

PepinNini Minerals Limited

ABN 55 101 714 989

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of **PepinNini Minerals Limited** will be held at **Level 1, 76 Waymouth Street, ADELAIDE, South Australia**, on **Thursday 10th November, 2011** at **2.30pm**.

AGENDA

ORDINARY BUSINESS

To receive and consider the financial statements and reports of the Company for the year ended 30 June 2011, together with the reports by the Directors and Auditors therein.

Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June, 2011

To consider and if thought fit, pass the following as an ordinary resolution:

“That the Directors’ Remuneration Report required by Section 250R2 of the Corporations Act, as contained in the Directors’ Report of the Company, for the year ended 30 June, 2011 be adopted.”

Resolution 2 – Ratification of previous share issue

To consider and if thought fit, pass the following as an ordinary resolution:

“That pursuant to and in accordance with Listing Rule 7.4 of the Listing Rules of the Australian Securities Exchange, the shareholders approve and ratify the prior issue and allotment by the Company of 11,500,000 ordinary fully paid shares to sophisticated or professional investors on 27th and 30th January, 2011.”

Resolution 3 – Re-Election of Director

“That Rebecca Holland-Kennedy, being a Director of the Company, retiring by rotation in accordance with the Company’s Constitution, being eligible and offering herself for re-election, be appointed a Director of the Company.”

Resolution 4 – Approval of Employee Share Option Plan

“That for the purpose of ASX Listing Rule 7.2, Exception 9 and for all other purposes the Company approve the issue of securities under the employee incentive option scheme for employees known as “PepinNini Minerals Limited Employee Share Option Plan” the rules of which are attached as Attachment A to the Explanatory Notes accompanying this Notice of Meeting, as an exception to ASX Listing Rule 7.1.”

Voting Exclusion Statement

The Company will disregard any votes cast on resolution 1 by or on behalf of any of the Company’s key management personnel or by or on behalf of a closely related party of a member of the key management personnel. The Company’s key management personnel are those personnel, including the Directors, whose remuneration details appear in the Remuneration Report. A closely related party of a member of the key management personnel of the Company is a spouse or child of the member; a child of the member’s spouse; a dependant of the member or of the member’s spouse; anyone else who is one of the member’s family and may be expected to influence the member or be influenced by the member, in the member’s dealings with the Company; or a company the member controls. However, the Company need not disregard a vote in relation to Resolution 1 if it is cast by a person (including the chair) as a proxy appointed that specifies how the proxy is to vote on Resolution 1 and the vote is not cast on behalf of a member of key management personnel or a closely related party of such a member.

The Company will disregard any votes cast on resolution 2 by any person who participated in the issue and any associate of such person.

The Company will disregard any votes cast on resolution 4 by any Director of the Company and any associate of such person.

However, in respect of each of Resolutions 2 and 4, the Company need not disregard a vote if:-

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board

Rebecca Holland-Kennedy

Secretary

Date Wednesday, 5th October, 2011



Pepinini Minerals Limited

ABN 55 101 714 989

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Pepinini Minerals Limited (the "Company") in connection with the business to be conducted at the Annual General Meeting to be held on Thursday 10th November, 2011 at 2.30pm at Level 1, 76 Waymouth Street, ADELAIDE, South Australia.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

2. FINANCIAL REPORTS

Whilst the Corporations Act requires the financial reports, the Directors' Report and the Auditors' Reports of Pepinini Minerals Limited for the year to be laid before the Annual General Meeting, neither that Act nor the Company's Constitution requires shareholders to vote on, approve or adopt those reports.

Shareholders will, however, have ample opportunity at the Annual General Meeting to raise questions on these reports.

3. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2011

Under section 250R2 of the Corporations Act, the Directors Report must now include a separately identified Remuneration Report.

Listed entities are further required to submit the Remuneration Report for adoption at the Company's Annual General Meeting. However the vote on the resolution is advisory only and does not bind the Directors of the Company. Notwithstanding the current 'advisory' status of the vote on the remuneration report the Directors have decided they will take into account the outcome of the vote when reviewing the remuneration policy.

