



Employee Share Acquisition Plan

Straits Metals Limited Employee Share Acquisition Plan Rules

Approved by the Board on 13 January 2011

Purpose

- 1.1 The purpose of the Plan is to attract, retain, motivate and reward key employees (including executive Directors).
- 1.2 Under the Plan the Company may provide Eligible Participants with an opportunity to acquire an ownership interest in the Company, aligning their interests with those of other shareholders as a means of encouraging them to ensure that Company performance delivers long term growth and increased shareholder value.
- 1.3 The Plan is designed to reward individual performance in respect of financial and other outcomes which contribute to sustainable growth in shareholder value.
- 1.4 To achieve the objectives, employees invited to participate in the Plan are to be provided with an Offer Letter which is to set out appropriate key performance indicators and/or Vesting Conditions established by the Remuneration Committee, along with other key terms of the Plan.
- 1.5 The adoption of the Plan creates the opportunity and provides the discipline, for an ownership culture by which participating employees are able to contribute to short term performance but with full regard to the delivery of sustainable growth in shareholder value.
- 1.6 The manner in which the Plan is to operate is set out in these Rules.

2 Definitions and Interpretation

- 2.1 In these Rules, the following terms have these meanings unless the contrary intention appears:

Application means an application for Shares by an Eligible Participant pursuant to an Offer Letter.

Application Form means the form an Eligible Participant must complete to make an Application.

ASX means ASX Limited or the market conducted by it.

Board means the board of Directors of the Company.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature and whether present or future, fixed or unascertained, actual or contingent and whether at law, in equity, under statute or otherwise.

Company means Straits Metals Limited ACN 147 131 977.

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

Director means a director of the Company.

Dividend means any amount paid or any property distributed for the benefit of a Participant by the Company by way of dividend payable on any Plan Shares.

Eligible Participant means an employee of the Company or of a Subsidiary of the Company (including an executive Director) who is declared by the Remuneration Committee to be an eligible participant for the purposes of the Plan.

Encumber means to grant any mortgage, charge, lien, pledge, assignment by way of security, security interest or any other security arrangement or any other arrangement having the same effect.

Excess Amount means any proceeds achieved under the Forfeited Shares Sale Process over and above the Loan Balance.

Forfeited Shares Sale Process means the process set out in Rule 15.

Forfeiture Event means any of the events set out in Rule 14.1.

Holding Lock has the same meaning as in Chapter 19 of the Listing Rules.

Listing Rules means the official listing rules of ASX.

Loan means a loan made or to be made by the Company or its nominee to an Eligible Participant under Rule 10 to finance the acquisition of a tranche of Shares pursuant to the Plan.

Loan Balance means in respect of a Loan, the lesser of:

- (a) the original Loan amount, as reduced by any Dividends applied against the Loan pursuant to Rule 10.7; and
- (b) the value of the applicable Shares on ASX or other relevant exchange on the relevant Share Sale Date.

Loan Repayment Date has the meaning given to that term in Rule 12.

Market Value on a particular day means the price determined by the Remuneration Committee as being the volume weighted average sale price of Shares traded on ASX over the period of five ASX trading days prior to the particular day or if, in the opinion of the Remuneration Committee, the average sale price referred to above is unrepresentative or otherwise distorted an alternative price fixed by the Remuneration Committee by reference to the sale price of Shares on ASX on such other number of days or such other basis as the Remuneration Committee deems appropriate.

Nominee means CPU Share Plans Pty Limited ABN 20 081 600 875 or as otherwise determined by the Company.

Offer Letter means an invitation to an Eligible Participant to apply for Shares under the Plan.

Participant means an Eligible Participant to whom Shares have been issued or transferred under the Plan.

Plan means the Straits Metals Limited Employee Share Acquisition Plan established and operated in accordance with these Rules (as supplemented or amended by the Company).

Plan Share means a Share issued to a Participant under the Plan.

