

**CLAYTON UTZ**

## **Share Plan Rules**

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## Rules of the Washington Resources Share Plan

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### 1. Definitions and Interpretation

#### 1.1 Definitions

In these Rules, unless the contrary intention appears:

"**ASX**" means Australian Stock Exchange Limited.

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

"**Board**" means the Directors acting as the board of the Company or a duly appointed Committee of the Board with responsibility for operation of the Plan.

"**Business Day**" means a day on which the stock market of ASX is open for trading in Shares.

"**Cash Dividend**" means a dividend declared or paid with respect to Shares which is payable wholly in cash, or in the case of a dividend declared or paid with respect to Shares which is payable only partly in cash, that part of the dividend which is payable in cash.

"**Company**" means Washington Resources Limited ACN 097 532 137.

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

"**Director**" means a director of the Company from time to time.

"**Eligible Employee**" means a person who is in the full-time or part-time employment of, or is a director of, or is a consultant to, any Group Company.

"**Group**" means the Company and its Subsidiaries.

"**Group Company**" means the Company or any of its Subsidiaries.

"**Invitation**" means an invitation made to an Eligible Employee in accordance with Rule 4.1.

"**Issue Date**" means the date on which Shares are issued under this Plan.

"**Issue Price**" means the amount determined in accordance with Rule 4.2.

"**Loan**" means a loan made by the Company to an Eligible Employee under these Rules to finance the acquisition of Plan Shares.

"**Loan Amount**" means the amount per Plan Share accepted by an Eligible Employee as a Loan offered by the Board pursuant to the relevant Invitation.

"**Loan Share**" means a Plan Share, the acquisition of which has been funded in whole or in part by a Loan.

"**Loan Term**" means the term of the Loan as specified in the Invitation.

"**Offer Date**" means the date on which an Invitation is issued.

"**Plan**" means this plan as amended from time to time.

"**Plan Shares**" means Shares issued pursuant to this Plan.

**"Repayment Date"** means either:

- (a) the date nominated by the Eligible Employee being the last trading day prior to the date on which the Loan is to be repaid;
- (b) the date on which the Loan Term ends; or
- (c) the date on which the Loan is repaid in accordance with Rules 6.2 - 6.4.

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

- (a) reaching the normal retirement age of the Group Company as determined by the Directors from time to time;
- (b) participation in an early retirement plan or a voluntary redundancy plan of the Group Company;
- (c) the illness or incapacity of the Eligible Employee necessitating the permanent withdrawal of the Eligible 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 compulsory termination of the employment or employment relationship of an Eligible Employee with the relevant Group Company where the termination is expressed to be on the ground that:

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

**"Rules"** means these rules, as amended from time to time.

**"Shares"** means fully paid shares in the Company.

**"Specified Plan Shares"** means the number of Plan Shares specified in the invitation in accordance with Rule 4.1.

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

**"Trading Day"** means a day on which Shares are traded on ASX.

## **1.2 Interpretation**

The singular includes the plural and vice versa and a reference to a gender includes all genders.

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## **2. Administration and termination of the Plan**

### **2.1 Administration of the Plan**

The Board may administer the Plan in accordance with the terms and conditions set out in these Rules.

## 2.2 Termination of the Plan

The Board may terminate the Plan at any time that it considers appropriate in its absolute discretion.

Where the Board terminates the Plan it will not issue any further Plan Shares under the Plan. Termination of the Plan shall not prejudice any rights or obligations which arose or were entered into prior to the date of termination of the Plan.

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## 3. Entitlement to participate

The Board may from time to time determine that an Eligible 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 Eligible Employee and the position the Eligible Employee occupies with the relevant Group Company;
- (b) the length of service of the Eligible Employee with the Group;
- (c) the record of employment of the Eligible Employee with the Group;
- (d) the potential contribution of the Eligible Employee to the growth and profitability of the Group; and
- (e) any other matters which the Board considers relevant.

