

MINERAL RESOURCES LIMITED
ABN 33 118 549 910

EMPLOYEE SHARE OPTION PLAN RULES

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1. INTRODUCTION

1.1 Name of Plan

The Plan is called the Mineral Resources Employee Share Option Plan.

1.2 Objectives of the Plan

The objectives of the Plan are to provide the opportunity for Eligible Employees to share in the success of the Company and to attract and retain talented employees to ensure the continuing growth and success of the Company.

1.3 Commencement of the Plan

The Plan will commence on the date determined by the Committee.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, unless the context requires otherwise:

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

Board means the board of directors of the Company from time to time.

Bonus Issue means a pro rata issue of Shares to holders of Shares for which no consideration is payable by them.

Business Day means a day on which trading banks are open for business in Perth excluding a Saturday, Sunday or public holiday.

Class Order means ASIC Class Order 03/184 (or any amendment or replacement of that Class Order).

Committee means the Board or any committee to whom the Board has delegated the responsibility for administering the Plan and the Rules.

Company means Mineral Resources Limited (ABN 33 118 549 910).

Constitution means the constitution of the Company, as amended from time to time.

Control has the meaning given to it under the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Eligible Employee means an employee of the Company (or its related body corporate) or any other person determined by the Committee from time to time to be eligible under the Plan.

Exercise Notice means a notice of exercise of Options, in a form approved by the Board from time to time.

Exercise Period means that period commencing on the Issue Date and expiring on the Expiration Date.

Exercise Price means the exercise price for each Option determined by the Committee and set out in an Offer but shall not be less than \$0.90.

Expiration Date means such date as the Committee determines in an Offer which may include the expiration upon the Employee resigning within a specified period of time.

Group Company means the Company and any other company related to it by virtue of the Corporations Act 2001.

Issue Date means the date an Option is issued to a Participant.

Listing Rules means the listing rules of the ASX.

Market Value means on any relevant day, unless otherwise determined by the Committee, the weighted average price of a Share as traded on the ASX during the one week period up to and including that day. The weighted average price of a Share will be determined by the Board in its sole discretion either in accordance with the Listing Rules or market practice.

Offer means an offer to an Eligible Employee by or on behalf of the Committee to acquire Options under the Plan.

Option means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the Terms of Issue.

Option Certificate means a certificate issued by the Company to a Participant setting out the number of Options issued to the Participant, the Issue Date, the Exercise Price and any conditions attached to the issue of the Options.

Participant means an Eligible Employee who accepts an Offer or who holds a Share as a result of exercising an Option.

Plan means this Mineral Resources Employee Share Option Plan as amended from time to time.

Record Date has the meaning given to it in the Listing Rules.

Rules means these Rules as amended from time to time.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest.

Share means a fully paid ordinary share in the capital of the Company.

Terms of Issue means the terms and conditions attached to an Offer as determined by the Board in its sole discretion from time to time.

2.2 Interpretation

In these Rules unless the context otherwise requires:

- (a) words denoting the singular include the plural and vice versa;
- (b) words denoting an individual or persons include bodies corporate or incorporate and trusts and vice versa;

- (c) wherever the word "include" appears in any form, it is to be construed as being followed by the words "without being limited to";
- (d) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (e) where any word or phrase is given a defined meaning in these Plan Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) all references to Rules are to Rules of this Plan;
- (g) references to currency are to the currency of Australia;
- (h) where the day on or by which something must be done is not a Business Day, that thing must be done on or by the following Business Day;
- (i) unless otherwise identified a word which is given a special meaning by the Corporations Act will where the context allows have the same meaning in this agreement; and
- (j) references to an act of parliament or any regulation made subsidiary or pursuant thereto include that act or regulation as amended or re-enacted from time to time and any act or regulation intended to replace any of, whether or not passed by the same parliament whether or not incorporating or adopting any act, rules or regulation passed by another parliament; and
- (k) a term or expression starting with a capital letter:
 - (i) which is defined in Rule 2.1, has the meaning given to it in Rule 2.1; and
 - (ii) which is defined in the Corporations Act but is not defined in Rule 2.1, has the same meaning as in the Corporations Act.

2.3 Primary Instruments

- (a) These Rules are to be interpreted subject to the Constitution, the Corporations Act, the Listing Rules and any other applicable laws.
- (b) If there is any inconsistency between:
 - (i) the Rules and the Terms of Issue, the provisions of the Rules will apply; and
 - (ii) the Terms of Issue and any other document (other than the Rules), communication or representation provided or made to any Eligible Employee, the provisions of the Terms of Issue will apply to the extent of the inconsistency.

2.4 Rules to be Binding

Subject to Rule 2.3, the Plan:

- (a) will operate in accordance with these Plan Rules; and

(b) binds each Group Company and each Participant.