Recent amendments to the Corporations Act 2001 which have effect from 1 July, 2011 provide that if the Company's Remuneration Report receives a 'no' vote of 25 per cent or more at two consecutive annual general meetings, a resolution must then be put to shareholders at the second annual general meeting as to whether another meeting should be held (within 90 days) at which all Directors who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Board recommends that shareholders vote in favour of the Company's Remuneration Report as set out in the Directors Report of the Company's Annual Report. The Chairman intends to vote all available proxies in favour of the resolution.

4. RESOLUTION 2 – RATIFICATION OF PREVIOUS SHARE ISSUE

As announced on 19th January, 2011 the Company agreed to place eleven and a half million (11,500,000) ordinary fully paid shares in the Company at \$0.27 per share raising a total of \$3.1 million before costs. Funds raised were intended for working capital and to progress the Company's Direct Shipping Iron Ore project at Robinson Range Western Australia. The shares were issued on 27th and 30th January, 2011 to sophisticated or professional investors of PhillipCapital Australia. The issued shares are fully paid ordinary shares and are on the same terms as existing fully paid ordinary shares in the Company. These shares were issued within the 15% annual limit permitted under Listing Rule 7.1 without shareholder approval. The approval and ratification sought is in accordance with Listing Rule 7.4 of the Listing Rules of the ASX for the purpose of effectively reinstating the maximum limit under Listing Rule 7.1 of the Listing Rules of the ASX of the number of securities that the Company may issue in any twelve (12) month period without the necessity of shareholder approval.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

5. RESOLUTION 3 – RE-ELECTION OF REBECCA HOLLAND-KENNEDY AS A DIRECTOR

The Company's Constitution requires that one third of the directors retire from office at the Annual General Meeting and if they so desire offer themselves for re-election. The Director to retire from office is that person other than the Managing Director who has been longest in office since last re-elected. Accordingly Ms Rebecca Holland-Kennedy is required to retire in accordance with the Constitution and therefore needs to seek re-election at this Annual General Meeting.

Ms Rebecca Holland-Kennedy offers herself for re-election and the Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

6. RESOLUTION 4 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

Shareholder approval is required for the issue of securities under the Pepinini Minerals Limited Employee Share Option Plan (**Plan**) under which employees and contractors may be offered the opportunity to receive options to subscribe for shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its personnel. The Plan is designed to provide incentives to the employees and contractors of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that options are a cost effective and efficient means of incentivising its personnel. To enable the Company to secure employees and contractors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company. Under the Plan, the Board may offer to eligible persons the opportunity to receive such number of options in the Company as the Board may decide and on and subject to terms set out in the rules of the Plan, a copy of which is attached as Attachment A. Each option issued under the Plan will be a right to acquire one fully paid ordinary share in the capital of the Company. The options will be granted for no consideration and will not be quoted on ASX. The exercise price of each option will be determined by the Board and must not be less than Market Value (as defined in the Plan) of a share at the time. The Plan is structured in a way that seeks to allow employees to benefit from the new tax laws for employee share schemes. In particular, the Plan has been drafted so that, provided the necessary conditions are met, including that the options and shares issued on exercise of the options are held for a period of three years or until the employee ceases employment with the Company, a tax exemption may be available to employees that have an adjusted taxable income of \$180,000 or less.

ASX Listing Rule 7.1 restricts the number of shares and options a listed entity can issue in any 12 month period without Shareholder approval. ASX Listing Rule 7.2 contains a number of exceptions to ASX Listing Rule 7.1. In particular, exception 9(b) of Listing Rule 7.2 provides that ASX Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if within 3 years before the date of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1. In accordance with the requirements of ASX Listing Rule 7.2 exception 9(b) a copy of the rules of the Plan is attached as Attachment A, no employee options have been issued under the Plan as yet and a voting exclusion statement has been included for the purposes of Resolution 4.

As the Directors are excluded from voting on this resolution they do not wish to make a recommendation as to how shareholders ought to vote on this matter. The Chairman intends to vote undirected proxies in favour of the resolution.

