director (whether executive or non-executive) of any Group Company;
- (b) a full or part time employee of any Group Company;
- (c) a casual employee or contractor of a Group Company to the extent permitted by ASIC Relief; or

- (d) a prospective participant, being a person to whom an Invitation is made but who can only accept the Invitation if an arrangement has been entered into that will result in the person becoming an Eligible Participant under paragraphs (a), (b) or (c) above,

who is declared by the Board to be eligible to receive a grant of Options under this Plan.

**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(e).

**Group Company** means the Company and any Associated Body Corporate.

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

**Plan** means Musgrave Minerals Ltd 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.

**Tax Act** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) or both, as the context requires.

## 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 an Eligible Participant, having regard in each case, to:

- (a) the contribution that has been made by the Eligible Participant to the Company;
- (b) the period of employment or engagement of the Eligible Participant with the Company, including (but not limited to) the years of service by that Participant;
- (c) the potential contribution of the Eligible Participant 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 Eligible 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 Eligible Participant.

## **2.6 Deferred Taxation**

It is the intention of the Board that the issue of Options and Shares under this Plan will be subject to the deferred taxation regime contained in Division 83A of the Tax Act.

---

# **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 Relief; 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.
- (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 specified in the Invitation;
  - (ii) the tax file number for the Participant; and
  - (iii) payment for the total Exercise Price.
- (b) If a Participant has died, the Participant's legal personal representative will stand in the place of the Participant for the purposes of clause 9(a) subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of the Shares held by the Participant.
- (c) 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.
- (d) 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.
- (e) 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) the date which is one month after the date on which the Participant ceases to be an Eligible Participant for any reason, unless the Board has made a determination (in its discretion) that the Option will not lapse until the Specified Expiry Date;

- (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 Associated Body Corporate; or
- (v) on such other date for other prescribed circumstances as detailed in the Option terms and conditions in the Invitation.

---

## **10. Change in Control**

### **10.1 Board discretion**

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.

### **10.2 Defined terms**

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, without the prior written consent of the Board, and provided that the transfer of the Option 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 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, which has the power to determine procedures from time to time for administration of the Plan consistent with these Rules and resolve conclusively all questions of fact or interpretation arising in connection with the Plan subject to any requirements of the Listing Rules and the Corporations Act.