

INDOCHINE MINING LIMITED
(ACN 141 677 385)

EMPLOYEE SHARE and OPTION PLAN

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Terms, unless the context otherwise requires:

Acceptance Form means a form for the acceptance of Offers by Offerees in such form as the Board may approve from time to time and includes the acceptance in the form contained in Schedule 1.

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

ASIC means the Australian Investments and Securities Commission.

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

Board means the whole or any number of the directors of the Company for the time being assembled at a meeting of directors and includes a committee of the Board and a delegate of the Board.

Bonus Shares means Ordinary Shares or other securities which a holder of Ordinary Shares is entitled to be allotted in any bonus issued by the Company by way of capitalisation of profits, reserves or share premium account (other than an issued in lieu of dividends or by way of dividend reinvestment).

Business Day has the meaning given to that expression in the Listing Rules.

Certificate means a certificate in respect of Options issued under the Plan in such form as the Board may, having regard to any relevant Listing Rule, approve from time to time.

Company means Indochine Mining Limited (ACN 141 677 385)

Constitution means the Company's constitution.

Director means a Director of the Company.

Dollars or \$ means the lawful currency of Australia.

Eligible Employee means:

- (a) an Executive Director and Non Executive Director;
- (b) a member of Staff; or
- (c) any person so deemed to be an eligible Employee by the Board, in its sole discretion.

Exercise Price means the price stated by the Company in any Offer being price at which such Options can be exercised, subject to possible adjustment in accordance with clause 10.

Issue Price means the consideration (if any) payable for the issue of the Options.

Last Acceptance Date has the meaning given in clause 5.2.

Listing Rules means the Listing Rules of the ASX in force from time to time.

Nominee means the case of an Offeree:

- (a) a person who is the spouse, or is a parent, brother, sister or child (“close relative”) of such an Offeree; or
- (b) a body corporate in which such an Offeree or a close relative of such an Offeree has a controlling interest (including any interest that gives control).

Offer means an offer of Options in accordance with clause 5, substantially in the form contained in Schedule 1 or as otherwise determined by the Board from time to time.

Offeree means a person who is offered Options under these Terms.

Offer Date means a date on which an Offer is made to an Offeree.

Option means an option to subscribe for one Ordinary Share (or such other number as is determined in accordance with the Terms) issued under, and in accordance with, the Terms.

Option Exercise Period in respect of an Option means the period within the Option Period during which the Option may be exercised, as specified by the Company in the Offer.

Option Period means, in respect of an Option, the period commencing on the date on which the Option is issued and expiring at 5pm on the Last Acceptance Date.

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

Participant means a Offeree who has accepted an Offer and is the holder of an Option as specified in the applicable Certificate.

Permitted Nominee means, in respect of an Eligible Employee, a Nominee of such Eligible Employee who is approved by the Board in its absolute discretion.

Plan means the Company’s Employee Share Option Plan governed by the Terms.

Post-Employment Period means the period of 12 months commencing on the day on which the Offeree ceases to be an employee of the Company or a Subsidiary of the Company for any reason including death or retirement.

Staff means a person employed by the Company or any its Subsidiaries on a full time basis.

Subsidiary has the meaning given to that expression in the Act.

Takeover Offer means an offer to acquire Ordinary Shares made under Part 6 of the Act.

Taxes includes any tax (whether direct or indirect), levy, impost, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any of all of the foregoing.

Terms means the terms and conditions of the operation of the Plan in force from time to time.

1.2 Interpretation

Unless expressed to the contrary:

- (a) words importing:

- (i) the singular include the plural and vice versa; and
- (ii) a gender includes the other genders;
- (b) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (c) a reference to:
 - (i) a person includes a firm, unincorporated association, corporation and government or statutory body or authority;
 - (ii) a clause or schedule is a clause of, or schedule to, these Terms;
 - (iii) a person includes its legal personal representatives, successors and assigns;
 - (iv) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (v) a right includes a benefit, remedy, discretion, authority or power; and
 - (vi) time is Sydney time.
- (d) words and phrases defined in the Listing Rules have the same meaning in these Terms.

2. ESTABLISHMENT OF THE PLAN

- (a) The Board has established the Plan and shall administer it in accordance with the Terms and otherwise as it determines from time to time in its absolute discretion.
- (b) The Board may not grant any further Options after the Plan has been terminated. However, these Terms will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.
- (c) This Plan takes effect on the date the Company lists on the ASX.