Shareholders are reminded the 2011 Annual Report for Pepinini Minerals Limited is available from the Company website www.pepinini.com.au and can be viewed or downloaded from the site.

Pepinini Minerals Limited

ABN 55 101 714 989

PROXY FORM

Registered Office: **96 Babbage Road, Roseville Chase, NSW 2069**

I/We

.....

of

.....

being a member/members of **Pepinini Minerals Limited** hereby appoint

.....

of

.....

or in his/her absence,

.....

of

.....

or in his/her absence, the Chairman of the Meeting as my/our general/special proxy to vote on my/our behalf at the Annual General Meeting of the company to be held **Thursday 10th November 2011** or at any adjournment of that meeting.

signed this.....day of.....2011

Individuals:

Signature of Shareholder/Shareholders.....

Companies:

Signature of DirectorSignature of Director/Secretary.....

Unless otherwise instructed or provided in this form, the proxy will vote as he or she thinks fit, or abstain from voting. If the Chairman is appointed proxy, he will vote all undirected proxies (other than on Resolution 1) in favour of all resolutions.

Voting Direction for Resolution 1

The Chairman and any other member of key management personnel, the details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member cannot vote undirected proxies on Resolution 1. If you have appointed the Chairman or other member of key management personnel or their closely related parties as your proxy, or in the case of the Chairman, he is appointed your proxy by default, your votes will not be counted towards Resolution 1 unless you specifically direct the proxy how to vote. You can do this by marking either the "For", "Against" or "Abstain" box adjacent Resolution 1 below, or in the case of appointment of the Chairman as proxy by directing the Chairman to vote in accordance with his stated voting intentions for this resolution (as noted below), by marking the box below.

The Chairman intends to vote all available proxies in favour of Resolution 1.

I/We direct the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1 and acknowledge that the Chairman may exercise my/our proxy even though Resolution 1 relates to the remuneration of Key Management Personnel, including the Chairman.

Resolution 4

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolution 4, please place a mark in this box. In regard to Resolution 4 only, by marking this box you acknowledge that the Chairman may exercise your proxy even though he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you do not direct your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Should the member wish to direct the proxy how to vote, the following should be completed.

Resolution No.:	FOR	AGAINST	ABSTAIN
1. Remuneration Report – non binding vote	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of previous share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Rebecca Holland-Kennedy as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Pepinini Minerals Limited

ABN 55 101 714 989

PROXIES

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the Company, but should be a natural person over the age of 18 years. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

A corporation may elect to appoint in accordance with the *Corporations Act 2001*, in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form. Proxy forms must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting. If you have any queries on how to cast your votes then call Rebecca Holland-Kennedy on (08) 8218 5000 during business hours.

HOW TO COMPLETE THE PROXY FORM

1. Your Address

This is your address as it appears on the company's share register.

2. Appointment of a Proxy

If you wish to appoint an individual or body corporate as your proxy please write the full name of that individual or body corporate in the space provided. You may nominate the Chairman of the Meeting or any Director as your proxy. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered security holder in the space.

3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses other than by members of key management personnel and their closely related parties who are prohibited from voting on undirected proxies on a resolution connected directly or indirectly with the remuneration of a member of key management personnel (including the remuneration report). If you mark more than one box on an item your vote on that item will be invalid.

4. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the Company. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Security holder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting at 3pm AEST (2.30pm Adelaide) on 10 November 2011. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

BY MAIL (in reply paid envelope provided) – Pepinini Minerals Limited, GPO Box 403, ADELAIDE, SA 5001

BY FAX – 61 (0)8 8212 5717

ATTACHMENT A

PEPINNINI MINERALS LIMITED

ACN 101 714 989

**RULES OF THE PEPINNINI MINERALS LIMITED
EMPLOYEE SHARE OPTION PLAN**

Plan adopted by resolution of directors

on ...4 October 2011.

per:



.....