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## 4. Issue of invitations

### 4.1 Invitations for Plan Shares and Loan

Subject to these Rules and the ASX Listing Rules, the Company (acting through the Board) may issue invitations (in such form as the Board decides from time to time) ("**Invitation**") to Eligible Employees, or any one or more of them:

- (a) inviting applications for the number of Plan Shares specified in the invitation ("**Specified Plan Shares**");
- (b) specifying the Issue Price for the Specified Plan Shares;
- (c) inviting applications for a Loan up to the amount payable in respect of the Specified Plan Shares accepted by the Eligible Employee in accordance with the Invitation;
- (d) specifying an acceptance period; and
- (e) specifying any other terms and conditions attaching to the Specified Plan Shares.

The number of Specified Plan Shares will be determined at the absolute discretion of the Board.

### 4.2 Issue Price

The issue price for each Plan Share will be not less than:

- (a) (if there was at least one transaction in the Shares on ASX during the 5 day trading 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 day trading period immediately before the Offer Date) the last price at which an offer was made on ASX to purchase a Share.

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## **5. Applications**

### **5.1 Application for Plan Shares and Loan**

Following receipt of an Invitation, the Eligible Employee ("**applicant**") may apply for the Specified Plan Shares and the Loan.

The applicant may apply for a Loan up to the amount payable in respect of the Specified Plan Shares applied for by the Eligible Employee by sending to the secretary of the Company an application (in the form attached to the Invitation) duly signed and completed.

### **5.2 Application in the name of the Eligible Employee**

An application for a Loan will form part of the application ("**Loan Application**"). The Loan Application must be made solely by the Eligible Employee and in the name of the Eligible Employee and the Plan Shares must be applied for in the name of the Eligible Employee.

### **5.3 Acceptance period**

The application must be received by the Company within the acceptance period specified in the Invitation.

### **5.4 Instrument of transfer**

The application shall be accompanied by a blank executed instrument of transfer in respect of the Specified Plan Shares accepted by the applicant.

### **5.5 Additional information**

The Board is entitled to receive from the applicant any information that the Board considers necessary concerning the applicant and the applicant's entitlement to lodge an application, and may reject any application.

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## **6. Loan terms**

### **6.1 Loan terms and conditions**

Loans by the Company to Eligible Employees will be made on the following terms and conditions:

- (a) Loans must be made solely to the Eligible Employee and in the name of the Eligible Employee.
- (b) Loans will be interest free.
- (c) Any Loan made available to an Eligible Employee shall be applied by the Company directly toward payment of the Issue Price of the relevant Plan Shares to be acquired by the Eligible Employee.
- (d) The Loan Term and the manner for making such payments shall be determined by the Board and set out in the Invitation.
- (e) The amount repayable on the Loan by the Eligible Employee will be the lesser of:

- (i) the Issue Price less any Cash Dividends paid in respect of Loan Shares and applied by the Company in accordance with Rule 6.1(g) and any repayments made by the Eligible Employee; and
  - (ii) the last sale price of the Shares on ASX on the Repayment Date or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
- (f) An Eligible Employee must repay the Loan in full prior to expiry of the Loan Term but may elect to repay the Loan Amount in respect of any or all of the Plan Shares (in multiples representing not less than 1,000 Plan Shares) at any time prior to expiry of the Loan Term.
- (g) Cash Dividends which are paid in respect of Loan Shares will be applied by the Company on behalf of the Eligible Employee to repayment of the amount outstanding under the Loan and any surplus of the Cash Dividend will be paid to the Eligible Employee.
- (h) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Eligible Employee.
- (i) The Company shall have a lien over the Plan Shares in respect of which the Loan Amount is outstanding and the Company shall be entitled to sell those Plan Shares in accordance with the terms of this Plan.
- (j) An Eligible Employee may not transfer or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid and the Company will retain the Share Certificate and an executed Share Transfer Form in respect of the Loan Shares until the Loan Amount has been repaid.

## **6.2 Repayment of Loan upon ceasing to be an Eligible Employee**

If, prior to the repayment in full of a Loan by an Eligible Employee, the Eligible Employee:

- (a) dies;
- (b) becomes bankrupt; or
- (c) ceases to be an Eligible Employee,

then the Eligible Employee (or his or her personal representative) shall elect, by serving written notice on the Company within seven (7) days of such event occurring, one of the following two alternatives outlined in clauses 6.3 and 6.4. If such a notice is not served within seven (7) days of the event occurring the Eligible Employee shall be deemed to have elected Alternative 1 in clause 6.3.