3. ISSUE LIMITATION

Unless as otherwise determined by ASIC or provided by the Act, the Company shall not offer or issue Options to any Eligible Employee in accordance with the Plan, if the total number of Ordinary Shares, the subject of Options, when aggregated with:

- (a) the number of Ordinary Shares which would be issued, were each outstanding offer or option to acquire unissued Ordinary Shares in the Company, being an Offer made or Option acquired pursuant to the Plan; and
- (b) the number of Ordinary Shares issued during the previous five years pursuant to the Plan,

but disregarding any lapsed or terminated Offers, or any offer made, or option granted or Ordinary Share issued by way of, or as a result of, an offer to a person to whom disclosure is not required by virtue of the Corporations Act 2001, would exceed 5% of the total number of issued Ordinary Shares as at the time of the proposed offer.

4. ELIGIBILITY

- (a) The Board may in its absolute discretion determine who are the Offerees, the number of Options to be offered to them, the Offer Dates and other related matters.

- (b) The Plan shall not form part of any contract of employment between the Company or its Subsidiaries and any of their employees and shall not confer directly or indirectly on any such employee any legal or equitable right whatsoever against the Company or any of its Subsidiaries.

5. OFFER

5.1 Making of Offers

The Company shall offer such number of Options to such Offerees as determined in accordance with clause 4 subject to the remainder of the Terms.

5.2 Form and consent

Each Offer shall be in writing and shall specify:

- (a) the name and address of the Offeree to whom the Offer is made;
- (b) the number of Options being offered;
- (c) the Option Exercise Periods applicable to the Options;
- (d) the Exercise Price;
- (e) the date of the Offer;
- (f) the Issue Price;
- (g) the date, being not more than three years after the date of the Offer, by which the Offer must be accepted (“**Last Acceptance Date**”); and
- (h) any other terms and conditions applicable to the Offer as determined by the Board.

5.3 Accompanying Documents

The Offer shall be accompanied by an Acceptance Form and a copy of these Terms.

5.4 Permitted Nominees

- (a) An Offer to an Offeree is capable of acceptance by that Offeree or his/her Permitted Nominee only. If however, an Offeree wishes an Offer made to him or her to be made instead to a Permitted Nominee, he or she must make a request in writing to the Board at least 14 Business Days prior to the Last Acceptance Date, together with such details as to the identity of the Nominee as the Board may, either before or after the date of lodgement of that request, specify.
- (b) The Board shall as soon as practicable after the receipt of such a request, notify the Offeree whether or not the specified Nominee is a Permitted Nominee. If the specified Nominee is determined by the Board to a Permitted Nominee, the Offer is capable of acceptance by the Permitted Nominee.

5.5 Executive Directors and Non Executive Directors

An Offer to a Director (Executive or Non Executive) or his or her Nominee must be subject to the approval of the Company’s members, in accordance with the Listing Rules.

6. ISSUE PRICE

Until the Board otherwise determines, the Issue Price shall be nil.

7. ACCEPTANCE OF OFFER

7.1 Whole or Part Acceptance

An Offer may be accepted in whole or in any lesser number.

7.2 Method of Acceptance

An Offeree or Permitted Nominee may accept the Offer to take up Options by delivering to the Company the appropriate duly completed Acceptance Form and, if applicable, a cheque for the Issue Price in respect of the Options so taken up.

7.3 Lapsing of Offer

An Offer which is not accepted shall lapse at 5.00pm on the Last Acceptance Date.

7.4 Issue of Certificates

Upon acceptance of an Offer the Company shall issue to the person or persons accepting such Offer a Certificate for the Options in respect of which the Offer has been accepted within 10 Business Days of the date of issue of such Options (or such other period as may be specified in the Listing Rules).

8. LAPSE OF OPTIONS

An unexercised Option shall immediately lapse on the earlier of:

- (a) the expiry of the Option Exercise Period applicable to that Option; and
- (b) the death of the Offeree;
- (c) unless the Board resolves otherwise, the termination of employment (for whatever reason) of the Offeree by the Company; or
- (d) the liquidation of the Company.

