



# **ALLIANCE RESOURCES LIMITED**

**ABN 38 063 293 336**

## **Alliance Resources Employee Share Option Plan**

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# Alliance Resources Employee Share Option Plan

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# Alliance Resources Employee Share Option Plan

## Plan Rules

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### 1 Definitions and interpretation

#### 1.1 Definitions

Unless the contrary intention appears, terms defined in the Corporations Act or the Listing Rules have the same respective meanings where used in these Rules, and:

**"ASIC"** means the Australian Securities and Investments Commission;

**"ASX"** means Australian Stock Exchange Limited;

**"Board"** means the board of directors of the Company or a committee appointed by it for the purposes of these Rules;

**"Business Day"** has the meaning given to that term in the Listing Rules;

**"Certificate"** means the certificate or statement issued by the Company to each Participant setting out (unless the Board otherwise determines) the number of Options issued to the Participant pursuant to an Offer, the First Exercise Date (if applicable), the Exercise Price, the Expiry Date, any Restrictions and the corresponding Restriction Period, any Vesting Conditions and any other information required by the Corporations Act or the Listing Rules;

**"Company"** means Alliance Resources Limited (ABN 38 063 293 336);

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

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

**"Employee"** means a person including a director or Senior Manager who is a full-time or permanent part-time employee or officer of a member of the Group, and includes a non-executive director of any member of the Group and any other person determined by the Board to be an Employee for the purposes of the Plan;

**"Exercise Price"** means the price payable to exercise an Option to acquire a Share;

**"Expiry Date"** means the date on which an Option lapses, being the date stated by the Board as the Expiry Date, or fixed by a method of calculation prescribed in the Offer by the Board;

**"First Exercise Date"** means the earliest date on which an Option is exercisable, following satisfaction of any Vesting Conditions, if applicable;

**"Group"** means each of the Company and its controlled entities;

**"Listed"** means the Company being and remaining admitted to the official list of the ASX;

**"Listing Rules"** means the listing rules of ASX as they apply to the Company from time to time;

**"Offer"** means the offer of Options to be made to an Employee pursuant to Rule 3(a);

**"Option"** means an option under the Plan to acquire a Share (subject to any Vesting Conditions and any adjustments in accordance with these Rules);

**"Participant"** means an Employee to whom Options have been granted under the Plan;

**"Plan"** means the Alliance Resources Employee Option Plan to which these Rules relate;

**"Restriction Period"** means the period commencing from the date Shares are issued pursuant to the exercise of Options and ending on such date as the Board in its absolute discretion determines and sets out in the terms of the Offer;

**"Restrictions"** means the restrictions imposed on Shares as specified in Rule 8;

**"Rules"** means these rules governing the Plan, as amended from time to time;

**"Security Interest"** means a mortgage, charge, pledge, claim, lien or other encumbrance of any nature;

**"Senior Manager"** has the same meaning as it has, in relation to a corporation, in the Corporations Act;

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

**"Vesting Conditions"** means, if so determined by the Board, one or more conditions specified in the Offer that must be satisfied before an Option can be exercised.

## **1.2 Interpretation**

In these Rules, unless the context clearly indicates a contrary intention:

- (a) the singular includes the plural and vice versa;
- (b) any gender includes all genders; and
- (c) headings are for convenience only and do not affect the interpretation.

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## **2 Purpose**

The purpose of the Plan is to:

- (a) encourage participation by Employees in the ownership of the Company through the opportunity afforded to acquire Shares; and
- (b) attract, motivate and retain Employees.