## **6.3 Alternative 1**

To have the Company either:

- (a) if so required by section 707 of the Corporations Act, place the relevant Plan Shares to persons who are excluded offerees for the purpose of section 708 of the Corporations Act, at a price being not less than 80% of the weighted average of the prices at which Shares were traded on ASX over the 5 days prior to the sale; or
- (b) sell the relevant Plan Shares on ASX,

and apply the proceeds of the sale in repayment of the Loan. If the proceeds exceed the amount of the Loan, the Company will then apply the balance to pay all reasonable expenses, including an administration fee of \$30 or such higher amount as may be fixed by the Directors (having regard to increases in administration costs, any stamp duty and brokerage) and refund the surplus, if any, after the sale of the Plan Shares to the Eligible Employee. For these purposes, the secretary of the Company is irrevocably appointed, with effect from the time that the Eligible Employee receives a Loan, as the Eligible Employee'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 Eligible Employee, as may be necessary or convenient to give effect to the sale referred to in this Rule. The secretary of the Company shall have absolute discretion in relation to the sale of the Plan Shares in such circumstances and shall not be liable to the Eligible Employee in respect of the timing of, price obtained for, or any other matter relating to, such sale.

#### **6.4 Alternative 2**

To repay the Loan:

- (a) within 12 months in the event of the death or bankruptcy of the Eligible Employee or in the event that the Eligible Employee ceases to be an Eligible Employee as a result of Retirement or Retrenchment; or
- (b) within one month in the event that the Eligible Employee resigns, is terminated or otherwise ceases to be an Eligible Employee for any reason other than one set out in paragraph (a) of this Alternative 2,

and, upon repayment in full of the Loan, have the relevant Plan Shares fully vested in their name.

#### **6.5 Deemed election of Alternative 1**

If an Eligible Employee:

- (a) fails to repay the amount outstanding under the Loan prior to the expiry of the Loan Term or prior to expiry of the relevant period referred to in Alternative 2 under Rule 6.4; or
- (b) in the opinion of the Board acts fraudulently or dishonestly or is in breach of his or her obligations to any Group Company,

the Eligible Employee shall be deemed to have elected Alternative 1 under Rule 6.3 and the Company shall be entitled, at its election, to deal with the Plan Shares and apply the proceeds of sale in accordance with Rule 6.3.

#### **6.6 Effect of sale under Alternative 1**

Once the Company has sold the Plan Shares and applied the proceeds of sale pursuant to Rule 6.3, the Loan shall be deemed to be fully satisfied and the Eligible Employee shall have no further liability to the Company in respect of the Loan and the Company shall have no further recourse to the Eligible Employee in relation to the Loan.

#### **6.7 Sale of Plan Shares prior to repayment of the Loan**

If an Eligible Employee wishes to sell any Plan Shares prior to repayment in full of the Loan Amount in respect of those Plan Shares and prior to the expiry of any qualifying period that may be imposed by the Board and set out in the Invitation, then the Eligible Employee may give written notice to the Company requesting the Company to sell the relevant Plan Shares.

In the absolute discretion of the Directors, in the case of hardship or otherwise, and provided the Directors are of the opinion that the proceeds from the sale of the Plan Shares are reasonably likely to exceed the amount outstanding in relation to the Loan, the Company may, within thirty (30) days of receipt of notice referred to in this Rule, arrange for the sale of the Plan Shares in accordance with Rule 6.3.

## **6.8 Disposal of an Interest in Plan Shares prior to repayment of the Loan**

If an Eligible Employee disposes of the legal or beneficial interest in a Plan Share prior to repayment of the Loan in relation to that Plan Share (and other than in accordance with Rules 6.2 to 6.4 or 6.7), the following provisions apply:

- (a) the Board may elect to give the Eligible Employee a notice requiring repayment of the relevant Loan whereupon the whole of the amount outstanding under the Loan becomes immediately due and payable; or
- (b) the Board may elect to give notice to the Eligible Employee of revised terms (including, without limitation, as to interest and repayment) which are to apply to the relevant Loan and are determined at the discretion of the Board. If the Eligible Employee accepts in writing the revised terms within fourteen (14) days of receiving them, the relevant Loan continues (from and including the date of disposal of the Plan Share) on the basis of the revised terms. If the Eligible Employee does not accept in writing the revised terms within fourteen (14) days of receiving them, the Loan, at the end of that fourteen (14) day period, becomes immediately due and payable.