9. EXERCISE OF OPTIONS

9.1 When and How Options Exercised

A Participant may exercise all or any of the Options held by him or her (except Options which have lapsed) on any Business Day during:

- (a) an Option Exercise Period applicable to the Options; and
- (b) the period specified in a notice under clause 9.4,

by lodging with the Company:

- (c) a written notice of exercise of Options specifying the number of Ordinary Shares in respect of which Options are being exercised in substantially the form contained in Schedule 2 or as otherwise amended by the Board and advised by it to Participants (“**Notice**”);
- (d) a cheque for the Exercise Price multiplied by the number of Ordinary Shares in respect of which Options are being exercised; and

(e) the Certificate for the Options being exercised,

PROVIDED, that the Options may not be exercised in the Post-Employment Period unless the Board, in its absolute discretion, gives its express written consent.

9.2 Partial Exercise

A Participant may elect to exercise all or some his or her Options.

9.3 Allotment of Shares

(a) Subject to clause 9.3(b), upon receipt of the Notice, the cheque for the Exercise Price in cleared funds and the Certificate referred to in clause 9.1, the Board shall:

- (i) within 20 Business Days of the date of receipt of same (or such other period as may be specified in the Listing Rules) allot to the Participant the Ordinary Shares to which the Participant is entitled to, subject to the provisions of the Constitution of the Company, including any applicable share certificate.
- (ii) cancel the Certificate relating to the Options so exercised; and
- (iii) if applicable, issue to the Participant a new Certificate in relation to any Options which have not been exercised or lapsed.

(b) If:

- (i) the Company has declared a dividend in relation to its Ordinary Shares during the relevant Option Exercise Period; or
- (ii) the Company declared a dividend in relation to its Ordinary Shares before the commencement of the relevant Option Exercise Period and the record date relating to that dividend occurs during or after the relevant Option Exercise Period,

the Company shall not be required to allot any Ordinary Shares to the Participant until the fifth Business Day after the record date relating to that dividend.

9.4 Takeover Offer

If during the currency of any Options and prior to their exercise a Takeover Offer is made to acquire the whole or any part of the issued Ordinary Shares the Board may, in its absolute discretion, allow the holders of Options to exercise those Options, by giving written notice of the Takeover Offer to them and informing them that they may, within a period specified in the notice, exercise all or any of their outstanding Options, even though some or all such Options might otherwise not then be exercisable.

9.5 Ranking

Ordinary Shares to be allotted upon the exercise of Options will upon allotment rank in all respects pari passu with the then existing Ordinary Shares.

9.6 Quotation

- (a) Upon allotment of Ordinary Shares pursuant to the exercise of Options the Company shall use its best endeavours to have such Ordinary Share quoted for trading on the ASX.
- (b) The Company will not apply for quotation of any Options issued under the Plan.

10. ANTI DILUTION PROVISIONS

10.1 Participation in New Issues

Subject to the provisions of clauses 10.2 and 10.3, a Participant may participate in new issues of securities of the Company to existing holders of Ordinary Shares if the relevant Option is exercised before the relevant date set for determining entitlements to the issue. The Company must give no less than 10 Business Days notice of any new issue to the Participant before the relevant date for determining entitlements to the issue in accordance with the Listing Rules, so as to permit the Participant to exercise any Option which, on its terms, may be exercised before that date.

10.2 Bonus Issues

If the Company from time to time issues any bonus Shares pro rata to holders of Ordinary Shares and an Option has not been exercised before the date set for determining entitlements to that bonus issue, that Option, if and when exercised, entitles the Participant to receive the Bonus Shares in respect of the Ordinary Shares resulting from exercise of the Options as if the Option had been exercised and the Ordinary Shares allotted before the record date applicable to the first bonus issue.

10.3 Other Pro Rata Issues

If the Company makes a pro rata issue of securities to the holders of Ordinary Shares (other than a Bonus Issue) and an Option has not been exercised before the record date for determining entitlements to the issue, the Exercise Price shall be reduced according to the following formula.

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

A= the new exercise price of the Option

O= the old exercise price of the Option

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

P= the average closing sale price per Share (weighted by reference to volume) recorded on the ASX during the five trading days immediately proceeding the ex-rights date of ex-entitlements date (excluding special crossings and overnight sales and exchange traded option exercises)

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

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

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

10.4 Capital Reconstructions

- (a) If the issued ordinary capital of the Company is consolidated, the number of Options must be consolidated in the same ratio as the ordinary capital and the Exercise Price must be amended in inverse proportion to that ratio.
- (b) If the issued ordinary capital of the Company is sub-divided, the number of Options must be sub-divided in the same ratio as the ordinary capital and the Exercise price must be amended in inverse proportion to that ratio.

