

# Rules of Employee Option Plan

**Syrah Resources Limited**

ACN 125 242 284

**Middletons**

Melbourne office

Ref: 10000685

## Table of Contents

<b>1.</b>	<b>The Plan</b>	<b>1</b>
<b>2.</b>	<b>Eligibility</b>	<b>1</b>
<b>3.</b>	<b>Participation</b>	<b>1</b>
3.1	Invitation to participate	1
3.2	Maximum Plan Shares	1
3.3	Application form	1
3.4	Participant bound by application form, rules and constitution	2
<b>4.</b>	<b>Grant of options</b>	<b>2</b>
4.1	Grant of options	2
4.2	No payment for options	2
4.3	Options transferable	2
4.4	Option certificate	2
4.5	Limit on issues of new shares	2
<b>5.</b>	<b>Exercise of options</b>	<b>2</b>
5.1	Manner of exercise of options	2
5.2	Exercise conditions	3
5.3	Control event	3
5.4	Issue or transfer of shares on exercise	3
5.5	Shares rank equally	3
5.6	Quotation on ASX	3
<b>6.</b>	<b>Cessation of appointment/employment and lapsing of options</b>	<b>4</b>
6.1	Death	4
6.2	Cessation for any other reason	4
6.3	Liquidation	4
6.4	Fraud	4
6.5	Lost Options	4
6.6	End of exercise period	4
<b>7.</b>	<b>Changes in circumstances</b>	<b>5</b>
7.1	Reconstruction	5
7.2	Participation in new issues	5
7.3	Adjustment to exercise price - rights issues	5
7.4	Adjustment to number of underlying securities - bonus issues	5
<b>8.</b>	<b>Amendment</b>	<b>6</b>
<b>9.</b>	<b>Powers of the Board</b>	<b>6</b>
9.1	Powers of the Board	6
9.2	Indemnification	6
9.3	Commencement of Plan	6
9.4	Termination or suspension of Plan	6
9.5	Resolution to terminate, suspend, supplement or amend	6
<b>10.</b>	<b>Powers of the administrator</b>	<b>7</b>
10.1	Appointment of administrator	7
10.2	Role of administrator	7

<b>11.</b>	<b>Notices</b>	<b>7</b>
<b>12.</b>	<b>General</b>	<b>7</b>
<b>13.</b>	<b>Governing law</b>	<b>7</b>
<b>14.</b>	<b>Definitions and interpretation</b>	<b>7</b>
14.1	Definitions	7
14.2	Interpretation	9

# Syrah Resources Limited

## Employee Option Plan

### 1. The Plan

The purpose of the Plan is to provide Eligible Employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its return to shareholders. It is intended that the Plan will enable the Company to retain and attract skilled and experienced employees and provide them with the motivation to make the Company more successful.

### 2. Eligibility

The Board may determine at any time that any Eligible Employee is not entitled to participate in the Plan if the Eligible Employee's participation would be unlawful.

### 3. Participation

#### 3.1 Invitation to participate

Subject to these rules, the Board may invite any Eligible Employee selected by it to complete an Application Form relating to a specified number of Options allocated to that Eligible Employee by the Board.

#### 3.2 Maximum Plan Shares

Subject to any law to the contrary, any Shares issued on exercise of Options pursuant to this Plan will not form part of any aggregation of Securities issued by the Company pursuant to any other share plans operated by the Company for the purposes of determining the maximum percentage of its issued Securities the Company may issue from time to time pursuant to all share plans it operates.

#### 3.3 Application form

The Board must give to each Eligible Employee invited to complete an Application Form, an Application Form together with the following information relating to the Options allocated to the Eligible Employee:

- (a) the date of grant or intended date of grant;
- (b) the total number of Options to be granted;
- (c) the Exercise Period;
- (d) the Exercise Price;
- (e) the Exercise Conditions attaching to the Options (if any);
- (f) the Disposal Restrictions attaching to any Shares issued on exercise (if any);
- (g) any other terms and conditions relating to the grant which, in the opinion of the Board, are fair and reasonable but not inconsistent with these rules;

- (h) in respect of the initial grant made to an Eligible Employee, a summary, or a copy of these rules; and
- (i) any other information or documents required to be notified by the Corporations Act or the Listing Rules.

### **3.4 Participant bound by application form, rules and constitution**

By completing and returning the Application Form, a Participant agrees to be bound by the terms of the Application Form, these rules and the Constitution.