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## **7. Allotment of Plan Shares**

Upon acceptance of an application for Plan Shares and the Loan in conformity with these Rules, the Board shall:

- (a) make a Loan to the Eligible Employee; and
- (b) allot and issue the number of Plan Shares applied for to the applicant.

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## **8. Rights of Plan Shares**

Any Plan Shares issued under the Plan will rank equally in all respects (other than with respect to any restrictions on transfer specified in Rule 10 or otherwise imposed by the Board) with other Shares, and, in particular, entitle their holders to participate fully in:

- (a) dividends declared by the Company after the date of allotment, subject to Rule 6.1(g); and
- (b) all issues of Plan Shares offered to holders of Shares where entitlements to participate in those issues are determined by reference to a record date after the date of allotment of the Plan Shares.

A Plan Share issued to an Eligible Employee will not qualify for participation in any dividend reinvestment plan of the Company until the Loan Amount in respect of that Plan Share has been repaid.

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## **9. Official quotation**

The Company will apply for quotation of each Plan Share on ASX once the Loan Amount in respect of the Plan Share has been repaid and any other restrictions on transfer imposed by the

Board in the Invitation in respect of the Plan Share have been satisfied, and otherwise within the time prescribed by the ASX Listing Rules. The Company need not do so, however, if the Shares are not then traded on ASX.

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## **10. Restriction on transfer**

### **10.1 Restriction on transfer**

An Eligible Employee may not sell or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid and until the expiry of the qualifying period in respect of the Plan Shares, if any, that may be imposed by the Board and set out in the Invitation, other than in accordance with Rules 6.2 to 6.4 or 6.7.

### **10.2 Cost of transfer**

The Company will not meet any costs in relation to the sale of Plan Shares.

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## **11. Amendments to the Rules**

### **11.1 Power to amend Rules**

Subject to Rule 11.2, the Board may alter, delete or add to these Rules at any time, but for so long as the Company remains on the official list of ASX, such alteration, deletion or addition has no effect unless the relevant requirements of the ASX Listing Rules have been complied with.

### **11.2 Amendment to Plan or Plan Shares**

No amendment to the provisions of the Plan, or to any restrictions or other conditions relating to any Plan Shares issued pursuant to the Plan, may be made which reduces the rights of Eligible Employees in respect of Plan Shares issued to them prior to the date of the amendment, other than any amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake; or
- (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

### **11.3 Notice of amendment to Rules**

As soon as is reasonably practicable after making any amendment under Rule 11.1, the Board will give notice in writing of the amendment to any shareholder affected by the amendment.

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## **12. Plan Limit**

**12.1** The Board must ensure that the number of Shares offered under this Plan on any date does not exceed the limit set out in Rule 12.2.

**12.2** The Board must ensure that it does not offer Shares under the Share Plan if the number of Shares, 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 the Share Plan or any other share incentive scheme,

exceeds 10 per cent of the issued capital of the Company at the time of the offer or issue of the Shares.

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## **13. Powers of the Board**

The Plan will be administered by the Board which has the power to:

- (a) determine procedures from time to time for administration of the Plan consistent with these Rules;
- (b) subject to Rule 11, amend or modify these Rules;
- (c) resolve conclusively all questions of fact or interpretation arising in connection with the Plan; and
- (d) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of the Board's powers or discretions arising under the Plan.

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## **14. Miscellaneous**

The rights and obligations of any individual under the terms of his office or employment with any Group Company are not affected by his participation in the Plan and these Rules do not form part of and are not incorporated into any contract of engagement or employment of any individual with a Group Company and do not confer directly or indirectly on an individual any legal or equitable right whatsoever against a Group Company. No individual has any rights of compensation or damages in consequence of the termination of his engagement or employment for any reason whatsoever in so far as those rights arise or may arise from his ceasing to have rights under the Plan as a result of such termination.

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## **15. Governing Law**

This Plan and any Plan Shares issued under it are governed by, and are to be construed in accordance with, the laws of Western Australia.