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## **3 Offers**

- (a) Subject to Rule 4, the Company may make an Offer to any Employee.
- (b) Each Offer must be in writing and must specify the following:
  - (i) the name and address of the Employee to whom the Offer is made;
  - (ii) the number of Options being offered;
  - (iii) any Vesting Conditions applicable to the Options;
  - (iv) the Exercise Price of the Options;
  - (v) the First Exercise Date (if applicable);

- (vi) the Expiry Date;
  - (vii) any Restrictions and the corresponding Restriction Period, if any;
  - (viii) such other terms or conditions as the Board decides to include;
  - (ix) information on how to apply for the Options; and
  - (x) any other matters required to be specified in the Offer by the Corporations Act, the Listing Rules, or any applicable ASIC instrument.
- (c) The Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares and an explanation of the way in which the Company will provide the same.
- (d) Unless the Board otherwise resolves, no consideration will be payable for the issue of the Options.
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#### **4 Total number of Shares**

- (a) An Offer of Options must not be made if the aggregate of the following:
- (i) the number of Options which are the subject of the Offer;
  - (ii) the total number of Options which are the subject of any outstanding Offer;
  - (iii) the total number of Shares which would be issued under all outstanding Options which have been granted but not exercised, terminated or expired; and
  - (iv) the number of Shares issued during the previous five years pursuant to this Plan or any employee share plan of the Company; but
  - (v) disregarding any Offer for the issue of Shares or Options made to persons situated at the time of receipt of the Offer outside Australia, an offer made under a disclosure document or an offer that did not need disclosure because of section 708 of the Corporations Act 2001 (Cth) or any class order issued by ASIC,
- would exceed 5% of the total number of Shares on issue at the time the Offer is made.
- (b) Rule 4(a) does not apply to an Offer which does not require disclosure under Part 6D.2 of the Corporations Act.
- (c) No Offer will be made to the extent that it would contravene the Constitution, the Listing Rules, the Corporations Act or any other applicable law.
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#### **5 Acceptance**

- (a) An Employee may only accept an Offer in writing, and such acceptance must occur within 10 Business Days after receipt of the Offer or such longer period as the Board may determine and specify in the Offer.
- (b) The Company will, as soon as practicable after receiving an acceptance of an Offer, issue the Options and a Certificate to the Participant.

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## **6 Vesting of Options**

- (a) The Options held by a Participant will vest in and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in the Offer in accordance with these Rules.
- (b) Unless the Board determines otherwise, the vesting of an Option on the satisfaction of any Vesting Condition will not automatically trigger the exercise of the Option.
- (c) The Company will provide a Participant with a confirmation notice when any Vesting Condition applicable to a Participant's Options has been satisfied, or waived in the absolute discretion of the Board if permitted by the relevant Vesting Condition.

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## **7 Exercise of Options**

- (a) A Participant is, subject to this Rule 7 and Rule 10(a)(iii), entitled to exercise an Option on or after the First Exercise Date provided any exercise is for a minimum number or multiple of Shares as specified in the Offer.
- (b) Options may be exercised by the Participant delivering to the Company a notice in writing signed by the Participant stating the number of Options being exercised together with full payment of the Exercise Price for the corresponding Shares to be issued.
- (c) After receipt of the full amount of the Exercise Price from a Participant in accordance with Rule 7(b), the Company will issue to the Participant the Shares that relate to the Options exercised. All such Shares will upon issue:
  - (i) be credited as fully paid;
  - (ii) rank equally for dividends where the record date is on or after the date of issue, but will carry no right to receive a dividend where the record date is before the date of issue; and
  - (iii) otherwise rank equally with the existing issued fully paid ordinary Shares of the Company at the time of issue.
- (d) As soon as practicable after the issue of Shares under the Plan, the Company will, if it is Listed, apply for official quotation of those Shares on the ASX.

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## **8 Restrictions on Shares**

Unless otherwise specified in the Offer, Participants may not dispose of, or grant a Security Interest over, any Shares during the Restriction Period. The Company may apply a holding lock for these purposes.

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## **9 Removal of Restrictions**

- (a) A Participant may request that the Restrictions applying to the Shares be removed at any time during the Restriction Period by giving a written notice to the Board.
- (b) The Board will, in its absolute discretion, consider the notice within one month of receipt and will notify the Participant of its decision within 14 days of making the same.

