

Indophil Employee Share Plan

Plan Summary

This is a summary of the Indophil Employee Share Plan (*Plan*). It is not definitive and for a full understanding of the Plan the definitive documentation should be considered.

1. Issue of Shares

- 1.1 Upon acceptance of the offer made pursuant to the Offer Letter (*Offer*), Indophil Resources NL (the *Company*) will issue such number of Plan Shares as is specified in the Offer Letter to you which will be held on trust for you by Indophil Employee Share Plan Pty Ltd (the *Trustee*). These Plan Shares will be issued to you at the issue price as is specified in the Offer Letter and will rank equally with all other listed shares on issue.

2. Loan and Loan Agreement

- 2.1 A non-recourse, interest free loan for the amount specified in the Offer Letter (*Loan*) will be provided to you by the Company, pursuant to the terms of the Loan Agreement, for the purpose of acquiring the Plan Shares. The maturity date of the Loan is 60 days after the 4th anniversary of the issue of the Plan Shares to you (*Maturity Date*). Repayment of the Loan will occur in accordance with the Loan Agreement and paragraph 4 of this Plan Summary.
- 2.2 "Non-recourse" means that, in no circumstances will you personally be required to provide monies from your own sources to participate in the Plan or, unless you choose to in accordance with the terms of the Plan, repay any of the outstanding Loan from your own sources.

3. Trustee

- 3.1 The Trustee will hold the Plan Shares on your behalf in accordance with this Plan Summary, the Offer Letter, the Loan Agreement and the Trust Deed constituting the Indophil Employee Share Plan Trust. The Trustee will hold the Plan Shares until such time as they have vested in accordance with paragraph 5 and there is no money owing under the Loan in respect of the vested Plan Shares.

4. Dividends and Loan Repayments

- 4.1 From time to time the Company may pay dividends to all shareholders. If so, dividends on your Plan Shares will be received by the Trustee and will generally be paid back to the Company by the Trustee in repayment of your Loan. The Company will hold back a portion of the dividend (called the "*Tax Reimbursement Amount*") which will be remitted to the Australian Taxation Office on your behalf, unless otherwise agreed between you and the Company. The Tax Reimbursement Amount will cover any tax you may have to pay on the dividend (after allowing for any franking credits which may apply to the dividend).
- 4.2 On the Maturity Date:
- (a) you can pay the Company the Repayable Portion of the outstanding Loan attributable to your Plan Shares and the Plan Shares will be transferred from the Trustee to you;
- otherwise,
- (b) the Company will direct the Trustee to sell your Plan Shares for you, and apply those proceeds of sale in reduction of the Repayable Portion of the outstanding Loan amount attributable to your Plan Shares (and any sale costs), with the surplus to be provided to you.

- 4.3 For the purposes of this paragraph 4, Repayable Portion means the then outstanding Loan amount which is actually repayable by you, being the lower of:
- (a) the amount of the Loan provided to you less the aggregate amount of dividends applied under paragraph 4.1 as at 5.00 pm on the business day immediately prior to the Maturity Date; and
 - (b) the market value, being the last sale price on ASX, of the ordinary shares in the Company as at 5.00 pm on the business day immediately prior to the Maturity Date.
- 4.4 You may at any time prior to the Maturity Date pay the Company the outstanding Loan amount in respect of the Plan Shares that have vested in accordance with paragraph 5 and those Plan Shares, which are held by the Trustee on your behalf, will be transferred to you. The Company will notify you of the Repayable Portion at any time following written request by you.

5. Vesting of Plan Shares

- 5.1 You will not be able to deal with your Plan Shares (including, but not limited to, selling, transferring, or using them as security or collateral for any other form of loan) unless they have vested, and then only if you have paid all of the Loan amount attributable to those vested Plan Shares (unless the Company otherwise determines pursuant to paragraph 5.3). The period during which these restrictions are in place is the "Restriction Period".
- 5.2 The Plan Shares will vest in you as follows:
- (a) 25% of Plan Shares on the 1st anniversary of the issue date;
 - (b) 25% of Plan Shares on the 2nd anniversary of the issue date;
 - (c) 25% of Plan Shares on the 3rd anniversary of the issue date; and
 - (d) 25% of Plan Shares on the 4th anniversary of the issue date.
- 5.3 The Company may in its sole discretion waive or alter any of the restrictions on your ability to deal with your Plan Shares.

6. Ceasing Employment

- 6.1 If you cease employment for any reason, you may, at any time in the period of 60 days from the date of your cessation of employment, either:
- (a) repay the amount of the Loan outstanding with respect to any vested Plan Shares and direct the Trustee to transfer the vested Plan Shares to you; or
 - (b) direct the Trustee to sell your vested Plan Shares.
- 6.2 Following cessation of your employment all of your unvested Plan Shares will be forfeited and any Loan in relation to the unvested Plan Shares will be forgiven and the Company will direct the Trustee accordingly.
- 6.3 If you fail to direct the Trustee pursuant to paragraph 6.1 in respect of your vested Plan Shares, the Trustee shall sell such Plan Shares when so directed by the Company (in the Company's absolute discretion).
- 6.4 With respect to any sale of any of your vested Plan Shares by the Trustee under this paragraph 6, the Trustee shall apply the proceeds of the sale of the Plan Shares:
- (a) first, in payment of the Trustee's expenses in relation to sale of the vested Plan Shares;

- (b) second, in reduction of the amount of the Loan outstanding in respect of those vested Plan Shares; and
- (c) third, the balance (if any) to be paid to you.

7. Taxation

7.1 The taxation consequences will depend on your individual circumstances. It is recommended that you obtain your own independent advice in respect of your participation in the Plan. Indophil gives no assurances as to the tax treatment of the Plan. The following high level summary assumes that all Plan participants are individual Australian residents for tax purposes that hold any Plan Shares on capital account. In summary:

- (a) on the basis that the amount paid by the participant to acquire the Plan Shares is equal to the market value of the Plan Shares for the purposes of the employee share plan rules in Division 13A of Part III of the *Income Tax Assessment Act 1936 (Tax Act)*, a "discount" is not expected to arise under the employee share plan rules. The rules in Division 13A of Part III of the Tax Act are not, therefore, expected to be relevant, with the result that no tax is likely to be payable on the issue of the Plan Shares;
- (b) participants will, however, be subject to capital gains tax (**CGT**) in respect of the Plan Shares. In summary, the subsequent sale of the Plan Shares will constitute a CGT event. A capital gain will arise if the capital proceeds received for the sale exceed the CGT cost base (generally consisting of the costs of acquisition plus incidental costs associated with the acquisition or sale of the shares). A capital gain will be included in the participant's assessable income. Where relevant conditions are satisfied (including that the Plan Shares are held for more than 12 months) before the time of the CGT event that arises on the sale of the shares), a discount may apply to the amount of the capital gain. In summary, the CGT discount is applied after offsetting any available capital losses and the CGT discount rate is 50% for individuals;
- (c) Plan participants will be required to include any dividends paid by the Company in their assessable income. Participants may be entitled to franking credits attributed to franked dividends paid by the Company.