2.5 Offers must not breach law

The following applies to the operation of the Plan:

- (a) an Offer may not be made to an Eligible Employee;
- (b) Options may not be awarded under the Plan; and
- (c) Options awarded under the Plan may not be dealt with by the Participant,

if to do so would contravene the Corporations Act, the Listing Rules or any other applicable law.

2.6 Employee Incentive Plan Cap

The Company may not make an Offer under this Plan without complying with Chapter 6D of the Corporations Act at the time of the Offer, if at the time of the Offer the aggregate of:

- (a) the number of Options issued under this Plan; and
- (b) the number of Shares (including unissued shares subject to options) issued under any other employee incentive scheme of the Company in the past 5 years,

but disregarding any offer made, or option acquired or share issued by way of or as a result of:

- (a) an offer to a person situated at the time of receipt of the offer outside Australia;
- (b) an offer that was an excluded offer or invitation within the meaning of the Corporations Act;
- (c) an offer that did not need disclosure to investors because of Section 708 of the Corporations Act; or
- (d) an offer made under a disclosure document,

exceeds the limit set out in the Class Order (currently 5%) or if the Offer does not otherwise comply with the terms and conditions set out in the Class Order.

3. OFFER

3.1 Offer by Committee

Subject to these Rules, the Committee may in its absolute discretion:

- (a) determine which Eligible Employees are entitled to participate in the Plan from time to time; and
- (b) make an Offer to selected Eligible Employees to apply for Options.

3.2 Terms of Offer

An Offer will be:

- (a) In writing and contain all information required by the Class Order; and
- (b) subject to the Terms of Issue and any other conditions (if any) as the Committee may determine in its absolute discretion from time to time including imposing restrictions on the exercise of the Options such as length of service by the employee and threshold prices at which the Shares are traded on ASX. Any restrictions so imposed by the Committee must be set out in the Offer and on the Option Certificate.

3.3 Acceptance of Offer

- (a) To accept an Offer, the Eligible Employee must return a signed copy of their offer letter to the Committee within 15 Business Days of the date of the Offer (or within such other period as determined by the Committee and set out in the Offer).
- (b) When the Committee receives a signed copy of the offer letter in accordance with Rule 3.3(a), the Company will grant the relevant number of Options to the Participant and issue the Participant an Option Certificate as at the date of the Offer.
- (c) On accepting an Offer, the Participant is bound by the Rules.

3.4 Offer to be Personal

An Offer may be accepted by an Eligible Employee or by an associate of an Eligible Employee being:

- (a) the trustee of a trust under which the Eligible Employee or a relative of an Eligible Employee is a beneficiary;
- (b) a spouse, parent, sibling or child of an Eligible Employee;
- (c) any body corporate in which a controlling interest is held by the Eligible Employee or by relatives of the Eligible Employee or by the Eligible Employee and relative of the Eligible Employee; or
- (d) such other person accepted by the Board as an associate of the Eligible Employee,

(collectively, "Associate").

The Board may require the Eligible Employee or the Associate to provide any information that the Board requests concerning the person's entitlement to lodge an acceptance of an Offer.

An Offer is personal to the Eligible Employee to whom it is made and Shares acquired under the Plan (as a result of exercising an Option) may be registered only in the name of the Eligible Employee (or its Associate) to whom the Offer is made.

The Options are not transferable.

3.5 Replacement of Option Certificates

- (a) If any Option Certificate is lost, stolen, damaged or destroyed, it may be replaced by the Company on such terms as to evidence, indemnity and security as the Company may reasonably require.
- (b) The Participant will be liable for any expenses incurred in connection with the replacement of the Option Certificate.

4. LAPSING OF OPTIONS

4.1 Lapse of Options

Each Option will lapse on the Expiration Date. Any Options that remain unexercised at the end of the Expiration Date will lapse.

4.2 Return of Certificate

Where an Option lapses under **Rule 4.1**, the Participant must immediately return the Option Certificate to the Committee for immediate cancellation.

5. EXERCISE OF OPTIONS

5.1 Conditions Precedent to Exercise

The exercise of an Option is conditional on the Participant complying with **Rule 5.2**.

5.2 Manner of Exercise

A Participant may exercise his or her Options at any time during the Exercise Period by lodging (or arranging for the lodgement) with the Committee:

- (a) the Option Certificate;
- (b) a duly completed and signed Exercise Notice; and
- (c) an amount equal to the Exercise Price multiplied by the number of Options specified in the Exercise Notice.

5.3 Partial Exercise

Where a Participant only exercises part of that Participant's Options, the Company will cancel the original Option Certificate and issue the Participant with a new Option Certificate in respect of the remaining Options.

6. ISSUE OF SHARES

6.1 Issue of Shares to Participant

- (a) Where a Participant exercises Options under **Rule 5.2**, the Company must issue the Participant with the number of Shares which corresponds with the number of Options exercised in accordance with **Rule 5.2**, together with a holding statement confirming the issue of the relevant Shares.
- (b) The Board may in its sole discretion, issue the Participant with the Shares either by purchasing Shares on market or issuing new Shares.

