

SHARE OPTION PLAN RULES

Gascoyne Resources Limited

ACN 139 522 900

Ref: AB:LW
Doc Ref.: 37337v1

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SCHEDULE

1 DEFINITION AND INTERPRETATION

1.1 Definition

In these Rules, unless the contrary intention appears:

“**Associate**” has the meaning given under the Corporations Act.

“**Associated Body Corporate**” means any:

- (a) related body corporate of the Company under Section 50 of the Corporations Act; or
- (b) a body corporate that has voting power in the Company of not less than 20%; and
- (c) a body corporate in which the Company has voting power of not less than 20%.

“**ASX**” means ASX Limited.

“**Board**” means all or some of the Directors of the Company acting as a board.

“**Business Day**” means any day that is not Saturday, Sunday or public holiday in Western Australia.

“**Change of Control Event**” means:

- (a) the Company entering into a scheme of arrangement with its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the commencement of a Takeover Period; or
- (c) a person or a group of associated persons having a relevant interest in, subsequent to the adoption of these Rules, sufficient Shares to give it or them the ability, in general meeting, to replace all or a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

“**Class Order**” means a class order published by the Australian Securities and Investments Commission.

“**Company**” means Gascoyne Resources Limited ACN 139 522 900.

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

“**Essential Terms**” means the terms of issue of Options set out in the Schedule.

“**Exercise Price**” means in relation to a Share to be issued upon exercise of an Option the issue price of that Share as determined in accordance with **clause 1.3** of the Essential Terms.

“**Expiry Date**” means in relation to an Option the date determined by the Board, being a specified number of years after the Issue Date.

“**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 and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any waiver by ASX.

“**Official List**” means the official list of entities that ASX has admitted and not removed.

“**Option**” means an option to subscribe for Shares which:

- (a) are issued under this Plan; or
- (b) the Board resolves to bring under the terms of the Plan in accordance with **clause 2.4**.

“**Participant**” means a director, senior executive, employee or consultant of the Company or an Associated Body Corporate, who is invited by the Board to participate in the Plan and is issued Options under the Plan and includes a nominee of the director, senior executive, employee or consultant.

“**Plan**” means this Share Option Plan as in force and 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, and for the avoidance of doubt, includes the Essential Terms.

“**Schedule**” means schedule to, and forming part of, these Rules.

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

“**Takeover Period**” in relation to a takeover bid in respect of Shares means the period referred to in section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder’s statement on the Company in relation to that takeover bid, the takeover period shall be deemed to have commenced at the time of that announcement.

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 issue Options to Participants (or to a nominee as the Participant directs) having regard, in each case, to:

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

2.2 Price of Options

Options are to be issued to Participants at a price the Board considers to be appropriate, but in any case must be for no more than nominal consideration.

2.3 Issue of Options

Each Option 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 Option.

2.4 Options previously issued

At any time and from time to time, the Board may, with the consent of a Participant, resolve to bring options previously issued to that Participant under this Plan, provided that the terms of the options previously issued are consistent with the terms of this Plan.

3 MAXIMUM NUMBER OF OPTIONS

3.1 5% Limit

Subject to **clause 3.2** of these Rules, an Option may not be issued if, immediately following its issue, the shares to be received on exercise of the Option when aggregated with:

- (a) the number of shares in the same share class which would be issued if each outstanding offer of shares and options under the Plan or any other employee incentive scheme of the Company were accepted or exercised; and
- (b) the number of shares in the same class issued during the previous 5 years under the Plan or any other employee incentive scheme of the Company extended to full-time or part-time employees or directors of the Company or an Associated Body Corporate,

exceeds 5% of the total number of issued shares in that share class of the Company at the time the Option is offered, provided that the Board may, in its absolute discretion, increase this percentage, subject to any applicable Corporations Act, Listing Rule (including the conditions and restrictions on issuing securities in Listing Rule 7.1) or Class Order requirements.

3.2 Exceptions

When aggregating the number of shares for the purposes of **clause 3.1** of these Rules, the Company may disregard any offer made, option acquired or share issued by way of or as a result of:

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

4 OPTIONS TERMS

4.1 Essential Terms

An Option must be granted on the Essential Terms and may be granted on such other additional terms, conditions or restrictions, not being inconsistent with these Rules or the Essential Terms, as the Board determines either generally or in relation to particular Options.

4.2 Variation of Terms

Despite anything to the contrary in these Rules, to the full extent permissible by the Listing Rules and law, the Board may from time to time vary the Exercise Price, the period in which an Option may be exercised and the conditions to which an Option is subject or any of them.

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 offered, issued, 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 an Associated Body Corporate 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 uncontrolled and unexaminable discretion and is not obliged to give reasons for so doing.

SCHEDULE

TERMS OF ISSUE OF OPTIONS

1 ENTITLEMENT

- 1.1** Upon issue of the Options, an uncertified holding statement for the Options will be issued by the Company to the Participant.
- 1.2** Each Option entitles the holder to subscribe for and be issued, credited as fully paid, the number of Shares specified in the Option.
- 1.3** The Exercise Price of a Share to be issued on exercise of an Option shall be Exercise Price as determined by the Board (in its discretion) on or before the Issue Date provided that in no event shall the Exercise Price be less than the weighted average sale price of Shares sold on ASX during the five Business Days prior to the Issue Date or such other period as determined by the Board (in its discretion).
- 1.4** Subject to these Rules, the Company shall issue Shares on exercise of an Option in accordance with the Listing Rules and shall either issue a certificate, or cause a holding statement to be issued, for Shares so issued within 5 Business Days after the date of exercise of the relevant Option.
- 1.5** Shares issued on the exercise of Options will rank pari passu with all existing Shares in the capital of the Company from the date of issue of those Shares.