Norman Kennedy
Chairman



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1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules, unless the contrary intention appears:

“Associated Company” means at any time any body corporate that at that time is a related body corporate of the Company within the meaning of section 50 of the Corporations Act;

“ASX” means ASX Limited ACN 008 624 691 and includes any body corporate which may hereafter succeed to the powers, functions and duties of ASX Limited;

“Board” means the directors acting as the board of directors of the Company;

“Business Day” means a day on which the stock market of ASX is open for trading in securities;

“Certificate” means the certificate issued by the Company to an Option Holder in respect of an Option;

“Cessation Date” means the date on which the Option Holder dies or otherwise ceases to be an Eligible Person;

“Company” means PepinNini Minerals Limited (ACN 101 714 989);

“Corporations Act” means *Corporation Act 2001* (Cth);

“Director” means a director of a Group Company from time to time;

“Eligible Person” means at any time a person who then is an employee of, or a contractor or an employee of a contractor¹ to, a Group Company (whether full-time or part-time) or a Director engaged in an executive capacity only;

“Exercise Date” means, in relation to an Option, the date on which that Option is exercised in accordance with these Rules.

“Exercise Price” means, in respect of an Option, the subscription price per Share, determined in accordance with clause 6.4, payable by a Option Holder on exercise of the Option;

“Expiry Date” means, in relation to an Option, the relevant expiry date specified in the Offer for that Option;

“Group” means, collectively the Company and each of the Associated Companies;

¹ Disclosure relief under ASIC Class Order 03/184 does not extend to contractors, or employees of contractors. Where an Offer is to be made to a contractor or employee of a contractor and no disclosure exemption in section 708 of the Corporations Act applies, case by case relief may need to be sought from ASIC.



“Group Company” means the Company or any Associated Company;

“Holding Lock” has the meaning given in section 2 of the Settlement Rules of ASX Settlement and Transfer Corporation Pty Limited (ASTC).

“Issue Date” means, in relation to an Option, the date on which the Company grants that Option;

“Listing Rules” means the Listing Rules of ASX and any other rules of ASX which are applicable while an entity is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX or the rules of any other stock exchange on which the Company is listed for the time being and from time to time;

“Market Value” means:

- (a) the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the day on which the Board resolves to offer an Option (excluding special crossings and overnight sales); or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX (excluding special crossings and overnight sales);

“Offer” has the meaning given in clause 5.1

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

“Option” means a right, issued under the Plan, to subscribe for a Share;

“Option Holder” means a person who holds Options in accordance with the Plan;

“Permanent Disablement” means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

“Permitted Nominee” has the meaning given in clause 5.3(2)(b);

“Plan” means the PepinNini Minerals Limited Employee Share Option Plan established in accordance with these Rules;

“Redundancy” means, in relation to an Eligible Person, a determination by the Board that the relevant Group Company’s need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does



not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of any Group Company of his own accord);

“**Retirement**” means, in relation to an Eligible Person, retirement by that Eligible Person from any Group Company at age 60 or over or such earlier age as considered appropriate by the Board;

“**Rules**” means these rules, as amended from time to time;

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

“**Shareholder**” means a holder of a Share.

1.2 Interpretation

In these Rules, unless the contrary intention appears:

- (1) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (2) the singular includes the plural and vice versa;
- (3) a reference to a gender includes all genders;
- (4) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (5) an expression defined in, or given a meaning for the purposes of, the Corporations Act or the Listing Rules has the same meaning where used in these Rules.

2. MANAGEMENT OF THE PLAN

2.1 Establishment of the Plan

Subject to obtaining the approval of Shareholders (if required), the Plan will commence on a date determined by the Board.

2.2 Application of Plan

The Plan shall only apply to Options.

2.3 Management of the Plan

- (1) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate such authorities as may be necessary or desirable for the administration and management of the Plan.



-
- (2) Subject to the provisions of these Rules, the Board may administer the Plan and make such regulations and establish such procedures for the administration and management of the Plan as the Board considers appropriate.
 - (3) Every exercise of discretion by the Board may be made in its absolute discretion and every decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive and binding.

3. ENTITLEMENT TO PARTICIPATE

3.1 Eligible Persons

Subject to clause 4, the Board may from time to time determine, in its absolute and uncontrolled discretion, Eligible Persons entitled to participate in the Plan and the number of Options to be granted to each Eligible Person under the Plan. The determination of the Board shall be binding and neither the Board nor any director of the Company shall be obliged to give any reason for a determination.

