

# Employee Share and Option Plan

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Xanadu Mines Ltd ACN 114 249 026

Approved by shareholders 30 July 2020

# Table of Contents

1.	Name of Plan.....	1
2.	Objectives.....	1
3.	Definitions and interpretation .....	1
	3.1 Definitions .....	1
	3.2 Interpretation.....	4
4.	Operation of Plan .....	5
	4.1 Operation of Plan.....	5
	4.2 Plan limit.....	5
	4.3 Compliance with ASIC CO 14/1000.....	5
5.	Offer of Shares .....	5
	5.1 Offer of Shares.....	5
	5.2 Requirements for Offer for Shares.....	5
	5.3 Acceptance Form with Offer .....	6
	5.4 Ability to renounce Offer .....	6
6.	Offer of Options.....	6
	6.1 Offer of Options.....	6
	6.2 Requirements for Offer for Options.....	6
	6.3 Acceptance Form with Offer .....	7
	6.4 Ability to renounce Offer .....	7
7.	Current Market Price .....	7
	7.1 Undertake to provide Current Market Price .....	7
	7.2 Current Market Price on ASX .....	7
8.	Trusts, Contribution Plans and loans .....	7
	8.1 Trusts .....	7
	8.2 Contribution Plan .....	7
	8.3 Loans .....	8
9.	Acceptance of Offer .....	8
	9.1 Acceptance of Offer .....	8
	9.2 Unaccepted Offer will lapse .....	8
	9.3 No brokerage, commission or stamp duty .....	8
	9.4 Terms of Securities .....	8
10.	Lapse of Options .....	8
11.	Cessation of employment or engagement - Uncontrollable Event.....	8
12.	Cessation of employment or engagement - Controllable Event .....	9
13.	Breach, fraud, dishonesty or misconduct.....	9
14.	Exercise of Options .....	10
	14.1 Exercise of Options.....	10
	14.2 Exercise and allotment of marketable parcel.....	10
	14.3 Allotment upon receipt of Option Exercise Notice .....	10
	14.4 Quotation on the ASX .....	11
15.	Additional issues of Securities and dividends .....	11
	15.1 No entitlement to new securities .....	11
	15.2 No entitlement to dividends.....	11
16.	Bonus issue.....	11
17.	Adjustment for rights issue.....	11
18.	Rights of Participants .....	12
19.	Eligibility and Acknowledgement for Securities.....	12
	19.1 Board discretion .....	12
	19.2 Misconduct of Eligible Person.....	12
	19.3 Issue subject to Acknowledgement .....	12
	19.4 Approved form .....	13
	19.5 Fresh Acknowledgement for future participation in Plan .....	13
20.	Statement of allotment, interest in Securities.....	13
	20.1 Statement of allotment.....	13
	20.2 Interest in Securities .....	13
21.	Certificates: non-certification.....	13

# Table of Contents

21.1	Share certificates .....	13
21.2	Restriction from dealing procedure .....	13
22.	Restriction on disposal of Shares.....	13
23.	Unrestricted Shares.....	14
23.1	Removal of restrictions .....	14
23.2	Subsequent actions .....	14
24.	Restriction on disposal of Options.....	14
25.	Unrestricted Options .....	14
25.1	Removal of restrictions .....	14
25.2	Subsequent actions .....	15
25.3	Listing of Options .....	15
26.	Exercise of Restricted Option.....	15
26.1	Restricted Options convert to Relevant Restricted Shares .....	15
26.2	Restriction periods for Relevant Restricted Shares .....	15
26.3	Removal on restriction on Relevant Restricted Shares .....	15
27.	Taxation.....	15
27.1	Offer to specify whether tax deferral applies .....	15
27.2	Compliance with section 83A-105(6) of the Tax Law .....	15
27.3	Company not liable .....	16
28.	Administration of Plan .....	16
28.1	Administered by the Board.....	16
28.2	Board's unfettered discretion .....	16
28.3	Waiver of Terms of Allotment .....	16
28.4	Dispute .....	16
28.5	Termination or suspension.....	16
29.	Amendments to this Plan .....	16
29.1	Board may amend.....	16
29.2	Must not materially prejudice .....	16
29.3	Retrospective effect .....	17
29.4	Notification of Participants .....	17
30.	Terms of employment or engagement not affected .....	17
30.1	Employment or engagement unaffected.....	17
30.2	Terms of Allotment unaffected.....	17
30.3	No right to compensation .....	17
30.4	Rights of Participants .....	18
31.	Notices .....	18
31.1	General .....	18
31.2	Pre-paid mail, facsimile or email.....	18
31.3	Delivery .....	18
31.4	Notice to deceased .....	19
31.5	Treatment of notice .....	19
32.	Constitution, Listing Rules and governing law .....	19
32.1	Subject to Constitution, Listing Rules and Corporations Act .....	19
32.2	Contravention of law .....	19
32.3	Governing law .....	19
	Schedule 1 - Summary of terms and conditions of the Plan .....	20

# Employee Share and Option Plan

## 1. Name of Plan

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This document sets out the rules of the **Xanadu Mines Ltd Employee Share and Option Plan**.