## **4. Grant of options**

### **4.1 Grant of options**

The Board may grant Options to a Participant on acceptance of a duly signed and completed Application Form.

### **4.2 No payment for options**

Unless otherwise determined by the Board, no payment is required for the grant of Options under the Plan.

### **4.3 Options transferable**

An Option granted under the Plan is capable of being transferred or encumbered by a Participant by the Participant giving notice in writing to the Board.. The Company has no obligation to apply for quotation of the Options on the ASX.

### **4.4 Option certificate**

The Company must issue a Certificate to a Participant in respect of the Options granted to that Participant. The Company must comply with the provisions of the Constitution, the Listing Rules and the Corporations Act relating to the issue of the Certificate.

### **4.5 Limit on issues of new shares**

The number of Shares that would be issued were Options granted under this rule 4 to be exercised, when aggregated with the number of Shares that would be issued were each outstanding offer or option to acquire unissued shares, being an offer made or option acquired pursuant to the Plan or any other employee share scheme extended only to employees or directors of the Company, to be accepted or exercised (as the case may be), disregarding any offer made, or option acquired or share issued by way of or as a result of an offer to directors of the Company, must not exceed 10% of the total number of issued Shares as at the time of the grant.

## **5. Exercise of options**

### **5.1 Manner of exercise of options**

The exercise of any Option granted under the Plan may only be effected in such form and manner as the Board may prescribe.

## 5.2 Exercise conditions

Subject to rules 5.3 and 6, an Option granted under the Plan may only be exercised:

- (a) if all the Exercise Conditions have been met;
- (b) if the Exercise Price has been paid to the Company or as the Company may direct; and
- (c) within the Exercise Period relating to the Option.

An Option granted under the Plan may not be exercised once it has lapsed.

## 5.3 Control event

Notwithstanding rule 5.2 but subject to Listing Rule 6.23, the Board may determine that an Option may be exercised, whether or not any or all applicable Exercise Conditions have been met, on the occurrence of a Control Event.

## 5.4 Issue or transfer of shares on exercise

Following exercise of an Option by a Participant, the Company must, within such time as the Board determines, allot and issue or procure the transfer to the Participant of the number of Shares in respect of which the Option has been exercised, credited as fully paid.

## 5.5 Shares rank equally

Subject to the satisfaction of any applicable Disposal Restrictions, Shares allotted and issued under the Plan must rank equally in all respects with all other Shares from the date of allotment and issue, including:

- (a) voting rights; and
- (b) entitlements to participate in:
  - (i) distributions and dividends; and
  - (ii) future rights issues and bonus issues,

where the record date for determining entitlements falls on or after the date of allotment and issue.

## 5.6 Quotation on ASX

The Company must apply for quotation on the official list of the ASX of Shares allotted and issued on the exercise of Options as soon as practicable after the allotment and issue of those Shares, so long as Shares are quoted on the official list of ASX at that time.

## **6. Cessation of appointment/employment and lapsing of options**

### **6.1 Death**

Subject to Listing Rule 6.23, if a Participant ceases to be appointed or employed by the Company due to his or her death:

- (a) all Options granted to that Participant as at the date of cessation which are Vested Options may be exercised in the 12 month period following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those Vested Options will lapse; and
- (b) all other Options granted to that Participant will lapse, unless the Board determines otherwise, in which event the Board will determine the period within which those other Options may be exercised following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those other Options will lapse.

### **6.2 Cessation for any other reason**

Subject to Listing Rule 6.23, if a Participant ceases to be appointed or employed by the Company for any reason other than that contemplated by rule 6.1:

- (a) all Options granted to that Participant as at the date of cessation which are Vested Options may be exercised in the 30 day period following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those Vested Options will lapse; and
- (b) all other Options granted to that Participant will lapse, unless the Board determines otherwise, in which event the Board will determine the period within which the Options may be exercised following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which the Options will lapse.

### **6.3 Liquidation**

On Liquidation, all Options which are not Vested Options will lapse.

### **6.4 Fraud**

If, in the opinion of the Board, a Participant (or, where a Participant is a person nominated by an Eligible Employee, the employee or director who nominated the Participant) has acted fraudulently or dishonestly, the Board may determine that any Option granted to that Participant should lapse, and the Option will lapse accordingly.

### **6.5 Lost Options**

A Participant may submit a request to the Board that an Option granted to that Participant should lapse. On receipt of that request, the Board may determine that the Option should lapse, in which case the option will lapse accordingly.