3.2 Discretion of Board

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

3.3 Length of service

Unless otherwise determined by the Board in its absolute and uncontrolled discretion, no Eligible Person shall be entitled to participate in the Plan unless that Eligible Person has been in continuous employment with, or a contractor to, a Group Company for at least 12 months prior to the Issue Date or an employee of such a contractor for at least 12 months prior to the Issue Date.

4. NUMBER OF OPTIONS TO BE ISSUED

4.1 Entitlement

Subject to clause 4.2, the formula by which entitlements of Eligible Persons shall be determined shall be at the absolute discretion of the Directors and shall take into account skills, experience, length of service with the Company, remuneration level and such other criteria as the Board considers appropriate in the circumstances.

4.2 Maximum number of Options to be issued

Subject to clause 4.3, the Company shall not offer or issue Options to any Eligible Person in accordance with the Plan, if the total number of Shares the subject of Options would exceed 5% of the total number of issued Shares as at the time of the proposed offer, when aggregated with:

- (a) the number of Options to be granted pursuant to the proposed offer;



-
- (b) the number of Shares which would be issued if all the current Options granted under any Group Company employee incentive scheme (including the Plan) were exercised;
 - (c) the number of Shares which have been issued as a result of the exercise of Options granted under any Group Company employee incentive scheme (including the Plan), where the Options were granted during the preceding five years; and
 - (d) all other Shares issued pursuant to any Group Company employee incentive scheme (including the Plan) during the preceding five years.

4.3 Exclusions

For the purposes of the 5% limit in clause 4.2, the Company shall exclude Options acquired or Shares issued by way of or as a result of:

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

5. OFFER OF OPTIONS

5.1 Offer

Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Persons at such times and on such terms as the Board considers appropriate in its absolute and uncontrolled discretion ("**Offer**"). Each Offer must state:

- (a) the maximum number of Options available to the Eligible Person;
 - (b) that the Eligible Person to whom it is addressed may accept the whole or any lesser number of Options offered. The Offer may stipulate a minimum number of Options and any multiple of such minimum or any other number which may be accepted;
 - (c) that the Eligible Person should seek tax advice before accepting the Offer or exercising any Options that may be granted pursuant to the Offer;
 - (d) the Exercise Price and Expiry Date of those Options;
 - (e) the period within which the Offer may be accepted;
 - (f) any other matters which the Board may determine including vesting conditions.
-



5.2 Vesting on Takeover Bid

If any Options are issued on the condition that the Options vest at a time later than the date of grant of the Options, the Options will automatically vest in the Option Holder on a Takeover Bid (within the meaning given to that term in section 9 of the *Corporations Act 2001* (Cth)) for the Company's Shares becoming unconditional or a court approving a scheme of arrangement for the merger of the Company with another entity.

5.3 Acceptance of Offer by Eligible Person

- (1) Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:
 - (a) accept, by notice in writing to the Board, the whole or any lesser number of Options specified in the Offer; or
 - (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute and uncontrolled discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.
- (2) Upon:
 - (a) receipt of the acceptance referred to in paragraph 5.3(1); or
 - (b) the Board resolving to allow a renunciation of an offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by notice in writing to the Board,

the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be issued Options subject to these Rules.

5.4 Permitted Nominee

If Options are issued to a Permitted Nominee of an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

5.5 Option Certificates

Certificates for Options will be dispatched within 10 Business Days after their Issue Date (or within such lesser period (if any) as may be required by the Listing Rules).



6. OPTION TERMS

6.1 Options to be granted for no consideration

Options issued under the Plan will be issued for no consideration.

6.2 Quotation

The Company will not apply for official quotation by ASX of any Options.

6.3 Transfer of Options

Subject to clause 7.3 or unless the Board in its absolute and uncontrolled discretion determines otherwise (which determination shall be binding), Options may not be transferred or disposed of before the earlier of 3 years after the date of grant of the Options and the date the Option Holder (or, if the Option Holder is a Permitted Nominee of an Eligible Person, that Eligible Person) ceases being employed by a Group Company.