Remuneration Committee means a committee of persons appointed by the Board for the purpose, among other things, of determining and recommending to the Board suitable levels of remuneration for employees of the Company.

Rules means these Plan rules.

Share means a fully paid ordinary share in the capital of the Company which ranks equally with and has the same rights as other fully paid ordinary shares in the capital of the Company.

Share Sale Date means the date shares are sold in accordance with the Forfeited Shares Sale Process or the Vested Shares Sale Process.

Subsidiary means a body corporate which is a subsidiary of the first mentioned company by virtue of Division 6 of Part 1.2 of the Corporations Act.

Takeover includes an off-market or on-market bid, a scheme of arrangement or similar change of control transaction under the Corporations Act, or another significant capital transaction that in the opinion of the Remuneration Committee so materially alters the rights of Participants to warrant the measures described in these Rules or in any Offer Letter including under Rule 9.

Trust Deed means the trust deed between the Company and the Nominee.

Vested Shares Sale Process means the process set out in Rule 13.

Vesting Conditions means the performance hurdles set by the Remuneration Committee in relation to each Eligible Participant's Plan Shares which must be met by the date specified by the Remuneration Committee but no later than the 15th anniversary of the Plan Shares being acquired on behalf of a Participant by the Nominee.

Vesting Event means the determination by the Remuneration Committee that the Vesting Conditions in respect of Plan Shares have been satisfied or otherwise met or waived in accordance with the Rules.

2.2 In the Rules, unless the contrary intention appears:

- (a) a reference to a rule, statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (b) the singular includes the plural and vice versa;
- (c) a reference to any gender includes all genders;
- (d) a reference to a person includes a reference to the person's legal personal representatives, executors, administrators and successors, a firm or a body corporate;
- (e) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (f) a reference to a currency is a reference to Australian currency;
- (g) a reference to "amendment" includes addition, alteration, deletion, extension, modification and variation;
- (h) references to the exercise of a power or discretion include a decision not to exercise the power or discretion;
- (i) a reference to the Plan Rules or any other document is a reference to the Plan Rules or the other document (as the case may be) as amended, varied, novated, supplemented or replaced;
- (j) "including" when introducing a list of items does not exclude a reference to other items whether of the same class or genus or not.

2.3 Headings are for convenience only and do not affect the interpretation of these Rules.

2.4 If there is any disagreement with respect to the interpretation of these Rules or the terms of a Loan or Offer Letter, such disagreement must, unless otherwise specified in the Rules, be

referred to the Board and the decision of the Board is, in the absence of manifest error, final and binding upon all parties.

2.5 Where there is any inconsistency between these Rules and the Trust Deed, these Rules prevail to the extent of any inconsistency.

2.6 Any determination, decision, approval or opinion of the Remuneration Committee or the Board is in its absolute and unfettered discretion.

3 Operation of the Plan

3.1 The Plan must be operated in accordance with these Rules which bind the Company and each Participant.

3.2 The Plan is to be administered by the Remuneration Committee which may make regulations and determine procedures in accordance with these Rules for the proper and efficient administration and implementation of the Plan.

3.3 Any power or discretion conferred on the Company, the Board, or the Remuneration Committee under these Rules may be exercised by any person or persons appointed by the Company, the Board or the Remuneration Committee, as the case may be, to act on its behalf.

4 Offer Letter

4.1 The Remuneration Committee may issue an Offer Letter to Eligible Participants.

4.2 The Offer Letter must be in writing and may include (or be accompanied by) the following details:

- (a) a statement that Shares will be issued to the Nominee on behalf of the Eligible Participant at Market Value and will be funded by way of a Loan;
- (b) the number of Shares or the method of calculating the number of Shares for which the Eligible Participant may apply;
- (c) the Vesting Conditions, as determined by the Remuneration Committee, applicable to those Plan Shares, which, subject to these Rules, must be met in order for the Eligible Participant to retain a beneficial interest in the Plan Shares;
- (d) any restrictions or other conditions relating to Plan Shares as determined by the Remuneration Committee; and
- (e) any other information required by the Corporations Act or the Listing Rules.