### **6.6 End of exercise period**

If an Option has not lapsed earlier in accordance with this rule 6, it will lapse at the end of the Exercise Period.

## 7. Changes in circumstances

### 7.1 Reconstruction

In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company, the number of Options to which each Participant is entitled and/or the Exercise Price of those Options must be reconstructed in accordance with the Listing Rules. Options must be reconstructed in a manner which will not result in any additional benefits being conferred on Participants which are not conferred on other shareholders of the Company.

### 7.2 Participation in new issues

Subject to the Listing Rules, a Participant is only entitled to participate (in respect of Options granted under the Plan) in a new issue of Shares to existing shareholders generally if the Participant has validly exercised his or her Options within the relevant Exercise Period and become a Shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder.

### 7.3 Adjustment to exercise price - rights issues

Subject to the Listing Rules, if there is a Pro Rata Issue (except a Bonus Issue) to the holders of Shares, the Exercise Price of an Option will be reduced according to the following formula:

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

where:

OA = the Exercise Price immediately following the adjustment;

OP = the Exercise Price immediately prior to the adjustment;

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

P = the average market price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price for a Share under the Pro Rata Issue;

D = any dividend due but not yet paid on a Share (except any Share to be issued under the Pro Rata Issue); and

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

### 7.4 Adjustment to number of underlying securities - bonus issues

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

## **8. Amendment**

Subject to the Listing Rules, these rules may be amended or supplemented by resolution of the Board. Unless the resolution of the Board expressly states otherwise, any amendment or supplement to these rules will not apply to any Options granted under these rules which have not yet been exercised.

## **9. Powers of the Board**

### **9.1 Powers of the Board**

The Plan will be managed by the Board, which will have power to:

- (a) determine appropriate procedures for the administration of the Plan consistent with these rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) determine matters falling for determination under these rules in its discretion having regard to the interests of and for the benefit of the Company;
- (d) exercise the discretions conferred on it by these rules or which may otherwise be required in relation to the Plan; and
- (e) 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 the Plan.

### **9.2 Indemnification**

The Company must indemnify, and keep indemnified, to the full extent permitted by law, each person who is or has been a director or alternate director of the Company against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses which may be made, brought against, suffered or incurred by the person arising directly or indirectly out of or in connection with the administration of the Plan.

### **9.3 Commencement of Plan**

The Plan will take effect on and from such date as the Board may resolve.

### **9.4 Termination or suspension of Plan**

The Board may terminate or suspend the operation of the Plan at any time.

### **9.5 Resolution to terminate, suspend, supplement or amend**

In passing a resolution to terminate or suspend the operation of the Plan or to supplement or amend these rules, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

## 10. Powers of the administrator

### 10.1 Appointment of administrator

The Board may appoint an Administrator and may determine the terms and conditions of the Administrator's appointment. The Board may remove the Administrator.

### 10.2 Role of administrator

The Administrator must administer the Plan in accordance with these rules and any procedures determined by the Board and agreed to as between the Board and the Administrator.

## 11. Notices

Any notice or direction given under these rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or given in any reasonable manner which the Board from time to time determines.

## 12. General

Notwithstanding any rule, Shares may not be allotted and issued, acquired, transferred or otherwise dealt with under the Plan if to do so would contravene the Corporations Act, the Listing Rules, or any other applicable laws.

## 13. Governing law

The laws of Victoria, Australia, govern these rules.

## 14. Definitions and interpretation

### 14.1 Definitions

In this document, unless the context requires otherwise:

**Accounting Standards** means the Australian Accounting Standards from time to time and if and to the extent that any matter is not covered by Australian Accounting Standards means generally accepted accounting principles applied from time to time in Australia for a business similar to the Business;

**Administrator** means the person (if any) selected by the Board to carry out the day to day administration of the Plan as contemplated by rule 10.1;

**Application Form** means the form that the Board determines is to be used by an Eligible Employee to apply for Options under the Plan;

**ASX** means ASX Limited ACN 008 624 691;

**Board** means the board of directors of the Company or a committee appointed by the board of directors of the Company;

**Bonus Issue** means a Pro Rata Issue of Shares to holders of Shares for which no consideration is payable by them;

**Certificate** means, in relation to a Participant, the certificate or statement (in a form approved by the Board) issued to the Participant which discloses the number of Options entered in the register of Option holders in the name of the Participant;

**Company** means Syrah Resources Limited ACN 125 242 284;

**Constitution** means the constitution of the Company;

**Control** of an entity means having the right:

- (a) to vote 50% (or more) of the votes that can be cast on the election or removal of the entity's directors;
- (b) to appoint or remove directors who possess 50% (or more) of the votes exercisable by all directors of the entity; or
- (c) to 50% (or more) of the profits or distributions of the entity or of its net liquidation proceeds.