7. PLAN TO BE ADMINISTERED BY THE COMMITTEE**7.1 Committee to Administer**

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

- (a) determine the number of Options that will be offered and Exercise Price of the Options;
- (b) determine appropriate procedures and make regulations and guidelines for the administration and operation of the Plan which are consistent with these Rules;
- (c) exercise all powers and discretions vested in it under the Rules;
- (d) resolve conclusively all questions of fact or interpretation arising from or in connection with the Rules;
- (e) terminate or suspend the operation of the Plan at any time provided that the termination or suspension will not adversely affect the rights of Participants holding Options or Shares at that time;
- (f) delegate such functions and powers as it may consider appropriate for the efficient administration of the Plan to any person or persons capable of performing those functions and exercising those powers;
- (g) take and rely upon professional expert advice in or in relation to, the exercise of any of its powers or discretions under these Rules; and
- (h) administer the Plan in accordance with the Rules as and to the extent provided in the Rules.

7.2 Committee to have Discretion

Where these Rules provide for a determination, decision or approval of the Committee, such determination, decision or approval may be made or given by the Committee in its absolute discretion.

7.3 Powers to be exercised by the Committee

Any power or discretion which is conferred on the Committee by these Rules may be exercised by the Committee in the interests, or for the benefit of the Company and the Committee is not under any fiduciary or other obligation to any other person.

7.4 Amendment to Rules

The Committee may at any time amend any of these Rules or waive or modify the application of any of these Rules in relation to any Participant provided that any amendment does not adversely affect existing rights of any Options previously granted or Shares previously issued under the Plan.

8. ADJUSTMENT TO NUMBER OF OPTIONS – BONUS ISSUES AND RECONSTRUCTION OF CAPITAL

8.1 Bonus Issues

Subject to the Listing Rules, if there is a Bonus Issue to holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which a Participant would have received if the Option had been exercised before the Record Date for the Bonus Issue.

8.2 Reconstruction

In the event that there is a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the number of Options and Shares to which each Participant is entitled will be reconstructed in the manner permitted by the Listing Rules.

8.3 Calculations

Any calculations or adjustments which are required to be made under this Rule 8 will be made by the Committee and will, in the absence of manifest error, be final and conclusive and binding on Participants.

8.4 Notification

The Committee must notify each Participant of any adjustments made to the number of Options held by that Participant within 10 Business Days of the date of the adjustment.

9. RIGHTS OF PARTICIPANTS

These Rules:

- (a) do not confer on any Eligible Employee the right to be offered any Options or Shares;
- (b) do not confer on any Participant the right to continue as an employee or executive of any Group Company; and
- (c) do not affect the terms of any Participant's employment or engagement by the Company.

10. GENERAL

10.1 Assignment

The Options may not be assigned by a Participant to any person.

10.2 Waiver of Terms and Conditions

Notwithstanding any other provisions of the Plan, the Rules or the Terms of Issue, the Board may at any time waive in whole or in part any terms or conditions in relation to the Options awarded to any Participant.

10.3 Non-residents of Australia

- (a) (i) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside of Australia to which Options awarded

or Shares Issued under the Plan may be subject to additional or modified terms.

(ii) Without limiting the powers of the Board under this Rule 10.3(a) the Board may have regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Company in relation to the Options.

(iii) Any additional rule must conform to the basic principles of the Plan.

(b) When an Option is awarded or Shares are issued under the Plan to a person who is not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Company in relation to the Option.

10.4 Withholding

Shares will only be issued or transferred to a Participant if, in the case where any Group Company must (or would suffer a disadvantage if it did not) account for any tax (in any jurisdiction) which the Participant must pay because of the issue or transfer of Shares on the exercise of an Option and/or for any social security contributions payable or assessable on the Participant (or recoverable from them) (**Tax Liability**) the Committee is satisfied that the Participant:

- (a) has paid an amount equal to the Tax Liability to the relevant Group Company; or
- (b) has made acceptable arrangements with the relevant Group Company for the payment to be made (whether by authorizing the sale of some or all of the Shares and the payment to that Group Company of the required amount from the sale proceeds or otherwise).

10.5 Communication

Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the notice or communication by post or facsimile, in the case of a company to its registered office, and in the case of a Participant either to the Participant's last known address, or, to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office or employment. Where notice or other communication is given by post, it is deemed to have been received 48 hours after it was put into the post properly addressed and stamped. Where a notice or other communication is given by facsimile, it is deemed to have been received on completion of transmission.

10.6 Governing Law

These Rules are governed by and will be construed in accordance with the laws of Western Australia under this Plan.

10.7 Jurisdiction

Each Participant:

- (a) irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia which have jurisdiction to hear appeals from those courts; and
- (b) waives any right to object to proceedings being brought in those courts for any reason.

10.8 Duties and Taxes

The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.