

CLAYTON UTZ

Option Plan Rules

Washington Resources Limited
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Rules of the Washington Resources Option Plan

1. Interpretation and Construction

1.1 Definitions

In this Plan, the following expressions have the meanings given to them.

"ASX" means Australian Stock Exchange Limited.

"ASX Listing Rules" means the official listing rules of ASX.

"Board" is the board of directors of the Company, or a duly appointed committee of the Board with responsibility for operation of the Plan.

"Company" is Washington Resources Limited ACN 097 532 137.

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

"Eligible Person" means:

- (a) an Employee;
- (b) the spouse of an Employee;
- (c) a body corporate in which an Employee holds and beneficially owns not less than 50% of the issued voting share capital;
- (d) the trustee of a trust in which an Employee is a beneficiary or object; or
- (e) the trustee of a superannuation fund of which an Employee is a member.

"Employee" is any person who is in the full-time or part-time employment of, or is a director of, or a consultant to, a Participating Employer.

"Exercise Period" of an Option is the period specified by the Board on the Grant Date, but ending on the day prior to the tenth anniversary of its Grant Date unless the Board specifies a shorter period on the Grant Date.

"Exercise Price" is the price per Share payable on the exercise of an Option.

"Grant Date" of an Option is the date on which the Board resolves to grant the Option.

"Group" is the Company and its Subsidiaries and the expression "member of the Group" is to be construed accordingly.

"Offer Date" means the date on which an invitation to acquire Options under this Plan is issued.

"Option" is a right to acquire a Share granted under this Plan.

"Participant" is an Employee or Eligible Person to whom an Option has been granted or, following the death of an Employee, his personal representative.

"Participating Employer" is the Company and any Subsidiary of the Company.

"Plan" is this plan, including Annexure 1, as amended from time to time.

"Retirement" means the termination of an Employee's employment or employment relationship with the Company or a Subsidiary by reason of:

- (a) reaching the normal retirement age of the Company or a Subsidiary as determined by the Directors from time to time;
- (b) participation in an early retirement plan or a voluntary redundancy plan of the Company or a Subsidiary;
- (c) the illness or incapacity of the Employee necessitating the permanent withdrawal of the Employee from the work force; or
- (d) circumstances which the Directors consider should be treated as a Retirement for the Purposes of the Plan.

"Retrenchment" means the compulsorily termination of the employment or employment relationship of an Employee with the Company or a Subsidiary where the termination is expressed to be on the ground that:

- (a) the employment of the Employee is not necessary and his or her position is not to be filled;
- (b) the work for which the Employee was engaged is finished; or
- (c) the quantity of work required by the Company or a Subsidiary to be undertaken has diminished and has rendered a reduction in the number of employees necessary.

"Rules" are the rules of this Plan set out in this document.

"Share" is a share in the capital of the Company.

"Subsidiary" has the meaning given to it by section 46 of the *Corporations Act 2001* of Australia.

1.2 Construction

- (a) Where the context so admits, any reference in the Plan:-
 - (i) to the singular includes the plural; and
 - (ii) to the masculine includes the feminine,and vice versa.
- (b) Any reference in the Plan to an enactment includes the enactment as for the time being amended or re-enacted.
- (c) The headings to the Rules are for reference purposes only and are not to affect the meaning or construction of the Rules.

1.3 Governing Law

This Plan and any Option granted under it is governed by, and is to be construed in accordance with, the laws of Western Australia.

1.4 ASX requirements

The Board will ensure that the Plan is at all times operated in accordance with the ASX Listing Rules.

2. Purpose

The purpose of the Plan is to provide an incentive for Participants to participate in the future growth of the Group and, upon becoming shareholders in the Company, to participate in the Group's profits and development.

3. Eligibility and Invitations

3.1 Board to determine eligibility of Employees

Subject to these Rules, the Board may from time to time determine that an Employee may participate in the Plan and the extent of that participation. In making that determination, the Board must consider:

- (a) the seniority of the Employee and the position the Employee occupies with the relevant Group company;
- (b) the length of service of the Employee with the Group;
- (c) the record of employment of the Employee with the Group;
- (d) the potential contribution of the Employee to the growth and profitability of the Group;
- (e) the extent (if any) of the existing participation of the Employee (or any relevant other Eligible Person in relation to the Employee) in the Plan; and
- (f) any other matters which the Board considers relevant.

3.2 Invitations

The Board may, in its absolute discretion and at such times as are determined by the Board from time to time, issue invitations (in such form as the Board decides from time to time) to Employees, or any one or more of them, inviting applications for a grant of Options for up to the number of Options specified in the invitation ("**Specified Options**"). The number of Specified Options shall be determined by the Board in its absolute discretion.