4.3 The number of Shares specified in each Offer Letter and the period within which the Offer Letter must be accepted is to be determined by the Remuneration Committee.

4.4 No person other than the Eligible Participant to whom the Offer Letter is addressed may accept the Offer Letter.

4.5 The Offer Letter is to be accompanied by an Application Form.

5 Application Forms

5.1 The Eligible Participant may apply for the whole number of Shares specified in the Offer Letter (or part only if specified in the Offer Letter) by submitting a completed Application

Form to the Company in the name of the Nominee on behalf of the Eligible Participant in accordance with the directions specified in the Application Form.

- 5.2 The Application Form must be received by the Remuneration Committee (or person specified) before the end of the time set out in the Offer Letter.
- 5.3 No brokerage, commission, stamp duty or other transaction cost is payable by Participants in respect of any issue of Shares under the Plan.

6 Acceptance of Application

- 6.1 If an Application is accepted by the Company it becomes effective upon the issue or transfer of Plan Shares by the Company to the Nominee on behalf of the Eligible Participant.
- 6.2 An Application must not be accepted by the Company if, at the date it is received by the Company:
- (a) the addressee of the Offer Letter is not an Eligible Participant; or
 - (b) the addressee of the Offer Letter has been given notice of dismissal from employment by the Company or if he or she has tendered his or her resignation, in the opinion of the Company to avoid such a dismissal.

7 Share Issue or Transfer

- 7.1 Upon receipt of a duly signed and completed Application Form, the Company must either:
- (a) issue the number of Shares applied for to the Nominee as trustee for the Eligible Participant in accordance with the Trust Deed with effect from a date as determined by the Remuneration Committee; or
 - (b) engage a stockbroker or other person to purchase the number of Shares applied for in the Application on ASX (or other similar exchange as may be appropriate) for the Nominee as trustee for the Participant and pay the purchase price to such person for those Shares.
- 7.2 If the Shares are acquired in accordance with Rule 7.1(b) the Eligible Participant and the Nominee must accept the transfer of the Shares to the Nominee as trustee for the Eligible Participant and if required, the Nominee and Eligible Participant must execute an instrument of transfer (as transferees) in respect of such Shares.
- 7.3 In consideration of the rights and benefits given to each Eligible Participant under these Rules each Eligible Participant irrevocably appoints the Company as the Eligible Participant's attorney to execute any documents, including one or more transfers of the Plan Shares and to do such acts or things on behalf of and in the name of the Participant as may be necessary or convenient to give effect to the transfer referred to in this Rule.
- 7.4 If the Company is acquiring the Shares in accordance with Rule 7.1(b), the Remuneration Committee may determine the timing of the acquisition of the Shares.
- 7.5 The subscription price for each Plan Share is to be Market Value.
- 7.6 Subject to these Rules and the terms of the Trust Deed:
- (a) the Nominee has legal ownership of Plan Shares and the Plan Shares are to be registered in the name of the Nominee; and
 - (b) the Participant has the beneficial ownership of the Plan Shares.

- 7.7 If the Plan Shares are issued under Rule 7.1(a) the Company must apply to the ASX for official quotation of the Plan Shares within a reasonable time after their issue.
- 7.8 All Plan Shares are uncertificated and statements of holding will be issued to the Participant as soon as practicable.

8 Plan Limit

- 8.1 The total number of Shares issued under the Plan, when aggregated with the number of Shares (or Shares that would be issued upon acceptance or exercise of any outstanding offer or option) issued during the previous five years pursuant to an employee share scheme extended to employees or Directors of the Company and of associated bodies corporate of the Company (disregarding any option acquired or share issued following the making of an offer or the provision of an Offer Letter to a person situated outside Australia at the time of receipt, or by way of an excluded offer or invitation, or which did not need disclosure because of section 708 of the Corporations Act) must not exceed five percent of the total number of issued Shares as at the date of the Offer Letter.