- (c) If there is a reduction in the market value of Ordinary Shares by return of capital, the number of Options must remain the same, and the Exercise Price of each Option must be reduced by the same amount as the reduction of the market value of each Ordinary Share.
- (d) If there is a reduction in the market value of Ordinary Shares by a cancellation of capital that is lost or not represented available assets, the number of Options and the Exercise Price of each Option shall remain unchanged.
- (e) If there is a pro rata cancellation of the issued ordinary capital of the Company, the number of Options must be reduced in the same ratio as the ordinary capital and the Exercise Price of each Option must be amended in inverse proportion to that ratio.
- (f) In the case of any other reconstruction or alteration of the issued ordinary capital of the Company, the number of Options or the Exercise Price, or both, must be reorganised so that the holder of the Option will not receive a benefit that holders of Ordinary Shares do not receive (but this does not prevent a rounding up of the number of Ordinary Shares to be received on exercise of the Options if the rounding is approved at the shareholders' meeting which approves the reconstruction or alteration).

10.5 Issue of Securities in other corporations

If any Offer is made to the holders of Ordinary Shares, either pro rata to their existing holdings of Ordinary Share or on a preferential or any other basis, for the subscription or purchase of shares or securities of any corporation other than the Company by way of cash subscriptions, the Company must use its best endeavours to procure that there is made to each Participant an Offer on terms which corresponds with the Offer the Participant would have received had each Option been exercised and Ordinary Shares allotted.

10.6 Other Adjustments

If any reconstruction or alteration to the share capital or other securities of the Company, or the rights attaching to them, occurs so that for any reason, in the opinion of the Company or the Participant, the application of the earlier provisions of this clause 10 does not provide for adjustments which are fair and equitable, the Company or the Participant may request that the Company and the Participant negotiate in good faith with a view to determining any appropriate adjustments.

10.7 Notification to Participant and ASX

The Company must notify the Participant and the ASX of a change to the Exercise Price or the number of Ordinary Shares over which each Option is exercisable, at least 5 Business Days before the change becomes effective.

11. DURATION OF THE PLAN

The Plan will continue in operation for such period as the Board in its discretion determines. Termination of the Plan will not affect the rights of any Participants in respect of Options then held by them.

12. VARIATION

Subject to the Listing Rules and the Act, the Board may from time to time by resolution add to or vary the Terms provided that such additions or variations do not reduce any Participant's existing rights or entitlement under any Option issued before the date of addition or variation without the Participant's prior written approval.

13. ASSIGNMENT OF OPTIONS

13.1 Assignment Restricted

Options shall not be transferable, transmissible or assignable except as provided in clauses 13.2 and 13.3 or as otherwise permitted by the Board in its absolute discretion.

13.2 Assignment to Permitted Nominee

A Participant shall be entitled to transfer all or any of the Options held by that Participant to a Permitted Nominee by instrument in writing in such form as the Board may approve left for registration at the Company's registered office accompanied by the Certificate in respect of the subject Options. A transferor of Options remains as the holder of Options transferred until the transfer is registered and the name of the transferee is entered in the register of Participants.

13.3 Legal Personal Representative

In the event of the death of a Participant prior to the expiry of the Option Exercise Period, the legal representative of the deceased Participant will be entitled to be registered as the holder of the Options held by the deceased Participant upon production to the Board of such documents or other evidence as the Board may reasonably require to establish that entitlement.

14. ADMINISTRATION

14.1 Board or Committee

The Plan shall be administered by the Board or by a committee of the Board appointed by the Board in accordance with the Constitution with such powers and duties as the Board may determine.

14.2 Notices

Notices may be served on the Board or the Company at the Company's registered office and on any Eligible Employee at the address shown in the records of the Company as the address of that person. Notices from the Company may be signed on behalf of the Board by any person duly authorised by the Board.

14.3 Disputes

Any dispute or difference of any nature arising under the Plan shall be determined by the Board whose decision shall be final and binding in all respects.

15. GENERAL

15.1 No Interest in Shares

No Participant has or is to be regarded for any purpose as having any interest in any Ordinary Shares the subject of an Option unless and until that Option is exercised and Ordinary Shares are allotted as a result of that exercise.

15.2 Listing Rules and Constitution

The entitlements of Offerees, Eligible Employees and Participants and these Terms are subject to the Listing Rules and the Constitution.

15.3 No Additional Rights

- (a) The Plan shall afford a Participant no additional rights to compensation or damages in consequence of the termination of his or her employment or appointment for any reasons whatsoever.