## 2. Objectives

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The Employee Share and Option Plan is a long term incentive aimed at creating a stronger link between an Eligible Person's performance and reward, while increasing shareholder value in the Company.

## 3. Definitions and interpretation

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### 3.1 Definitions

In this Plan:

**Acceptance Date** has the meaning ascribed to that term in clause 5.2(e).

**Acceptance Form** means a form for the acceptance of offers made to an Eligible Person or Eligible Associate in such form as the Board may approve from time to time.

**Acknowledgement** means the form of acknowledgement from time to time approved by the Board for the purposes of clause 19.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC CO 14/1000** means ASIC Class Order [14/1000] as amended or replaced from time to time.

**Associated Body Corporate** in relation to the Company means:

- (a) a Related Body Corporate of the Company;
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%.

**ASX** means the ASX Limited ACN 008 624 691.

**Board** means the board of directors of the Company.

**Business Day** means a day on which ASX is open for business.

**Casual Employee** in relation to the Company or an Associated Body Corporate, means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with the Company or an Associated Body Corporate.

**Company** means Xanadu Mines Ltd ACN 114 249 026.

# Employee Share and Option Plan

**Contractor** in relation to the Company or an Associated Body Corporate means:

- (a) an individual with whom the body has entered into a contract for the provision of services under which the individual performs work for the body; or
- (b) a company with whom the body has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for the body,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the body.

**Contribution Plan** has the meaning given to that term by ASIC CO 14/1000.

**Controllable Event** means cessation of employment or engagement other than by an Uncontrollable Event.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended from time to time.

**Current Market Price** means the closing market price as that term is defined in the ASX Listing Rules.

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

**Eligible Associate** means:

- (a) an immediate family member of an Eligible Person;
- (b) a company whose members comprise no persons other than the Eligible Person or immediate family members of the Eligible Person; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Person is a director of the trustee.

**Eligible Person** means a Director, Employee, Contractor or Prospective Participant.

**Employee** means a full-time or part-time employee of the Company or an Associated Body Corporate of the Company or a Casual Employee.

**Exercise Price** means the price to be determined by the Board at its sole discretion.

**Financial Year** means the financial year adopted by the Company for the purpose of making up the profit and loss account and balance sheet of the Company pursuant to the Corporations Act.

**Government Body** means:

- (a) any person, body or other thing exercising an executive, legislative, judicial or other governmental function of any country or political subdivision of any country;
- (b) any public authority constituted by or under a law of any country or political subdivision of any country; and
- (c) any person deriving a power directly or indirectly from any other Government Body.

**Issue Date** means the date on which the Securities are issued to Participants.

# Employee Share and Option Plan

**Issue Price** means the price payable by a Participant which shall at the time of issue be determined by the Board at its sole discretion.

**Listing Rules** means the Listing Rules of the ASX as amended from time to time.

**Offer** means an offer to take up Securities pursuant to clauses 5 and 6.

**Offer Document** is given the meaning attributed to that term in ASIC CO 14/1000.

**Official List** means the official list of ASX.

**Option** means an option to subscribe for a Share.

**Option Commencement Date** means the date to be determined by the Board prior to the issuance of the relevant Options.

**Option Period** means in respect of an Option, the period commencing on the Option Commencement Date and (unless the Board determines otherwise) expiring on the date nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two years after grant, subject to clauses 11, 12 and 13.

**Participant** means an Eligible Person or an Eligible Associate who accepts an offer from the Board to participate in this Plan.

**Participant Option** means an Option that is issued to a Participant under this Plan.

**Participant Share** means a Share that is issued to a Participant under this Plan.

**Performance Hurdle** means criterion, condition or other requirement that must be satisfied.

**Plan** means this employee share and option plan.

**Prospective Participant** means in relation to this Plan, a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming an Eligible Person.

**Related Body Corporate** has the meaning given to that term in the Corporations Act.

**Relevant Restricted Shares** has the meaning given to that term in clause 26.1.

**Restricted Option** means a Participant Option issued pursuant to this Plan that is subject to the restrictions contemplated in clause 24.

**Restricted Share** means a Participant Share issued pursuant to this Plan that is subject to the restrictions contemplated in clause 22.

**Securities** means collectively a Share and Option and **Security** has a corresponding meaning.

**Share** means fully paid ordinary shares in the capital of the Company.

**Tax Law** means the *Income Tax Assessment Act 1997* and the *Income Tax Assessment Act 1936*, as the case may be.

**Terms of Allotment** means, in relation to a Security:

- (a) the terms and conditions of this Plan;

# Employee Share and Option Plan

- (b) the Acknowledgement required under clause 19;
- (c) each restriction and other condition prescribed by the Board in relation to the Security; and
- (d) each statement setting out particulars in relation to the Security under clause 20.

**Uncontrollable Event** means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of, or ceasing their engagement with, the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

**Unrestricted Option** means a Participant Option that is no longer subject to the restrictions imposed by the Board pursuant to clause 24.

**Unrestricted Share** means a Participant Share that is no longer subject to the restriction imposed by the Board pursuant to clause 22.