9 Rights of Participants

- 9.1 Subject to Rule 10.7, Plan Shares rank equally with all Shares from the date of issue in all respects including in respect of all reconstructions, rights issues, bonus share issues and Dividends with a record date for entitlements that occurs after the Plan Shares are issued.
- 9.2 Any restriction on the disposal of Plan Shares under Rule 11 does not apply in the case of each of the following:
- (a) any bonus entitlements in relation to Plan Shares, unless the bonus entitlement forms part of the allotment of Shares under the Plan, in which case the restriction on disposal of Plan Shares is to apply;
 - (b) any right to participate in any new issue of securities of the Company; and
 - (c) any Shares issued to a Participant under a bonus share plan (other than the Plan) applicable to Plan Shares,
- provided that in each case a Participant is treated in the same way and has the same rights and obligations as other shareholders in the Company taken as a whole.
- 9.3 If any significant event affects the Company, or is undertaken by the Company, including a capitalisation or rights issue, a Takeover, subdivision, consolidation or reduction of share capital, a declaration of a special dividend or other special distribution, a demerger (in whatever form) or other distribution in-specie, then the Remuneration Committee may make any adjustments it considers appropriate to the Plan or the terms of issue of the Plan Shares (subject to the Listing Rules and provided there is no disadvantage to Participants) including:
- (a) varying the obligations of the Participants to apply Dividends in reduction of the Loan under Rule 10;
 - (b) increasing the number of Plan Shares to be issued to a Participant;
 - (c) resetting, or otherwise altering of the Vesting Conditions previously set by the Remuneration Committee for Eligible Participants;
 - (d) adjusting the terms of any Loan including:

- (i) to allow a Participant to maintain their Loan over their Plan Shares even if their employment is terminated or transferred to a different entity; and
 - (ii) to allocate the various Loans made under these Rules to Shares or other assets held by a Participant and by reference to the implied value of such assets allocate the Loan and adjust the terms of the Loan as between the various assets held by the Participant under these Rules;
- (e) adjusting the terms of any lien over Plan Shares held by Participants under the Plan pursuant to Rule 11.1(a), including adjusting the lien to allocate it to Shares or other assets held by a Participant and by reference to the implied value of such assets allocate the lien and adjust the terms of the lien as between the various assets held by the Participant; or
- (f) any other similar appropriate adjustments.

9.4 Where there has been an adjustment in accordance with this Rule 9, then the Remuneration Committee must, as soon as reasonably practical after making the adjustment referred to, give notice in writing of the adjustment to any Participant affected by the adjustment.

9.5 Subject to the Listing Rules and the terms of issue of the Plan Shares, a Participant may exercise any voting rights attaching to Plan Shares held by him or her or may appoint a proxy to represent and vote for him or her at any meeting of members of the Company.

10 Loan

10.1 The acquisition of Plan Shares will be exclusively and fully funded by a Loan advanced to the Participant by the Company or its nominee.

10.2 The Loan made available to a Participant must be applied by the Company towards payment of the subscription price of the Shares to be transferred or issued to the Nominee on behalf of the Participant.

10.3 Where there is a Forfeiture Event and there is an Excess Amount, the Participant is required to pay an additional subscription price equal to the Excess Amount. The additional subscription price is to be provided by way of an additional loan, which amount is to be added to the Loan.

10.4 The Loan is interest free.

10.5 The Loan is made to a Participant on a limited recourse basis. The Company is not entitled to require a Participant to repay a Loan other than in accordance with, and to the extent provided in these Rules, and is not entitled to have recourse to any assets of the Participant other than the Plan Shares.

10.6 The Company may not require a Participant to give security in respect of the repayment of a Loan otherwise than in accordance with these Rules.