6.4 Exercise Price of Options

The Exercise Price of each Option will be determined by the Board when it resolves to offer the Option and will be not less than the Market Value of a Share at that time.

7. LAPSING OF OPTIONS

7.1 Options to lapse

Unless the Board in its absolute discretion determines otherwise, Options held by an Eligible Person or a Permitted Nominee (as the case may be) shall lapse upon the earlier of:

- (a) the Expiry Date;
- (b) a determination by the Board that the Eligible Person or Option Holder has acted fraudulently, dishonestly or the Eligible Person is in breach of their obligations to a Group Company; and
- (c) the Eligible Person ceasing to be an Eligible Person for any reason other than Retirement, Permanent Disability, Redundancy or death.

7.2 Certificate

A certificate signed by the company secretary of a Group Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the date of such occurrence.



7.3 Retirement, Permanent Disability, Redundancy or Death

- (1) Unless the Board in its absolute discretion determines otherwise, notwithstanding any relevant Expiry Date, if an Option Holder ceases to be an Eligible Person by reason of Retirement, Permanent Disability or Redundancy, that person must, should that person wish to exercise any Options that are exercisable by him or her, exercise those Options on or before the date that is 3 months after the Cessation Date. Any Options that are not exercised by the end of that period will lapse.
- (2) Unless the Board in its absolute discretion determines otherwise, notwithstanding any relevant Expiry Date, if an Option Holder ceases to be an Eligible Person by reason of death, that person's legal personal representative must, should that representative wish to exercise any Options that would have been exercisable by the deceased, exercise those Options on or before the date that is 6 months after the Cessation Date. Any Options that are not exercised by the end of that period will lapse.

8. EXERCISE OF OPTIONS

8.1 Exercise

- (1) Subject to clause 8.2, Options may only be exercised by notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:
 - (a) an amount of money equal to the Exercise Price multiplied by the number of Options specified in the notice; and
 - (b) the Certificate for those Options, for cancellation by the Company.
- (2) A notice given under clause 8.1(1) is only effective (and only becomes effective) when the Company has received the notice and the amount calculated under clause 8.1(1)(b) in cleared funds.

8.2 Minimum Number

Some or all of the Options may be exercised at any one time or times prior to the Expiry Date provided that no less than 10,000 Options are exercised at any one time unless the exercise relates to all remaining Options.

8.3 Information by Company

The Company will provide to an Eligible Person 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 Eligible Person.



9. SHARES ALLOTTED ON EXERCISE OF OPTIONS

9.1 Number of Shares to be allotted

Subject to clauses 10.3 and 10.5, each Option entitles the Option Holder to subscribe for and be allotted one Share.

9.2 Allotment by Company

Subject to clauses 7.1 and 7.3, within 10 Business Days after the notice referred to in clause 8.1(1) becomes effective (or within such lesser period (if any) as may be required by the Listing Rules), the Board must:

- (a) allot and issue the number of Shares specified in the notice to the Option Holder;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

9.3 Shares to rank equally

All Shares allotted upon exercise of Options will rank equally in all respects with Shares on issue at the Exercise Date and, in particular, entitle the Option Holder to participate fully in:

- (a) dividends declared by the Company after the date the Shares are allotted; and
- (b) all issues of securities made or offered pro rata to Shareholders.

9.4 Quotation of Shares

If the Shares are admitted to the official list of ASX or another exchange, then the Group Company must apply for official quotation of all Shares allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment (or within such lesser period (if any) as may be required by the Listing Rules of the relevant exchange).

9.5 Transfer of Shares

- (1) Unless the Board in its absolute and uncontrolled discretion determines otherwise (which determination shall be binding) Shares issued on exercise of Options may not be transferred or disposed of before the earlier of:
 - (a) three years after the date of grant of the Options; and
 - (b) the time the Option Holder (or, if the Option Holder is a Permitted Nominee of an Eligible Person, that Eligible Person) ceases being employed a Group Company.