## 3.2 Interpretation

- (a) Unless the contrary intention appears, a reference in these Rules to:
  - (1) these Rules or another document includes any variation or replacement of it despite any change in the identity of the parties;
  - (2) one gender includes the others;
  - (3) the singular includes the plural and the plural includes the singular;
  - (4) a person, partnership, corporation, trust, association, joint venture, unincorporated body, Government Body or other entity includes any other of them;
  - (5) an item, recital, clause, subclause, paragraph, schedule or attachment is to an item, recital, clause, subclause, paragraph of, or schedule or attachment to, these Rules and a reference to these Rules includes any schedule or attachment;
  - (6) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
  - (7) any statute, ordinance, code or other law includes regulations and other instruments under any of them and consolidations, amendments, re-enactments or replacements of any of them;
  - (8) money is to Australian dollars, unless otherwise stated; and
  - (9) a time is a reference to Brisbane time unless otherwise specified.
- (b) The words include, including, such as, for example and similar expressions are not to be construed as words of limitation.

# Employee Share and Option Plan

- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.

## 4. Operation of Plan

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### 4.1 Operation of Plan

Subject to clauses 4.2 and 4.3, the Board may at any time decide that this Plan should be operated in respect of any Financial Year and the Board may determine at its discretion the total number of Securities to be offered to each Eligible Person (or Eligible Associate, as the case may be) and the Issue Price, terms, conditions and restrictions on which the Securities are offered.

### 4.2 Plan limit

The total number of Securities which may be offered by the Company under this Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous three year period under:

- (a) an employee incentive scheme covered by ASIC CO 14/1000; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

### 4.3 Compliance with ASIC CO 14/1000

The Board may only offer to issue Securities pursuant to this Plan:

- (a) if the Company has provided ASIC with notice that it is relying upon ASIC CO 14/1000 with respect to this Plan;
- (b) if the Company has issued an Offer Document pursuant to which the Company offers to issue Securities pursuant to this Plan;
- (c) the Company has complied with clause 4.2; and
- (d) the Company has complied with any other requirements imposed upon the Company by ASIC CO 14/1000.

## 5. Offer of Shares

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### 5.1 Offer of Shares

The Board shall offer such number of Shares to such Eligible Persons or Eligible Associates (where applicable) as determined in accordance with clause 4 subject to the terms and conditions of this Plan for the time being.

### 5.2 Requirements for Offer for Shares

Such Offer will be in writing and will specify:

- (a) the name and address of the Eligible Person or Eligible Associate (where applicable) to whom the Offer is made;
- (b) the number of Shares being offered;



# Employee Share and Option Plan

- (c) the Issue Price of the Shares on offer;
- (d) the date of the Offer;
- (e) the date, being not more than 45 days after the date of the Offer by which the Offer must be accepted (**Acceptance Date**);
- (f) any Performance Hurdle applying to the Offer;
- (g) any other terms and conditions attaching to the Offer including, without limitation, whether any restrictions contemplated in clause 22 of this Plan will be imposed on the Shares being offered;
- (h) whether deferral of any taxation in accordance with Division 83A-C of the Tax Law is to apply to the Offer; and
- (i) any other information required by ASIC CO 14/1000.

## 5.3 **Acceptance Form with Offer**

The Offer will be accompanied by an Acceptance Form, the terms and conditions of this Plan and a summary of this Plan.

## 5.4 **Ability to renounce Offer**

An Eligible Person who receives an Offer of Shares pursuant to this Plan may renounce the Offer in favour of the Offer being made to an Eligible Associate.

## 6. **Offer of Options**

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### 6.1 **Offer of Options**

The Board shall offer such number of Options to such Eligible Persons or Eligible Associates (where applicable) as determined in accordance with clause 4, subject to the terms and conditions of this Plan for the time being.

### 6.2 **Requirements for Offer for Options**

Such Offer will be in writing and specify:

- (a) the name and address of the Eligible Person or Eligible Associate (where applicable) to whom the Offer is made;
- (b) the number of Options being offered;
- (c) the Option Period;
- (d) the Exercise Price;
- (e) the date of the Offer;
- (f) the date, being not more than 45 days after the date of the Offer by which the Offer must be accepted (**Acceptance Date**);
- (g) any Option hurdle applying to the Offer or the Options;

# Employee Share and Option Plan

- (h) any other terms and conditions attaching to the Offer or the Options including, without limitation, whether any restrictions contemplated in clause 24 of this Plan will be imposed on the Options being offered;
- (i) whether deferral of any taxation in accordance with Division 83A-C of the Tax Law is to apply to the Offer; and
- (j) any other information required by ASIC CO 14/1000.

## 6.3 Acceptance Form with Offer

The Offer will be accompanied by an Acceptance Form, the terms and conditions of this Plan and a summary of this Plan.

## 6.4 Ability to renounce Offer

An Eligible Person who receives an Offer of Options pursuant to this Plan may renounce the Offer in favour of the Offer being made to an Eligible Associate.