10.7 In relation to Dividends:

- (a) Subject to Rule 10.7(a)(i), until such time as a Loan is repaid in full (in accordance with these Rules), the Participant is absolutely entitled to all Dividends, however the Company may retain Dividends payable to a Participant in respect of Plan Shares acquired by that Participant utilising the proceeds of the Loan, which Dividends are to be applied in reduction of the Loan as follows:

- (i) if the Dividend payable on Plan Shares is franked, 53.5% of the grossed up amount of the Dividend is to be applied in reduction of the Loan and an amount equal to 16.5% of the grossed up Dividend will be paid to the Participant; and
- (ii) if the Dividend payable on the Plan Shares is unfranked, 53.5% of grossed up amount of the Dividend is to be applied in reduction of the Loan and the remaining 46.5% paid to the Participant.

If the any tax rates in Australia change then the Remuneration Committee may vary the amounts in this clause.

Worked examples:

The Company declares a franked dividend of \$0.07

- Grossed up amount = \$0.10
- 53.5% applied to Loan = \$0.0535
- 30% franking credit for Participant = \$0.03
- 16.5% to Participant = \$0.0165

The Company declares an unfranked dividend of \$0.10

- Amount of dividend = \$0.10
- 53.5% applied to Loan = \$0.0535
- 46.5% to Participant = \$0.0465

- 10.8 Participants are unable to participate in any dividend reinvestment plan in relation to Plan Shares until the Loan is repaid in full.
- 10.9 Subject to Rule 10.7, Participants may not make additional Loan repayments prior to the Loan Repayment Date.
- 10.10 No fees or charges are payable by a Participant in respect of the Loan and all stamp duty in respect of the Loan is to be paid by the Company.

11 Restrictions on Plan Shares

- 11.1 Until such time as a Loan is repaid in full and the Vesting Conditions are satisfied or waived:
 - (a) the Company has a lien over all of the Plan Shares held by or for that Participant to which the Loan relates;
 - (b) the Remuneration Committee may adjust the terms of the lien set out in Rule 11.1(a) pursuant to Rule 9.3;
 - (c) a Holding Lock is to be placed on all Plan Shares to prevent any transfer or dealing in them; and
 - (d) the Participant may not, other than set out in these Rules, Encumber, dispose or otherwise deal in the Plan Shares;

12 Loan Repayment

- 12.1 The Loan will become repayable on the earlier of:
- (a) the 15th anniversary of the Plan Shares being acquired on behalf of a Participant, or (for the avoidance of doubt) on such earlier date as is elected by the Participant after a Vesting Event has occurred; and
 - (b) the Remuneration Committee declaring that a Forfeiture Event has occurred, **(Loan Repayment Date)**.
- 12.2 Where the Loan Repayment Date occurs pursuant to Rule 12.1(a), the Participant may, either:
- (a) pay the Loan to the Company in cash or other immediately available funds, whereupon the legal interest in the vested Plan Shares is transferred to the Participant; or
 - (b) elect to carry out the Vested Shares Sale Process set out in Rule 13 and the Vested Shares Sale Process must be completed.
- 12.3 Where the Loan Repayment Date occurs pursuant to Rule 12.1(b) the Participant must comply with the Forfeited Shares Sale Process.
- 12.4 As soon as reasonably practicable after a Loan has been repaid in full (in accordance with these Rules), the Company must procure that any Holding Lock on Plan Shares (to which the Loan related) is removed and that the legal interest in the Plan Shares is transferred from the Nominee to the Participant so that the Participant is free to sell, dispose or otherwise transfer or deal with any of those Plan Shares to any other person.
- 12.5 In consideration of the rights and benefits given to each Eligible Participant under these Rules each Eligible Participant irrevocably appoints the Company as the Eligible Participant's attorney, to execute any documents, including one or more transfers of the Plan Shares and to do such acts or things on behalf of and in the name of the Participant as may be necessary or convenient to give effect to the release of Holding Lock and transfer referred to in this Rule.