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## **10 Rights of Participants**

- (a) The Options are not freely transferable and if:
- (i) the Participant ceases to be an Employee for any reason whatsoever except by reason of death, the Options which the holder is entitled to exercise at that time are exercisable within 60 days and any Options not exercised during that period shall lapse;
  - (ii) the Participant ceases to be an Employee by reason of death, the Options which the holder is entitled to exercise at that time are exercisable within 12 months by the legal personal representative of the holder and any Options not exercised during that period shall lapse;
  - (iii) a takeover bid within the meaning of the Corporations Act is made for the Company and the bidder becomes entitled to become the registered holder of at least 90% of the ordinary shares on issue during the bid period, the Options which the holder is entitled to exercise at that time (ignoring for this purpose any then current Vesting Conditions) are exercisable by the end of the bid period and any Options not exercised by that date shall lapse; and
  - (iv) the Participant ceases to be an Employee for any reason whatsoever prior to the satisfaction of the Vesting Conditions, including but not limited to a minimum employment period as specified in the Offer, all Options held by the Participant shall immediately lapse and be forfeited.
- (b) A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Options before the record date for the relevant issue.
- (c) There is to be no change to the Exercise Price of an Option if the Company makes a pro rata offer of Shares to all holders of Shares (other than for a bonus issue).
- (d) If, prior to the exercise of an Option, the Company makes a bonus issue to the holders of its Shares, and the Option is not exercised prior to the record date in respect of that bonus issue, the Option will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Option had been exercised prior to the record date.
- (e) If, prior to the exercise of an Option, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash), the terms of the Options of the Participant will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.
- (f) Unless otherwise permitted by the Listing Rules, the Exercise Price or the number of Shares which the Participant is entitled to receive on exercise of an Option will only be adjusted in accordance with Rules 10(d) or 10(e). The Company must give notice to Participants of any adjustment to the Exercise Price, or number of Shares, which the Participant is entitled to receive on exercise of an Option in accordance with the Listing Rules.

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## **11 Powers of the Board**

- (a) The Plan will be administered by the Board which will have an absolute discretion to:
- (i) determine appropriate procedures for administration of the Plan consistent with these Rules including any Vesting Conditions and the Exercise Price that will apply to Options;

- (ii) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;
  - (iii) 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 under the Plan or these Rules; and
  - (iv) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules, to apply to any Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in its application to those Participants employed and/or resident in and/or who are citizens of the country concerned.
- (b) While the Company is Listed, the Board may only exercise its powers in accordance with the Listing Rules.
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## **12 Commencement, suspension, termination and amendment of Plan**

- (a) The Plan will take effect on the date it is formally adopted by the Board or such other date as the Board may determine.
  - (b) The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.
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## **13 Lapsing of Options**

- (a) Unless exercised, the Options of a Participant (whether vested or unvested) will lapse at 5.00pm (Australian EST time) on the date which is the earlier of:
    - (i) the Expiry Date;
    - (ii) subject to Rules 10(a)(i), (ii) and (iv), the date the Participant ceases to be an Employee; and
    - (iii) the expiration of the bid period as provided in Rule 10(a)(iii).
  - (b) Notwithstanding the foregoing, all Options will lapse on the liquidation of the Company.
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## **14 Assignment of Options**

Options are not transferable or assignable, except with the prior written approval of the Board.

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## **15 Miscellaneous**

- (a) No brokers fees or commissions are payable by Employees for the grant of Options pursuant to this Plan.
  - (b) Participants granted Options under this Plan are bound by these Rules and by the Constitution.
  - (c) Any notice required or permitted to be given by the Company to a Participant may be given or made by the Board (or such persons as it may direct) on behalf of the Company.
  - (d) No Participant has or is to be regarded for any purpose as having any interest in any Shares the subject of any Options unless and until those Options are exercised and Shares are issued as a result.
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- (e) Participation in the Plan does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any ability the Company may have to terminate the employment or appointment of an Employee or reassign the duties and responsibilities of the Employee.
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## **16 Governing law**

These Rules are governed by and construed in accordance with the laws for the time being in force in the State of Victoria.