3.3 No limit on number of invitations

The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

4. Applications

4.1 Application

Following receipt of an invitation, application for the Specified Options may be made by the Employee or an Eligible Person in relation to the Employee, as approved by the Board, in whose favour the Employee renounces such invitation ("**Applicant**").

4.2 Number of Options applied for

The Applicant may apply for the number of Specified Options or part thereof by sending to the Secretary of the Company a duly signed and completed application (in the form attached to the invitation).

4.3 Acceptance period

The application must be received by the Company within the acceptance period specified in the invitation, which must be not less than 7 days long.

4.4 Provision of additional information

The Board shall be entitled to receive from the Applicant any information that the Board regards as necessary concerning the Applicant and the Applicant's entitlement to lodge an application and may reject any application.

5. Grant of Options

Upon acceptance of a duly signed and completed application for Specified Options, the Company may grant the Options applied for to the Applicant.

6. Issue and Exercise Price of Options

6.1 Issue Price

Options granted under the Plan will be granted free of charge.

6.2 Exercise Price

The Board must determine the Exercise Price of each Option. The Exercise Price must not be less than:

- (a) (if there was at least one transaction in the Shares on ASX during the 5 trading day period immediately before the Offer Date) the weighted average trading price of the Shares on ASX during that period; or
- (b) (if there were no transactions in the Shares on ASX during the 5 trading day period immediately before the Offer Date) the last price at which an offer was made on ASX to purchase a Share.

7. Option Certificates

The Company must issue an option certificate to each Participant to whom Options have been granted, which certificate must take effect as a deed, unless the Employee or Eligible Person has given valuable consideration for the Option, in which event it need not take effect as a deed.

8. Waiver of Options

A Participant may give up Options in whole or in part by deed.

9. Exercise and Lapse of an Option

9.1 Exercise during Exercise Period

A Participant may exercise Options at any time or from time to time during the Exercise Period applicable to those Options.

9.2 Lapse at end of Exercise Period

Subject to clause 9.3, a Participant's Options lapse at the end of the Exercise Period.

9.3 Lapse upon ceasing to be an Eligible Person

- (a) Subject only to Rule 9.3(b), if at any time during the Exercise Period a Participant ceases to be an Eligible Person, all Options held by that Participant will lapse one month after the Participant ceases to be an Eligible Person.
- (b) If a Participant ceases to be an Eligible Person by reason of any of the following events, the Options held by that Participant will lapse at the expiration of 12 months after the relevant event:
 - (i) the Retirement or Retrenchment of the Participant, or if the Participant is not an Employee, the Retirement or Retrenchment of the Employee by virtue of whom an Eligible Person holds Options; or
 - (ii) the bankruptcy or commencement of winding up or deregistration procedures in respect of the Participant; or
 - (iii) the death of the Participant, or if the Participant is not an Employee, the death of the Employee by virtue of whom an Eligible Person holds Options.

10. Procedure on Exercise

10.1 Method of exercise

To exercise Options, a Participant must give written notice to the Company in such form, and with such other documents, as the Board may decide.

10.2 Payment

The notice of exercise must be accompanied by payment in full of the Exercise Price. Alternatively, the Participant may enter into such arrangements for the payment of this Exercise Price in cash as the Board may approve.

10.3 Time of exercise

- (a) Subject to Rule 10.3(b) and unless a later date is specified in the notice of exercise, the date on which the notice of exercise, complete in all respects, together with the payment due on exercise, is received at such office as the Board may specify is the date of exercise.
- (b) Where the notice is sent by pre-paid post, the Board accepts that the date of posting, as evidenced by the postmark on the envelope or in such other manner as the Board may decide, or any later date prior to the date on which the notice of exercise is receivable at such office, is the date of exercise.

10.4 Allotment of Shares

The Company must:

- (a) subject to any necessary consents or approvals as may be required by any competent authority having first been obtained; and
- (b) subject to the Participant having complied with the terms of the Options,

allot and issue the number of Shares specified in the notice of exercise to the Participant or at his direction within the time prescribed by the ASX Listing Rules.

10.5 Withholding

- (a) This Rule 10.5 applies if a Participant is liable to tax, duties or other amounts on the exercise of his Option and his employer or former employer is liable to make a payment to the appropriate authorities on account of that liability.
- (b) The Board must sell sufficient of the Shares which would otherwise be issued to the Participant so that the net proceeds of sale equal the payment which the employer or former employer is required to pay to the appropriate authorities. The Board must account to the employer or former employer for the net proceeds of sale.
- (c) Rule 10.5(b) shall not apply, however, if the Participant makes alternative arrangements to the satisfaction of his employer or former employer.