## 7. Current Market Price

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### 7.1 Undertake to provide Current Market Price

At any time from the date of an Offer until the Acceptance Date of that Offer, the Company undertakes, within three Business Days of a written request to the Company from a Participant to do so, to provide information as to:

- (a) the Current Market Price of Shares; or
- (b) where the Issue Price is to be worked out in the future under a formula, the price were that formula applied at the date of the Offer,

to the Participant in writing.

### 7.2 Current Market Price on ASX

Notwithstanding clause 7.1, a Participant may, at any time, independently access the Current Market Price of the Shares from the ASX website at [www.asx.com.au](http://www.asx.com.au).

## 8. Trusts, Contribution Plans and loans

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### 8.1 Trusts

A Company or an Associated Body Corporate that makes an offer of Securities under this Plan in relation to which a trustee holds or will hold the Securities, must ensure that the Company, the relevant trust and relevant trustee comply with ASIC CO 14/1000 with respect to the obligations imposed for issues of such Securities to trustees.

### 8.2 Contribution Plan

If the Company or an Associated Body Corporate has a Contribution Plan for use by an Eligible Person in conjunction with this Plan, the Company or Associated Body Corporate must ensure that any use of the Contribution Plan by the Company, Associated Body Corporate or Eligible Person complies with the obligations imposed by ASIC CO 14/1000.

# Employee Share and Option Plan

## 8.3 Loans

A Company or an Associated Body Corporate that makes an offer of Securities under this Plan that involves a loan from the Company or Associated Body Corporate to the Participant must ensure that the Company or Associated Body Corporate making the loan complies with the obligations imposed by ASIC CO 14/1000.

## 9. Acceptance of Offer

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### 9.1 Acceptance of Offer

An Eligible Person or Eligible Associate may accept the Offer by:

- (a) delivering to the Company the completed Acceptance Form by the Acceptance Date; and
- (b) paying the Issue Price applicable to the Offer in cleared funds.

### 9.2 Unaccepted Offer will lapse

An Offer which is not accepted by the Participant by the Acceptance Date will lapse.

### 9.3 No brokerage, commission or stamp duty

No brokerage, commission, stamp duty or other transaction costs will be payable by Eligible Persons or Eligible Associates in respect of any allotment of Securities under this Plan.

### 9.4 Terms of Securities

All Securities allotted under this Plan will rank pari passu in all respects with the Securities of the same class for the time being on issue with the exception of:

- (a) any rights attaching to other Securities by virtue of entitlements arising from a record date prior to the date of the allotment in respect of those Securities; and
- (b) the restrictions applying by virtue of clauses 22 and 24.

## 10. Lapse of Options

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A Participant Option lapses, to the extent it has not been exercised, on the earlier of:

- (a) the expiry of the Option Period;
- (b) if an Eligible Person's employment or engagement with the Company ceases because of an Uncontrollable Event, the last day of any period specified in clause 11(c); and
- (c) if an Eligible Person's employment or engagement with the Company ceases because of a Controllable Event, the last day of any period specified in clause 12(b), subject to clause 12(a).

## 11. Cessation of employment or engagement - Uncontrollable Event

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If an Eligible Person's employment or engagement with the Company ceases because of an Uncontrollable Event:

# Employee Share and Option Plan

- (a) where the Uncontrollable Event is due to the death of the Participant and the Participant has been continuously employed or engaged by the Company (or an Associated Body Corporate) for at least 12 months up to and including the date of death then any Performance Hurdle that has not been satisfied will be deemed to have been waived and those Participants Options will be deemed to have vested and any restrictions that might apply to vested but unexercised Participant Options will cease to apply;
- (b) subject to the terms of issue of the Participant Options, the Board in its absolute discretion may determine to reduce, vary or waive any Performance Hurdle that has not been satisfied or other restriction that might apply as at the date of the Uncontrollable Event so that the Participant Options subject to the Performance Hurdle may be exercised and freely disposed;
- (c) the Participant may at any time prior to the earlier of:
  - (1) the expiry of the Option Period; or
  - (2) six months (or such other period as the Board shall, in its absolute discretion, determine) from the end of the calendar year in which the Eligible Person ceased that employment or engagement where a relevant Performance Hurdle was satisfied,exercise any Participant Options capable of being exercised; and
- (d) all of the Participant Options held by the Participant that have not been exercised in accordance with clause 11(c) or are not capable of being exercised will automatically lapse.

## **12. Cessation of employment or engagement - Controllable Event**

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If an Eligible Person's employment or engagement with the Company ceases because of a Controllable Event:

- (a) unless otherwise determined by the Board, all Participant Options subject to Performance Hurdles that have not been satisfied as at the date of the Controllable Event will lapse;
- (b) the Participant may, at any time prior to the earlier of:
  - (1) the expiry of the Option Period; and
  - (2) three months (or such other period as the Board shall, in its absolute discretion, determine) from the end of the calendar year in which the Eligible Person ceased that employment or engagement where a relevant Performance Hurdle was satisfied,exercise all Participant Options not subject to Performance Hurdles (including any Participant Options that have vested under clause 12(a)); and
- (c) all of the Participant Options held by the Participant that have not been exercised in accordance with clause 12(b) will automatically lapse.