For this definition, if the entity does not have a board of directors, **director** means a member of the entity's governing body with a role similar to a board of directors;

**Control Event** means any of the following:

- (a) an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Control of the Company;
- (b) any other event occurs which causes a change in Control of the Company; or
- (c) any other event which the Board reasonably considers should be regarded as a Control Event;

**Corporations Act** means *Corporations Act 2001 (Cth)*;

**Disposal Restrictions** means, in relation to an Option, the restrictions (if any) determined by the Board that are required to be satisfied before a Share acquired as a result of the exercise of the Option by the Participant can be sold, transferred or otherwise dealt with by a Participant;

**Eligible Employee** means an employee or a director of the Company who is determined by the Board to be an Eligible Employee for the purposes of the Plan, or any other person who is determined by the Board to be an Eligible Employee for the purposes of the Plan;

**Exercise Conditions** means, in relation to an Option, the period of time, performance hurdles and other conditions (if any) determined by the Board that are required to be satisfied before the Option can be exercised;

**Exercise Period** means, in relation to an Option, the period in which the Option may be exercised specified by the Board under rule 3.3, subject to any variation under rules 5.3 and 6;

**Exercise Price** means a price that is specified by the Board (in its absolute discretion) at the time of issuing applications for the Options. To the extent that the Listing Rules specify or require a minimum price, the exercise price in respect of an Option must not be less than any minimum specified in the Listing Rules;

**Liquidation** means the passing of a resolution for voluntary winding up, or the making of an order for the compulsory winding up of the Company;

**Listing Rules** means the listing rules (as defined in the Corporations Act) made or adopted by the ASX;

**Option** means a right to subscribe for or acquire a Share, subject to any adjustment under rule 7.4;

**Participant** means an Eligible Employee who has been invited to participate in the Plan and any other person who is nominated by that Eligible Employee (following receipt of an invitation by the Board under rule 3.1) and who is determined by the Board to be a Participant for the purposes of the Plan;

**Plan** means the Syrah Resources Limited Share Option Plan established and operated in accordance with these rules;

**Pro Rata Issue** means an issue which has been offered to all holders of Shares on a pro rata basis;

**Securities** has the meaning as provided in the Listing Rules;

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

**Vested Option** means an Option in respect of which all Exercise Conditions have been met or which are otherwise exercisable (including as contemplated by rules 5.3 and 6).

## 14.2 Interpretation

In these rules, unless the context otherwise requires:

- (a) a reference to any thing (including an amount or a provision of this document) is a reference to the whole and each part of it;
- (b) the singular includes the plural, and vice versa;
- (c) the word 'person' includes an individual, a body corporate, a firm, an unincorporated body, a society, an association and an authority;
- (d) a reference to a particular person includes their legal personal representatives, administrators, successors, substitutes and permitted assigns;
- (e) a reference to 'costs' includes charges, expenses and legal costs;
- (f) a reference to a "rule" or "these rules" is to the rule or these rules (as the case may be) as amended or replaced;
- (g) a reference to the Constitution includes a reference to any provision having substantially the same effect which is substituted for or replaces the Constitution;
- (h) a reference to 'law' means statute law, common law and equitable principles;

- (i) a reference to a particular law includes that law and any subordinate legislation (such as regulations) under it, in each case as amended, replaced, re-enacted or consolidated;
- (j) a reference to an accounting term is to that term as it is used in the Accounting Standards;
- (k) a reference to 'dollars', '\$' or 'A\$' is to the lawful currency of Australia;
- (l) a time means that time in Melbourne, Australia;
- (m) a reference to a day or a month means a calendar day or calendar month;
- (n) if a period of time starts from a given day (or event), it is to be calculated exclusive of that day (or the day the event occurs);
- (o) the masculine includes the feminine, and vice versa;
- (p) the meaning of any general language is not restricted by any accompanying example and the words 'includes', 'including' 'such as' or 'for example' (or similar phrases) are not words of limitation; and
- (q) headings in this document are for convenience only and do not affect its meaning.
- (r) If (but for this rule) a provision of this document would be illegal, void or unenforceable or contravene the law, this document is to be interpreted as if the provision was omitted.

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