10.6 Rights of new Shares allotted

Any new Shares issued on the exercise of an Option must rank *pari passu* in all respects with other Shares then on issue. This shall not include, however, rights which attach to Shares by reference to a record date prior to the date of issue.

10.7 Listing

The Company must apply to ASX for any new Shares issued on the exercise of Options to be admitted to trading on ASX. The Company need not do so, however, if the Shares are not then traded on ASX.

11. Restriction on Transfer

Options may not be transferred without the prior written approval of the Board.

12. Variation of Capital

12.1 Adjustment of Options

If, prior to the expiry of an Option, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the number of Shares subject to the Option and/or the Exercise Price will be adjusted in the manner required by the ASX Listing Rules.

12.2 Restrictions on adjustment

Before making the adjustment, the Board must obtain the written confirmation of the Company's auditors (acting as experts and not as arbitrators) that the adjustment is, in their opinion, fair and reasonable.

12.3 Notification of adjustments

The Board must notify each Participant of any adjustment to Options as soon as practicable after its decision.

13. Bonus Issues and Rights Issues

A Participant is required to exercise an Option in order to participate in a bonus or entitlement issue made by the Company. Participants will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the ASX Listing Rules to exercise their Option if they wish to participate in the bonus or entitlement issue.

14. General

14.1 Administration

- (a) Subject as otherwise provided in these Rules, the Board shall administer the Plan.
- (b) The Board's decision on the construction of the Rules and on any disputes arising under the Plan is final and binding on all persons.

14.2 Notices and circulars to shareholders

The Company is not obliged to give a Participant copies of any notices, circulars and other documents sent by the Company to its shareholders until that Participant becomes a shareholder by exercising any or all of their Options.

14.3 Costs and expenses

The Company will pay the cost of the preparation and operation of the Plan. It may, however, require Participating Employers to share the cost on such a basis as the Board considers fair.

15. Amendment and Termination

15.1 Power of amendment - general

Subject to the limitations in Rule 15.2, the Board may from time to time amend the Plan in any respect.

15.2 Power of amendment - limitations

- (a) Subject to Rule 15.3, no amendment may be made to the advantage of Participants to the provisions of the Plan relating to:
 - (i) the persons to whom, or for whom, securities, cash or other benefits are provided under the Plan;
 - (ii) limitations on the number or amount of the securities, cash or other benefits subject to the Plan;
 - (iii) the maximum entitlement for any one Participant;
 - (iv) the basis for determining a Participant's entitlement to, and the terms of, securities, cash or other benefit to be provided and for the adjustment thereof (if any) in the event of a capitalisation issue, rights issue, sub-

division or consolidation of shares or reduction of capital or any other variation of capital,

without the prior approval of the Company in general meeting.

- (b) No amendment may be made which would affect adversely any of the subsisting rights of a Participant except either with his consent in writing or with the consent of the majority of Participants affected by the amendment or addition.

15.3 Power of amendment - exceptions

The Board may make minor amendments to the Plan in order to:

- (a) take account of any change in legislation; and/or
- (b) obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, for the Company or any member of the Group, or to benefit the administration of the Plan.

15.4 Notification of amendments

The Board must give written notice to all Participants of any amendment which affects their rights.

15.5 Termination

The Board may at any time terminate the Plan and in which case no further Options will be granted under it. In all other respects the provisions of the Plan shall remain in force.

16. Plan limit

16.1 General

The Board must ensure that the limits imposed by Rule 16.2 are not exceeded.

16.2 Company Limit

The Board must ensure that it does not grant Options under the Plan if the number of Options, when added together with:

- (a) Shares issued on the exercise of options granted within the previous 3 years under any share option scheme;
- (b) Shares remaining issuable in respect of options granted on the same date or within the previous 3 years under any share option scheme; and
- (c) Shares issued on the same date or within the previous 3 years under any share incentive scheme,

exceeds 10 per cent of the issued capital of the Company at the time of the offer or grant of the Options.

17. Notices

17.1 To Employees and Participants

- (a) The Board may give notice to the person entitled to it either personally or through the internal post or by sending it by post to the address supplied by him for that purpose.
- (b) Where a notice or document is sent by post it shall be deemed to have been received 7 days after it was put into the post. All notices and documents sent by post will be sent at the risk of the addressee.

17.2 To the Company

An Employee or a Participant may give notice to the Company or the Board by delivering it to, or sending it to, the Company at its registered office marked for the attention of the Company Secretary. The Board may make other arrangements for the receipt of notices.