## **13. Breach, fraud, dishonesty or misconduct**

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If in the opinion of the Board there is reasonable evidence that a Participant:

# Employee Share and Option Plan

- (a) materially contributed to, or been materially responsible for, the need to restate or adjust the financial results of the Company or an Associated Body Corporate, including acted fraudulently or dishonestly or in a manner that adversely affects the Company's reputation or which is characterised as gross misconduct;
- (b) acted fraudulently, dishonestly or committed gross misconduct in any other respect of the Participants employment or engagement with the Company or an Associated Body Corporate; or
- (c) hedged the value of or entered into a derivative arrangement in respect of unvested Participant Options;
- (d) granted or purported to grant any security interest over a Participant Share or Participant Option other than as permitted by the Company;
- (e) is or has been in material breach of his or her obligations to the Company or an Associated Body Corporate,

then the Board may in its absolute discretion determine that some or all of the Participant Options issued to the Participant will lapse and the Board's decision will be final and binding. The Board may also determine the grant or exercise of some or all of the Participant Options is not appropriate or warranted due to exceptional circumstances, in which case, the Board may decide to cancel or adjust some or all of the Participant Options which are not subject to Performance Hurdles and the Board's decision will be final and binding.

## 14. Exercise of Options

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### 14.1 Exercise of Options

A Participant may at any time during the Option Period (but not after a Participant Option has lapsed and subject to clause 14.2) exercise all or any of the Participant Options held by him or her by lodging with the Company:

- (a) a written notice of exercise of option specifying the number of Shares in respect of which Participant Options are being exercised (**Option Exercise Notice**); and
- (b) payment to the Company by way of a cheque, electronic transfer or such other method of payment approved by the Board for the Exercise Price multiplied by the number of Shares in respect of which Participant Options are being exercised on a Business Day within the earlier of 30 days of delivery of the Option Exercise Notice or the Business Day prior to the expiry of the Option Period.

### 14.2 Exercise and allotment of marketable parcel

Participant Options must be exercised so as to result in the allotment of a marketable parcel within the meaning of the Listing Rules **provided that** where the number of Participant Options held by a Participant has been adjusted from time to time in accordance with the terms and conditions of this Plan, the Participant Options will be exercised by the Participant so as to result in as near as possible a marketable parcel of Shares being created.

### 14.3 Allotment upon receipt of Option Exercise Notice

Upon receipt of the Option Exercise Notice and the payment referred to in clause 14.1, the Board shall allot to the Participant the Shares to which the Participant is entitled subject to the provisions of the constitution of the Company.

# Employee Share and Option Plan

## 14.4 Quotation on the ASX

Upon allotment of Shares pursuant to the exercise of Options, the Company will, if listed on the ASX, use its best endeavours to have such Shares quoted and listed on the Official List of the ASX.

## 15. Additional issues of Securities and dividends

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### 15.1 No entitlement to new securities

Participant Option holders do not have any right to participate in new issues of Securities in the Company made to shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of Securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.

### 15.2 No entitlement to dividends

The Option holder does not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.

## 16. Bonus issue

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If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may 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.

## 17. Adjustment for rights issue

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If, during the life of any Option, there is a pro rata issue (except a bonus issue) then the subscription price applicable to each Share then comprised in the Option may be reduced according to the following formula:

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

where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities into which one Option is exercisable.
- P = if the Company is listed on the ASX, the average market price per Share (weighted by reference to volume) of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue).

# Employee Share and Option Plan

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

## 18. Rights of Participants

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In addition to the rights set out in clauses 16 and 17, the Board may, subject to and in accordance with any relevant Listing Rule, vary:

- (a) the number of Options to which a Participant is entitled under this Plan;
- (b) the Exercise Price; or
- (c) both the number of Options and the Exercise Price,

to make such adjustments to the entitlements of Participants as the Board may regard as appropriate following any reduction or restructuring of the capital of the Company **provided always** that:

- (a) in the event of a reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of a reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on Participants which are not conferred on holders of Shares; and
- (b) subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of the holders of Shares approving the reorganisation of capital, in all other respects the terms for the exercise of Options shall remain unchanged.

## 19. Eligibility and Acknowledgement for Securities

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### 19.1 Board discretion

The Board may in its absolute discretion determine that an Eligible Person who otherwise would be eligible to acquire Securities under this Plan is nonetheless not eligible.

### 19.2 Misconduct of Eligible Person

An Eligible Person will not be eligible to acquire Securities under this Plan at any time if he or she has been given notice of dismissal or termination for misconduct from the employment or engagement by virtue of which he or she would, but for this clause 19.2, be eligible to acquire Securities (or has given notice of resignation from employment or engagement in order to avoid such dismissal).

### 19.3 Issue subject to Acknowledgement

The Board may, at such time as it determines, issue Securities under this Plan to each Participant, subject to the Participant providing, or having provided to the Company, a valid Acknowledgement that the Participant agrees to be bound by the Terms of Allotment and by the constitution of the Company.