13 Vested Shares Sale Process

- 13.1 If an election has been made by a Participant in accordance with Rule 12.2(b):
- (a) The Company must arrange for the removal of any Holding Lock on the vested Plan Shares and the Nominee must sell the vested Plan Shares on ASX or other similar exchange as may be required to discharge the Loan and apply the net proceeds of sale (after deduction of the reasonable expenses of the Company and the Nominee as determined by the Remuneration Committee, having regard to reasonable market prices for administration costs and brokerage) in repayment of the Loan (or that part of the Loan relating to the vested Plan Shares).
 - (b) The Company has absolute discretion in relation to the sale of the vested Plan Shares and is not liable to the Participant in respect of the timing of, price obtained for, or any other matter relating to, such sale.
 - (c) The net proceeds of sale of the vested Plan Shares and the Participant's forfeiture of any interest in the vested Plan Shares is to be treated as being a full satisfaction of

the Loan, and the Participant has no further obligation with respect to the Loan (or that part of the Loan relating to the vested Plan Shares).

- (d) If the net proceeds of sale of the vested Plan Shares are more than the Loan Balance, the Nominee must within three business days of the realisation of those proceeds, remit the surplus to the Participant.
- (e) For the purposes of this Rule 13, in return for valuable consideration which will be given by the Company (receipt of which will be acknowledged by each Eligible Participant when submitting an Application), the Company is irrevocably appointed, with effect from the time that the Participant receives a Loan, as the Participant's attorney, to execute any documents, including one or more transfers of the Plan Shares and to do such acts or things on behalf of and in the name of the Participant as may be necessary or convenient to give effect to the sale referred to in this Rule.

14 Forfeiture

14.1 Subject to any adjustments made in accordance with Rule 9.3 or Rule 16, if, prior to the repayment of the Loan:

- (a) the Vesting Conditions are not met or become incapable of being met; or
- (b) a Participant:
 - (i) ceases to be employed by the Company for any reason (other than the circumstances contemplated in Rule 9.3), including due to resignation, retirement or redundancy or the termination of employment;
 - (ii) dies or is totally or permanently disabled; or
 - (iii) becomes bankrupt,

the Remuneration Committee may determine that a forfeiture event has occurred (**Forfeiture Event**).

14.2 Prior to the determination that a Forfeiture Event has occurred under Rule 14.1, the Remuneration Committee must consider:

- (a) any commitments given by the Company to the Participant;
- (b) any legitimate expectations or individual circumstances of the Participant;
- (c) any equitable considerations it considers relevant to the Participant's circumstances, including that Participant's overall contribution to the Company; and
- (d) any possible inequity in the application of the Vesting Conditions to a Participant due to short term share price volatility,

and based on such consideration the Remuneration Committee may, at its discretion, determine that:

- (i) a Forfeiture Event has occurred;
- (ii) a Forfeiture Event has not occurred (and, if relevant, that a Vesting Event has occurred);
- (iii) a Forfeiture Event has occurred over part only of the Participant's Plan Shares and those Shares will be subject to the Forfeited Shares Sale Process with the

balance of the Participant's Plan Shares continuing to be held in accordance with these Rules; and/or

- (iv) a Forfeiture Event has occurred over all or part of the Participant's Plan Shares, but some other adjustment to the application of these Plan Rules to the Participant is required, in which case the Remuneration Committee shall determine the terms of such variation or amendment to the operation of these Plan Rules (as they would otherwise affect the Participant) as the Remuneration Committee deems required.

14.3 The Remuneration Committee must advise the Participant in writing of all determinations under this Rule 14.

15 Forfeited Shares Sale Process

15.1 After the Remuneration Committee has determined that a Forfeiture Event has occurred over all or part of a Participant's Plan Shares:

- (a) The Company must arrange for the removal of any Holding Lock on the forfeited Plan Shares and the Nominee is to sell the forfeited Plan Shares on ASX or other similar exchange as may be required to discharge the Loan in relation to the forfeited Plan Shares and apply the net proceeds of sale (after deduction of the reasonable expenses of the Company and the Nominee as determined by the Remuneration Committee, having regard to reasonable market prices for administration costs and brokerage) in repayment of the Loan (or that part of the Loan relating to the forfeited Plan Shares).
- (b) The Company has absolute discretion in relation to the sale of forfeited Plan Shares and is not liable to the Participant in respect of the timing of, price obtained for, or any other matter relating to, such sale.
- (c) The net proceeds of sale of the forfeited Plan Shares and the Participant's forfeiture of any interest in the forfeited Plan Shares will be treated as being a full satisfaction of the Loan and the Participant will have no further obligation with respect to the Loan (or that part of the Loan relating to the forfeited Plan Shares).
- (d) If the Forfeited Shares Sale Process yields an Excess Amount, the Excess Amount will represent an additional subscription price and an additional loan as provided for in Rule 10.3, with the Excess Amount to be added to the Loan and repaid in accordance with Rule 15.1(a).
- (e) For the purposes of this Rule 15, in return for valuable consideration which will be given by the Company (receipt of which will be acknowledged by each Eligible Participant when submitting an Application), the Company is irrevocably appointed, with effect from the time that the Participant receives a Loan, as the Participant's attorney, to execute any documents, including one or more transfers of the Plan Shares and to do such acts or things on behalf of and in the name of the Participant as may be necessary or convenient to give effect to the sale referred to in this Rule.

16 Amendment of Rules

- 16.1 Subject to Rule 16.3, the Remuneration Committee may 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 executed by the Company.
- 16.2 Subject to Rule 16.3, any such amendment may be given such retrospective effect as the Remuneration Committee may bona fide determine at the time it is made.
- 16.3 The power of the Remuneration Committee to amend (including the power to revoke, add to or vary) all or any of the provisions of these Rules pursuant to Rule 16.1 is subject to the restriction that no amendment is to be made to these Rules which affects adversely the rights of the Participants in respect of the Plan Shares held by them without first obtaining the written consent of the Participants affected but only to the extent that it has a material adverse effect on them.
- 16.4 All Participants are entitled to the benefit of, and are bound by, these Rules and any instrument in writing executed by the Company pursuant to this Rule 16.

17 Suspension or Termination of the Plan

- 17.1 The Remuneration Committee may suspend or terminate the Plan in respect of further issues of Plan Shares at any time by notice in writing to the Eligible Participants. Thereafter, the Remuneration Committee shall not issue any further Offer Letters during the suspended or terminated period but shall otherwise continue to administer the Plan in accordance with the terms of these Rules.

18 Connection with Other Schemes

- 18.1 The Company is not restricted to using the Plan as the only method of providing incentive rewards to employees or Directors. The Company may approve other incentive schemes.
- 18.2 Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of the Company unless the terms of that scheme provide otherwise.

19 Relationship of Parties

- 19.1 The Remuneration Committee acts as principal in the operation of the Plan and not as trustee or agent of Participants.
- 19.2 These Rules:
- (a) do not confer on any Participant the right to continue as an employee of the Company or a Subsidiary;
 - (b) do not affect any rights which the Company or a Subsidiary may have to terminate the employment of, or dismiss, that Participant; and
 - (c) may not be used to increase damages in any action brought against the Company or a Subsidiary in respect of that termination.

20 Certificate

A certificate signed by the secretary of the Company or his or her delegate stating:

- (a) whether an Eligible Participant has left the employment of the Company or a Subsidiary, and when and why; or
- (b) any determination of the Remuneration Committee pursuant to any of these Rules is conclusive for all purposes in the absence of demonstrable bad faith.

21 Notices

Any notice in connection with the Plan may be given by personal delivery or by sending the same by post at the person's last known address, or in such other manner as the Remuneration Committee determines.

22 Governing Laws

The Plan is governed by the laws of Western Australia and the Commonwealth of Australia.

23 Overriding Restrictions on Dealing with Shares

Notwithstanding any Rule, Plan Shares may not be dealt with under the Plan if to do so would contravene the Corporations Act or the Listing Rules.