- (b) Without limiting clause 15.3(a), nothing in these Terms:
- (i) confers on any person (including any employee or Director of the Company or any its Subsidiaries (“**Group**”) the right to receive any Options;
 - (ii) confers on any Participants the right to continue as an employee or Director within the Group;
 - (iii) affects any rights which any member of the Group may have to terminate the employment of any Participant;
 - (iv) may be used to increase damages in any action brought against any member of the Group in respect of any such termination; or
 - (v) confers on any Participant the right to receive any dividend (whether or not declared) before an Option is exercised and Ordinary Shares have been issued in respect of that Option.

15.4 Rounding

Where any calculation or adjustment made under the Terms produces a fraction of a cent or a share, the fraction must be eliminated by rounding to the nearest whole number favourable to the Participant.

15.5 Costs and expenses

The Company must pay all costs, expenses and charges incurred in operating the Plan except that the Company is not responsible for payment of the Exercise Price or for any Taxes which may become payable in connection with the issue of the Ordinary Shares pursuant to an exercise of the Options or any other dealing with the Options.

15.6 Governing law

The Plan shall be governed by the laws of the State of New South Wales.

SCHEDULE 1

OFFER

“INDOCHINE MINING LIMITED (ACN 141 677 385)”

Dated:

[*Name*]
[*Address*]

Dear [*Name*]

OFFER OF OPTIONS

Indochine Mining Limited (ACN 141 677 385) (“**Company**”) has adopted a Employee Share Option Plan, as an additional incentive for management to increase and participate in shareholder wealth.

I enclose a copy of the Terms of the Plan for your information (“**Terms**”).

The following offer is made to you by the Company pursuant to clause 5 of the Terms.

1. Number of Options

You are offered [*insert number*] options to subscribe for Ordinary Shares in the capital of the Company (“**Options**”).

Each Option gives you the right to subscribe for one Ordinary Share in the Company for the Exercise Price.

2. Issue Price for Options

Nil

3. Exercise Price for Shares

The Exercise Price will be \$AUD[*insert*] per Ordinary Share.

4. When Options can be exercised

Options must be exercised between [*insert Offer Date*] and by 5pm on [*insert Last Acceptance Date*]

5. Other Terms and Conditions

Other terms and conditions relating to the issue and exercise of the Options are set out in the Plan.

6. Acceptance

To accept this offer, please sign and return the enclosed copy of this letter which will be the Acceptance Form for the purposes of the Terms.

If you wish to seek permission for a Nominee to receive the Options, please refer to clause 5.4 and the definition of “Nominee” in clause 1.1 of the Terms. A request for a Nominee to receive the Options

should be made in writing to the Board at least 14 Business Days prior to the Last Acceptance Date, together with such details as to the identity of the Nominee as the Board may, either before or after the date of lodgement of that request, specify.

You should note that under current tax legislation the “discount” value of the options will be included in your assessable income. Tax legislation contains formulae to calculate the value of the Options for tax purposes.

Employees and non-executive directors can elect to include the value in their assessable incomes in the year the Options are acquired, or defer including the value in the assessable incomes until the Options are exercised or employment ceases. The election will have different tax consequences for different individuals, and you should therefore consider your own tax position and seek expert advice if you have any queries about the tax implications for you in this matter.

I hope that this offer will be an attractive opportunity for you. If you need any further information, please telephone me on +61 2 8246 7007.

Yours sincerely

David Evans
Managing Director
Indochine Mining Limited

[On copy of letter include the following]

I acknowledge having received the copy of the Terms of the Employee Share Option Plan and confirm that I accept the above offer.

..... (Signature)

..... (Print name)

..... (Date) “

SCHEDULE 2

NOTICE OF EXERCISE OF OPTIONS

To: The Directors
Indochine Mining Limited (ACN 141 677 385)
("Company")
Suite 503
Level 5
2 Bligh Street
Sydney
NSW 2000
AUSTRALIA

I refer to my acceptance of an offer from the Company dated [*insert date of letter of offer*] to be issued with Options in accordance with the Company's Employee Share Option Plan ("Plan").

I now give notice of my exercise of all my [*or insert number if lesser number being exercised*] Options and advise that I wish to subscribe for [*insert number*] Ordinary Shares.

Please find enclosed a cheque in favour of the Company in the sum of \$[*insert amount*] representing the Exercise Price along with the relevant Certificate.

I understand that defined terms contained in the Plan apply to this Notice.

Yours faithfully

Signed
[*insert name and address of Participant*]

Dated