# Employee Share and Option Plan

## 19.4 **Approved form**

An Acknowledgment required under this clause 19 must be in the form from time to time approved by the Board and must state any restrictions or other conditions relating to the Securities as determined by the Board.

## 19.5 **Fresh Acknowledgement for future participation in Plan**

The Board may at any time in its absolute discretion determine that an existing Acknowledgment provided by a Participant under this clause 19 ceases to be of effect and that a new Acknowledgment must be provided by the Participant if that Participant wishes to participate in any future issue under this Plan.

## 20. **Statement of allotment, interest in Securities**

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### 20.1 **Statement of allotment**

As soon as reasonably practicable after the allotment of Securities, the Company shall cause a statement to be provided to each Participant setting out particulars of the Securities allotted to that Participant.

### 20.2 **Interest in Securities**

Each Participant has full legal and beneficial ownership of the Securities allotted to that Participant but any dealings with those Securities by the Participant are restricted as provided in this Plan.

## 21. **Certificates: non-certification**

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### 21.1 **Share certificates**

The Company is not required to issue Share certificates or Option certificates, and is entitled to retain custody of any Share certificates or Option certificates issued, in respect of Participant Shares or Participant Options as long as those Shares are Restricted Shares or those Options are Restricted Options.

### 21.2 **Restriction from dealing procedure**

If any Participant Shares or Participant Options are uncertificated, the Company is authorised to implement any procedure it deems appropriate to restrict the Participant from dealing with the Participant Shares or Participant Options (as the case may be) for as long as those Shares are Restricted Shares or Options are Restricted Options.

## 22. **Restriction on disposal of Shares**

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The Board, at its discretion may offer and issue Restricted Shares under this Plan upon the terms and conditions it sees fit, including without limitation, the length of and any exceptions to such restriction imposed. If the Board offers and issues Restricted Shares the following provisions will apply:

- (a) Shares allotted under this Plan may not be dealt with (meaning for the purposes of this Plan, disposed of, transferred, encumbered or otherwise dealt with on such terms and with such exceptions as the Directors see fit) by a Participant at any time whilst those Shares are so restricted;



# Employee Share and Option Plan

- (b) the Company will not apply for listing of Restricted Shares on ASX; and
- (c) if the Participant deals with or attempts to deal with a Participant Share in breach of clause 22(a), to the extent permitted by law, the Board shall be entitled to refuse to register any transfer of a Restricted Share.

## **23. Unrestricted Shares**

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### **23.1 Removal of restrictions**

Upon a Participant Share becoming an Unrestricted Share, all restrictions on dealing with the Share provided or pursuant to this Plan will lapse.

### **23.2 Subsequent actions**

As soon as practicable after a Share becomes an Unrestricted Share, the Company shall:

- (a) cause the removal of any restriction imposed on dealing with the Share under clause 22(a);
- (b) cause a statement of holding to be sent to the Participant to whom the Share is allotted; and
- (c) if the Company is listed on the ASX, at the expense of the Company, forthwith apply to ASX for quoting of the Unrestricted Share on ASX.

## **24. Restriction on disposal of Options**

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The Board, at its discretion, may offer and issue Restricted Options under this Plan upon the terms and conditions it sees fit, including, without limitation, the length of and any exceptions to such restriction imposed. If the Board offers and issues Restricted Options the following provisions will apply:

- (a) Options allotted under this Plan may not be dealt with (meaning for the purposes of this Plan disposed of, transferred, encumbered or otherwise dealt with on such terms and with such exceptions as the Directors see fit) by a Participant at any time until they become Unrestricted Options;
- (b) the Company will not apply for listing of Restricted Options on ASX; and
- (c) if the Participant deals with or attempts to deal with a Participant Option in breach of clause 24(a) to the extent permitted by law, the Board shall be entitled to refuse to register any transfer of a Restricted Option.

## **25. Unrestricted Options**

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### **25.1 Removal of restrictions**

Upon a Participant Option becoming an Unrestricted Option, all restrictions on dealing with the Option provided or pursuant to this Plan will lapse.

# Employee Share and Option Plan

## 25.2 Subsequent actions

As soon as practical after an Option becomes an Unrestricted Option, the Company will:

- (a) cause the removal of any restriction imposed on dealing with the Option under clause 24(a); and
- (b) cause a statement of holding to be sent to the Participant to whom the Option is allotted.

## 25.3 Listing of Options

Following an Option becoming an Unrestricted Option the Board may, if provided for in the terms and conditions attaching to the Option, at the expense of the Company, apply for those Unrestricted Options to be quoted on ASX if the Board forms the view, acting reasonably, that the Unrestricted Options meet the quotation requirements set out in the Listing Rules.

## 26. Exercise of Restricted Option

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### 26.1 Restricted Options convert to Relevant Restricted Shares

For the avoidance of doubt, in the event that a Participant exercises a Restricted Option in accordance with this Plan, the resulting Shares allotted as a consequence of exercise of the relevant Option shall be deemed to be Restricted Shares pursuant to clause 22 (**Relevant Restricted Shares**).