2 EXERCISE OF OPTIONS

- 2.1** Subject to **clause 2.2** of this Schedule, an Option is exercisable by the holder lodging with the Company Secretary:
- (a) a notice of exercise of that Option in the form attached to this Schedule;
 - (b) a cheque for the Exercise Price for each Share to be issued on the exercise of that Option; and
 - (c) the holding statement for that Option.

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

- 2.2** An Option must be exercised (if at all) not later than its Expiry Date and, subject to this **clause 2**, may only be exercised at any time after the Option has been vested and before its Expiry Date. 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 represented by the certificate then the Company will cancel the certificate and issue a new certificate for the balance.
- 2.3** The Board will from time to time determine the time periods (if any) after which the Options issued will vest in the Participant and the percentage of Options issued which will vest at each particular time.
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- 2.4** An Option held by a Participant will immediately lapse upon the first to occur of:
- (a) its Expiry Date;
 - (b) 21 days after the Participant's employment or engagement with the Company or an Associated Body Corporate is terminated on the basis that the Participant acted fraudulently, dishonestly, in breach of the Participant's obligations or otherwise for cause (or, in the case of an Option held by a nominee, the employment or engagement of the nominating Participant is terminated on the basis that the Participant acted fraudulently, dishonestly, in breach of the Participant's obligations or otherwise for cause;
 - (c) the day which is 30 days following any person or corporation having a relevant interest in not less than 90% of the Shares; or
 - (d) the day which is 10 days following the Company issuing a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a person or corporation having a relevant interest in not less than 90% of the Shares.
- 2.5** If, in the opinion of the Board, a Change of Control Event has occurred, or is likely to occur, the Board may declare an Option to be free of any conditions of exercise and Options which are so declared may, subject to **clause 2.4** of this Schedule, be exercised at any time on or before the Expiry Date and in any number.
- 2.6** If any person or corporation having a relevant interest in not less than 90% of the Shares or the Company issues a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a person or corporation having a relevant interest in not less than 90% of the Shares, all Options shall be free of any conditions of exercise and may be exercised at any time prior to their lapsing pursuant to **clause 2.4** of this Schedule.
- 2.7** The Company will notify the Participant in writing as soon as practicable if:
- (a) a notice of meeting referred to in **clause 2.4(d)** is convened; or
 - (b) any person or corporation acquires a relevant interest in not less than 90% of the Shares as set out in **clause 2.4(c)**;

and the Company shall confirm in the notice to the Participant the Expiry Date of the Options.

3 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 except to an Associate of that Participant.

4 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.

5 FUTURE ISSUES OF SHARES

5.1 New Issues

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. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 9 Business Days after the issue is announced. Participants shall be afforded the opportunity to exercise all Options which they are entitled to exercise pursuant to these Rules prior to the date for determining entitlements to participate in any such issue.

5.2 Bonus Issues

If the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves ("**Bonus Issue**"), each Participant holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the Participant may subscribe pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank pari passu in all respects with the other Shares issued upon exercise of the Options.

6 RECONSTRUCTION OF CAPITAL

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Participant is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

7 ADVICE

7.1 The Company shall give notice to each Participant of any adjustment to the number of Shares which the Participant is entitled to subscribe for or be issued on exercise of an Option or the exercise price per Share in accordance with the Listing Rules.

7.2 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 in the Company and details of the Exercise Price in relation to Options held by that Participant.

8 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.

9 RIGHT TO ACCOUNTS

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

10 ASSIGNMENT OF OPTIONS

Subject to **clause 3** of this Schedule, a Participant may not assign or transfer an Option except during a Takeover Period, in which case the Options may only be transferred by the Participant to the bidder or its nominees in accordance with the Corporations Act.

11 COMPANY'S RIGHTS NOT WAIVED

11.1 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 or otherwise.

11.2 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.

12 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.

13 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.

14 AMENDMENT OF RULES

Subject to and in accordance with the Listing Rules (including any waiver granted under the Listing Rules):

- (a) subject to **clause 14(b)** of this Schedule, the Board may from time to time amend (including the power to revoke, add to or vary) all or any of the provisions of these Rules in any respect whatsoever, by an instrument in writing without the necessity of obtaining the prior or subsequent consent of shareholders of the Company or any Associated Body Corporate in a general meeting; and
- (b) the Board may make any amendment to these Rules with retrospective effect as the Board may determine in good faith, providing that the Board obtains the prior approval of at least 50% of Participants who shall be adversely affected by the retrospective amendment in relation to Options previously granted to them.

15 SUSPENSION OR TERMINATION OF THE PLAN

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.

ATTACHMENT TO SCHEDULE

FORM OF NOTICE OF EXERCISE

The Company Secretary
Gascoyne Resources Limited
Suite 7
29 Ord Street
WEST PERTH WA 6005

Dear Sir/Madam

[Name of Optionholder] hereby gives notice of the exercise of **[number of Options]** issued pursuant to the Company's Director and Senior Executive Share Option Plan and exercisable at **[\$*]**.

The certificate for these Options, along with a cheque made payable to "[*]" for **[\$*]** (being the total of the exercise price payable on the exercise of these Options), is enclosed.

[Optionholder to sign]

Individual:

SIGNED by[*]
in the presence of:

Witness

Name of Witness (print)

Company:

EXECUTED by [*] in accordance with section 127
of the Corporations Act by:

Secretary/Director

Director

Name of Secretary/Director (print)

Name of Director (print)