Annexure 1
RULES OF THE WASHINGTON OPTION PLAN
(SOUTH AFRICAN EMPLOYEES)

1. Interpretation and construction

1.1 Definitions

In this **Annexure 1**, the words and phrases defined in the Plan shall have a corresponding or similar meaning and the following expressions have the meanings given to them.

“**Option Vesting Rights**” are the rights to take delivery of and make payment for the Shares in periods specified by the Board.

“**Plan**” includes this **Annexure 1**.

“**Rules**” are the rules of the Plan to which document this **Annexure 1** is attached.

“**South African Employee**” is an employee as defined in the Rules and domiciled in the Republic of South Africa.

“**Vested**” in relation to an Option that has been granted, the right to take delivery of and make payment for the Shares in accordance with the Option Vesting Rights, and “**Vest**” and “**Vesting**” have a corresponding meaning.

2. Introduction

In order to accommodate the South African Employees, this **Annexure 1** applies to the grant of options to South African Employees.

3. Exercise during exercise period

The Board shall, in granting an Option to a South African Employee, include the Option Vesting Rights, provided that such Option Vesting Rights shall not extend beyond the Exercise Period.

4. Deferred delivery

4.1 Delivery and passing of ownership

Notwithstanding clauses 10.2 and 10.3 of the Rules if a South African Employee so requests, and the Board agrees, the provisions of clauses 10.2 and 10.3 of the Rules shall not apply and the South African Employee will, after the consent of the Board has been obtained, immediately be entitled to exercise or partially exercise an Option and take delivery of the Shares concerned against payment of the Exercise Price on the Option Vesting Rights arising. If the South African Employee exercises or partially exercises an Option, the Shares in respect of which the Option is exercised (“Purchased Shares”) shall be sold to the South African Employee upon the further terms and conditions of this clause 4.

Delivery and passing of ownership of the Purchased Shares shall be postponed until and effected by the Board in accordance with the Option Vesting Rights against payment of the

Exercise Price in cash in respect thereof and upon such delivery and payment, the Purchased Shares shall be released to the South African Employee.

No participant may demand the delivery or release of any Purchased Shares except to the extent that:

- (a) the Exercise Price in respect thereof has been paid in full in cash; and
- (b) he has remained continuously in the employ of the Company since the date of grant of Option in respect of the relevant Shares and provided that such employment is not terminated at or before the time of release; and
- (c) the right to pay for and require delivery thereof has accrued in accordance with the provisions of clause 3.

4.2 Dividends

Dividends will not accrue on any Purchased Shares until the Exercise Price in respect thereof has been paid in full in cash.

4.3 Voting rights

No participant may exercise any votes attaching to the Purchased Shares until the Exercise Price in respect thereof has been paid in full in cash.

4.4 Cancellation of deferred delivery sale

A participant may, by notice in writing to the Board, elect to cancel the deferred delivery sale in consideration for the grant of the same number of options as Purchased Shares that were sold to the participant subject to deferral of delivery and passing of ownership.

5. Lapse on ceasing to be an Eligible Person

If any South African Employee ceases to be an Eligible Person after he has accepted the grant of Options but before all of his Purchased Shares have been released to him, as the case may be, he will have the right of election, to be exercised by notice in writing delivered to the Board within 1 (one) month after such cessation:

- (a) to exercise his Options in whole or in part and pay the resultant Exercise Price and, notwithstanding the provisions of clause 4.1, to claim release of the Purchased Shares in respect of which such payment is made; or
- (b) to pay the whole of or any part of the Exercise Price and, notwithstanding the provisions of clause 4.1, to claim release of the Purchased Shares in respect of which such payment is made; or
- (c) to terminate the sale of the Purchased Shares or the balance of any Purchased Shares that have not been released to the South African Employee,

provided that if a Participant ceases to be an Eligible Person by reason of any of the events referred to in subparagraph (a), (b) or (c) below, the period of 1 (one) month referred in clause 5.1 shall be replaced with a period of 12 (twelve) months :

- (a) the Retirement or Retrenchment of the Participant, or if the Participant is not an Employee, the Retirement or Retrenchment of the Employee by virtue of whom an Eligible Person has accepted the grant of Options; or

- (b) the bankruptcy or commencement of winding up or deregistration procedures in respect of the Participant; or
- (c) the death of the Participant, or if the Participant is not an Employee, the death of the Employee by virtue of whom an Eligible Person has accepted the grant of Options.

6. Remainder of the plan

The Plan is only amended or added to as contemplated in this **Annexure 1** and, save for the provisions of this **Annexure 1**, the remainder of the Plan applies, *mutatis mutandis*, to the South African Employees. Nothing contained in this **Annexure 1** shall be construed or interpreted as amending the Plan as it applies to Employees other than South African Employees.