### 26.2 Restriction periods for Relevant Restricted Shares

The Relevant Restricted Shares shall remain Restricted Shares for the purpose of this Plan until the expiration of the remainder of the restriction period originally imposed on the exercised Restricted Option.

### 26.3 Removal on restriction on Relevant Restricted Shares

Upon the Relevant Restricted Shares becoming Unrestricted Shares in accordance with clause 26.2, the provisions of clause 23.1 and clause 23.2 shall apply.

## 27. Taxation

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### 27.1 Offer to specify whether tax deferral applies

Any Offer made pursuant to this Plan will specify whether subdivision 83A-C of the Tax Law applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

### 27.2 Compliance with section 83A-105(6) of the Tax Law

In order to avoid any ambiguity, this clause is intended to comply with section 83A-105(6) of the Tax Law such that subdivision 83A-C applies to any Offers made pursuant to this Plan where the terms of the Offer comply with the requirements of that subdivision and the Offer expressly states that subdivision 83A-C is to apply to the Offer.

# Employee Share and Option Plan

## 27.3 Company not liable

Neither the Company nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Eligible Persons or Eligible Associates.

## 28. Administration of Plan

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### 28.1 Administered by the Board

The Board administers this Plan and may:

- (a) determine appropriate procedures for the administration of this Plan consistent with the Terms of Allotment; and
- (b) delegate to any one or more persons for such period and on such conditions as it may determine, the exercise of any of its powers or discretions arising under this Plan.

### 28.2 Board's unfettered discretion

Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion in the exercise of any of its powers or discretions pursuant to this Plan and to act or refrain from acting under or in connection with this Plan.

### 28.3 Waiver of Terms of Allotment

The Board may, in relation to any Participant Share or Participant Option, waive in whole or in part, on terms it considers appropriate, any of the Terms of Allotment.

### 28.4 Dispute

If there is any dispute or disagreement as to the interpretation of this Plan or the Terms of Allotment of any Security, the decision of the Board is final and binding upon all persons.

### 28.5 Termination or suspension

The Plan may be terminated or suspended at any time by resolution of the Directors and notification to the ASX in accordance with the Listing Rules.

## 29. Amendments to this Plan

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### 29.1 Board may amend

Subject to clause 29.2 and the Listing Rules, the Board may by resolution amend (meaning, for the purposes of this clause 29, amend, add to, revoke or replace) this Plan (including this clause 29) or any of the Terms of Allotment of a Participant Share or a Participant Option.

### 29.2 Must not materially prejudice

The Board may not amend this Plan if the amendment would materially reduce the rights of a Participant in respect of a Participant Share or a Participant Option allotted before the date of the amendment, unless the amendment is introduced primarily:

- (a) for the purpose of complying with any State or Commonwealth legislation that affects this Plan;

# Employee Share and Option Plan

- (b) to correct a manifest error;
- (c) to address possible adverse tax implications in respect of this Plan arising from, amongst others:
  - (1) a ruling of any relevant taxation authority;
  - (2) a change to tax legislation (including an official announcement by any relevant taxation authority); or
  - (3) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction; or
- (d) to enable the Company to comply with its constitution, the Corporations Act, other legislation or the Listing Rules.

## 29.3 Retrospective effect

Subject to clause 29.2, any amendments made under clause 29.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

## 29.4 Notification of Participants

As soon as reasonably practicable after making any amendment under clause 29, the Board, by written notice, will inform each Participant affected.

## 30. Terms of employment or engagement not affected

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### 30.1 Employment or engagement unaffected

The Terms of Allotment of this Plan do not:

- (a) form part of any contract of employment, engagement or any arrangement in respect of any such employment or engagement, between an Eligible Person and Eligible Associate (when applicable) and the Company; or
- (b) constitute a related condition or collateral arrangement to any such contract of employment or engagement,

and participation in this Plan does not in any way affect the rights and obligations of a Participant under the terms of his or her employment or engagement.

### 30.2 Terms of Allotment unaffected

The terms of a Participant's employment or engagement with the Company do not in any way affect the rights and obligations of a Participant under this Plan.

### 30.3 No right to compensation

A Participant has no right to compensation or damages from the Company in respect of any loss of future rights under this Plan as a consequence of termination of the Participant's employment or engagement.

# Employee Share and Option Plan

## 30.4 Rights of Participants

Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person the right to continue as a Director, Employee or Contractor;
- (b) confers on any Eligible Person the right to become or remain a Director, Employee or Contractor or to participate under the Plan;
- (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements (where applicable);
- (d) affects the rights and obligations of any Eligible Person under the terms of their office, employment with the Company or Associated Body Corporate;
- (e) affects any rights which the Company may have to terminate the office, employment or engagement of an Eligible Person or will be taken into account in determining an Eligible Person's termination or severance pay;
- (f) may be used to increase damages in any action brought against the Company or an Associated Body Corporate in respect of any such termination; or
- (g) confers any responsibility or liability on the Company or Associated Body Corporate or their directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person.