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- (2) To give effect to the restriction on disposal under clause 9.5(1) a Holding Lock will be placed on the Shares during the period of the restriction on transfer.

10. ENTITLEMENT TO PARTICIPATE IN FUTURE ISSUES

10.1 No entitlement

There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options.

10.2 New Issues

- (1) Option Holders may only participate in new issues of securities to Shareholders if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue.
- (2) The Company must notify Option Holders of any new issue in accordance with the relevant timetable prescribed by the Listing Rules or if there is no applicable timetable at least 7 days before the record date for determining entitlements to the issue.

10.3 Bonus Issues

If there is a bonus Share issue (“**Bonus Issue**”) to Shareholders (other than an issue in lieu, or satisfaction, of dividends or by way of dividend reinvestment), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option had been exercised before the record date for the Bonus Issue.

10.4 Pro Rata Issue

If there is a pro rata issue of securities to Shareholders (other than a Bonus Issue or an issue in lieu, or satisfaction, of dividends or by way of dividend reinvestment), the Exercise Price of an Option will be reduced according to the following formula:

$$A = O - \frac{E [P - (S+D)]}{N + 1}$$

A = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of Shares into which one Option is exercisable.

P = the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of ASX during the 5 trading days immediately preceding the ex



rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises).

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

10.5 Reorganisation of Capital

If, prior to the expiry or lapse of any Options, there is a reorganisation of the issued capital of the Company, those Options will be reorganised to the extent necessary to comply with the Listing Rules.

10.6 Advice

In accordance with the Listing Rules, the Company must give notice to each Option Holder of any adjustment to the number of Shares for which the Option Holder is entitled to subscribe or to the Exercise Price pursuant to the provisions of clauses 10.3, 10.4 or 10.5.

11. CONNECTION WITH OTHER PLANS

- (1) The Company is not restricted to using this Plan as the only method of providing incentive rewards to Eligible Persons. The Board may approve other incentive schemes.
- (2) Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Group unless the terms of that other plan provide otherwise.

12. AMENDMENT AND TERMINATION OF PLAN

12.1 Amendment

- (1) Subject to clause 12.1(2), the Board may alter, delete or add to these Rules at any time (save for the provisions of clauses 4, 6.1 and 9.4), but, where the Company is admitted to the Official List, its resolution to do so has no effect unless the requirements of the Listing Rules in relation to the modification of the Rules have been complied with.
- (2) Amendments to these Rules are not to affect the accrued rights or entitlements of an Option Holder without the written consent of the Option Holder.



12.2 Termination

- (1) The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- (2) The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

13. NOTICES

- (1) Notices may be given by the Company to any Option Holder either personally or by sending by post to the address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by the Option Holder to the Company for the giving of notices.
- (2) Notices of any overseas Option Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company.
- (3) A notice of exercise of Options shall not be deemed to be served on the Company until actually received.

14. RIGHTS OF ELIGIBLE PERSONS

Nothing in these Rules:

- (a) confers on any Eligible Person the right to receive any Options until a determination is made under clause 3.1;
- (b) confers on any Eligible Person the right to continue as an employee of, or a contractor or an employee of a contractor to, the Group;
- (c) forms part of any contract of employment between any Group Company and any of their respective employees;
- (d) affects any rights which any Group Company may have to terminate the employment of any Eligible Person; or
- (e) may be used to increase damages in any action brought against any Group Company in respect of the termination of the employment of any Eligible Person by any Group Company.



15. TAX LIABILITY

No Group Company will be liable for any tax imposed on any Eligible Person or Permitted Nominee of an Eligible Person as a result of any issue, or exercise, of Options granted under this Plan.

16. GENERAL

- (1) The entitlement of Eligible Persons under the Plan and these Rules are subject to the Company's constitution, the Listing Rules and the Corporations Act.
- (2) Notwithstanding any provisions of these Rules no Shares may be acquired, allocated, assigned, or dealt with if to do so would contravene the Corporations Act, the Listing Rules or any other applicable laws.

17. GOVERNING LAW

This Plan, and the rights of an Eligible Person under the terms and conditions of this Plan, are governed by the laws of the state of South Australia.