## 31. Notices

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### 31.1 General

A notice (meaning for the purposes of this clause 31, notice, application, permission or other communication) under this Plan may be given in writing, addressed to the person to whom it is given, and is taken to be given and received if sent in accordance with clauses 31.2, 31.3 and 31.4.

### 31.2 Pre-paid mail, facsimile or email

For the purposes of clause 31.1, a notice is duly given and received by the Company if sent to the Company by pre-paid mail or by facsimile or other electronic communication, to an address at which it is actually received by:

- (a) the person who is, from time to time, designated by the Board as the person to whom the notice should be sent or by whom it should be received, and whose name or title and address are notified to the sender; or
- (b) if no other person is designated by the Board for this purpose, the secretary of the Company.

### 31.3 Delivery

For the purposes of clause 31.1, a notice is duly given and received by a natural person (other than a person designated as the person to whom the notice should be sent in order to be received by the Company) if sent to:

- (a) the person's last known mailing address or the person's last known facsimile or other electronic communication address; or

# Employee Share and Option Plan

- (b) in the case of an Eligible Employee or a Participant, to the last known mailing, facsimile or other electronic communication address of the place of business at which the person performs the whole or substantially the whole of his or her office or employment or engagement.

## 31.4 Notice to deceased

A notice given under clause 31.1 to a person being a natural person, is duly given even if the person is then deceased (and whether or not the Company has notice of his or her death), unless the legal personal representative of the person has established title to the satisfaction of the Company and supplied to the Company an address to which documents should be sent.

## 31.5 Treatment of notice

A notice sent in accordance with clause 31.1 is treated as given and received in the case of:

- (a) a notice sent to the Company, at the time it is actually received by the secretary or other person designated by the Board as the person to whom it should be sent or by whom it should be received;
- (b) any other notice sent by prepaid mail, 48 hours after it was put into the post properly stamped; and
- (c) any other notice sent by facsimile or other electronic communication, at the time of transmission.

## 32. Constitution, Listing Rules and governing law

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### 32.1 Subject to Constitution, Listing Rules and Corporations Act

This Plan and any Terms of Allotment are subject to the Company's constitution, the Corporations Act and the Listing Rules. If there is any inconsistency between the Plan and any Terms of Allotment and the Listing Rules, then the Listing Rules will prevail.

### 32.2 Contravention of law

Notwithstanding clause 32.1 of the Plan, no Participant Share or Participant Option may be offered, issued, vested or exercised if to do so:

- (a) would contravene the Corporations Act or the Listing Rules; or
- (b) would contravene the local laws or customs of an Eligible Person or Eligible Associate's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

### 32.3 Governing law

This Plan is governed by the laws in force in Queensland and the Commonwealth of Australia.

# Employee Share and Option Plan

## Schedule 1 - Summary of terms and conditions of the Plan

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1. The Plan is to extend to Eligible Persons or Eligible Associate (as the case may be) of Xanadu Mines Ltd ACN 114 249 026 (**Company**) or an Associated Body Corporate of the Company as the Board may in its discretion determine.
2. The total number of Securities which may be offered by the Company under this Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous three year period under:
  - (a) an employee incentive scheme covered by ASIC CO 14/1000; or
  - (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
3. The Shares are to be issued at a price determined by the Board.
4. The Options are to be issued for no consideration.
5. The exercise price of an Option is to be determined by the Board at its sole discretion.
6. The Option Commencement Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issuance of the relevant Options.
7. The Option Period commences on the Option Commencement Date and ends on the earlier of:
  - (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two years;
  - (b) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
    - (1) the expiry of the Option Period; or
    - (2) six months (or such other period as the Board shall, in its absolute discretion, determine) from the end of the calendar year in which the Eligible Person ceased that employment or engagement where a relevant Performance Hurdle was satisfied;
  - (c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
    - (1) the expiry of the Option Period; or
    - (2) three months (or such other period as the Board shall, in its absolute discretion, determine) from the end of the calendar year in which the Eligible Person ceased that employment or engagement where a relevant Performance Hurdle was satisfied; or

## Employee Share and Option Plan

- (d) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate or having materially contributed to, or been materially responsible for, the need to restate or adjust the financial results of the Company or an Associated Body Corporate. The Board may also cancel unvested Participant Options where it determines they are not appropriate or warranted due to exceptional circumstances.
8. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:
- (a) subject to paragraph 2, the total number of Shares and Options to be offered in any one year to Eligible Persons or Eligible Associates;
  - (b) the Eligible Persons to whom offers will be made; and
  - (c) the terms and conditions of any Shares and Options granted, subject to the Plan.
9. In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.
10. Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.
11. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the Plan.
12. The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
13. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
14. The Board may impose as a condition of any offer of Shares and Options under the Plan any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
15. The Board may vary the Plan.
16. The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.



# Employee Share and Option Plan

17. At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it shall provide information as to:

- (a) the Current Market Price of the Shares; and
- (b) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the Offer,

to any Participant within three Business Days of a written request to the Company from that Participant to do so.

18. Any Offer made pursuant to this Plan will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

In this Plan:

**Controllable Event** means cessation of employment or engagement other than by an Uncontrollable Event.

**Uncontrollable Event** means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.