



# Venus Resources Limited

ABN 99 123 250 582

## NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

**Date of Meeting**

4<sup>th</sup> May 2010

**Time of Meeting**

10:00 am (Perth time)

**Place of Meeting**

Ground Floor, BGC Centre  
28 The Esplanade  
Perth WA 6000

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

# Venus Resources Limited

## ABN 99 123 250 582

### NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Venus Resources Limited ABN 99 123 250 582 ("Company") will be held at Ground Floor, BGC Centre, 28 The Esplanade Perth, Western Australia on 4<sup>th</sup> May 2010 at 10:00am for the purpose of transacting the following business referred to in this Notice of General Meeting.

### AGENDA

#### ITEMS OF BUSINESS

#### 1. Resolution 1 - Change of Company Name

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 157 of the Corporations Act, and for all other purposes, Shareholders approve a change to the Company's name from Venus Resources Limited to Venus Metals Corporations Limited".*

#### 2. Resolution 2 - Ratification of issue of Shares and Attaching Options

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 1,333,335 Shares (at an issue price of \$0.45 each) together with 666,667 free Attaching Options (each Attaching Option having an exercise price of \$0.40 and an expiry date of 31 July 2011) on 3 December 2009 to various sophisticated investors on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)."*

The Company will disregard any votes cast on Resolution 2 by any person who participated in the issue the subject of Resolution 2 and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### 3. Resolution 3 - Ratification of issue of Shares to HD Mining & Investment Pty Ltd

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 2,000,000 Shares (at an issue price of \$2.00 each) on 9<sup>th</sup> March 2010 to HD Mining & Investment Pty Ltd on the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### 4. Resolution 4 - Grant of Incentive Options to Matthew Hogan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 1,000,000 Incentive Options for no consideration, each Incentive Option having an exercise price of \$1.00 and an expiry date of 31 July 2013, to Matthew Hogan or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."*

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 4 by Matthew Hogan, his nominee and any associate of Matthew Hogan or his nominee. However, the Company need not disregard a vote if:

(a) it is cast by a person as a proxy appointed by

(b) writing that specifies how the proxy is to vote on the proposed resolution; and  
it is not cast on behalf of Matthew Hogan, his nominee or an associate of Matthew Hogan or his nominee.

**5. Resolution 5 - Grant of Incentive Options to Terence Hogan**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 750,000 Incentive Options for no consideration, each Incentive Option having an exercise price of \$1.00 and an expiry date of 31 July 2013, to Terence Hogan or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."*

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 5 by Terence Hogan, his nominee and any associate of Terence Hogan or his nominee. However, the Company need not disregard a vote if:

(a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

(b) it is not cast on behalf of Terence Hogan, his nominee or an associate of Terence Hogan or his nominee.

**6. Resolution 6 - Grant of Incentive Options to Craig Rosendorff**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Incentive Options for no consideration, each Incentive Option having an exercise price of \$1.00 and an expiry date of 31 July 2013, to Craig Rosendorff or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."*

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 6 by Craig Rosendorff, his nominee and any associate of Craig Rosendorff or his nominee. However, the Company need not disregard a vote if:

(a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote

(b) on the proposed resolution; and  
it is not cast on behalf of Craig Rosendorff, his nominee or an associate of Craig Rosendorff or his nominee.

**7. Resolution 7 - Increase in Directors' Fees**

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 10.17 and for all other purposes, the maximum aggregate Directors' fees payable to non-executive Directors be increased from \$150,000 per annum to \$250,000 per annum."*

The Company will disregard any votes cast on Resolution 7 by a Director of the Company and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

**8. Resolution 8 - Approval of Venus Resources Limited Employee Share Option Plan**

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, the Company approves the issue of securities under the employee incentive option scheme for employees known as "Venus Resources Limited Employee Share Option Plan," the rules of which are annexed as Annexure C to the Explanatory Memorandum, as an exception to Listing Rule 7.1."*

The Company will disregard any votes cast on Resolution 8 by a Director of the Company and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

**OTHER BUSINESS**

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To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

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For the purposes of Resolutions 1 - 8, the following definitions apply:

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Company**" means Venus Resources Limited ABN 99 123 250 582;

"**Constitution**" means the Company's constitution, as amended from time to time;

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

"**Explanatory Memorandum**" means the explanatory memorandum accompanying this Notice;

"**Directors**" means the Directors of the Company;

"**Incentive Option**" means an option to acquire a Share the terms of which are set out in Annexure A;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Notice**" means this Notice of General Meeting;

"**Resolution**" means a resolution contained in this Notice; and

"**Shares**" means fully paid ordinary shares in the capital of the Company.

**By order of the Board**



**Sergio Noto**  
Company Secretary

Dated: 23 March 2010

## How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

## Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

## Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

## Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.

- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice.
- To be effective, proxies must be lodged by 10:00am (Perth time) on Monday, 3<sup>rd</sup> May 2010. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:  
Venus Resources Limited  
Level 14, BGC Centre  
28 The Esplanade  
Perth, WA, 6000; or  
PO Box Z5160  
St Georges Terrace  
Perth, WA, 6000
  - by faxing a completed proxy form to (08) 9486 9587.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:00am (Perth time) on 3<sup>rd</sup> May 2010. If facsimile transmission is used, the power of attorney must be certified.

## Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 3<sup>rd</sup> May 2010.

**PROXY FORM**  
**VENUS RESOURCES LIMITED**  
**ABN 99 123 250 582**

Name Address 1  
 Name Address 2  
 Name Address 3  
 Name Address 4

**Appointment of Proxy**

If appointing a proxy to attend the General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a shareholder/shareholders of Venus Resources Limited pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting (mark with an "X")

OR


Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

Write here the name of the person you are appointing as a second proxy (if any).

or failing him/her, (if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting to be held on 4<sup>th</sup> May 2010 at Ground Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia and at any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_% of the ordinary shares I/we hold.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of a resolution and votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, then if the Chair has an interest in the resolution other than as member, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chair intends to vote 100% of all open proxies in favour of each resolution.

**Voting directions to your proxy – please mark  to indicate your directions**

RESOLUTION	For	Against	Abstain *
1. Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of issue of Shares and Attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of issue of Shares to HD Mining & Investment Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Grant of Incentive Options to Matthew Hogan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Grant of Incentive Options to Terence Hogan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Grant of Incentive Options to Craig Rosendorff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Increase in Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of Venus Resources Limited Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**PLEASE SIGN HERE**

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Executed in accordance with section 127 of the Corporations Act:

**Individual or Shareholder 1**

**Joint Shareholder 2**

**Joint Shareholder 3**




**Sole Director & Sole Company Secretary**

**Director**

**Director/ Company Secretary**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

\_\_\_\_\_  
 Contact Name

\_\_\_\_\_  
 Contact Business Telephone / Mobile

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## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a proxy form will not prevent individual shareholders from attending the General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attend the General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the General Meeting.
2. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of evidence of appointment. The appoint must comply with section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment to including any authority under which it is signed.
7. If a representative as power of attorney of a shareholder is to attend the meeting, a properly executed original (or certified copy) of the appropriate power of attorney under which they have been authorised should be produced for admission to the General Meeting.

### 8. **Signing Instructions**

You must sign this form as follows in the spaces provided:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary this form must be signed by that person.
- If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.
- Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### 9. **Lodgement of a Proxy**

This Proxy Form (and any power of attorney under which it is signed) must be received at the address below not later than 10:00am on 3<sup>rd</sup> May 2010 (24 hours before the commencement of the Meeting). Any Proxy Form received after that time will not be valid for the scheduled Meeting.

- Hand deliveries:** Level 14, BGC Centre  
28 The Esplanade, Perth, WA, 6000
- Postal address:** PO Box Z5160  
St Georges Terrace, Perth, WA, 6000
- Fax number:** (08) 9486 9587

# VENUS RESOURCES LIMITED

## ABN 99 123 250 582

### EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of Venus Resources Limited (the "Company").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

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#### RESOLUTION 1 - CHANGE OF COMPANY NAME

Resolution 1 seeks shareholder approval for the Company to change its name from Venus Resources Limited to Venus Metals Corporations Limited. The Company has reserved a new ASX ticker code "VMC", which will be adopted by the Company on ASX if Resolution 1 is passed.

Pursuant to section 157 of the Corporations Act, a company may change its name by passing a special resolution adopting a new name. The resolution must be lodged with ASIC within 14 days after it is passed. A special resolution must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

The Board considers that the change in name is required to better reflect the future direction of the Company.

#### RESOLUTION 2 - RATIFICATION OF ISSUE OF SHARES AND ATTACHING OPTIONS

On 30 November 2009, the Company announced that it had made a placement to a number of sophisticated investors to raise \$600,000 for working capital purposes.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold not be

Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 2, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 1,333,335 Shares and 666,667 free Attaching Options that was made on 3 December 2009 in order to restore the right of the Company to issue further shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 1,333,335 Shares and 666,667 Attaching Options were allotted and issued;
- (b) the Shares were issued at an issue price of \$0.45 each;
- (c) the Attaching Options were issued for no consideration, each Option having an exercise price of \$0.40 and an expiry date of 31 July 2011. The terms of the Attaching Options are set out in Annexure B;
- (d) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (e) the Shares and Attaching Options were issued to a number of sophisticated investors, all of which are unrelated parties of the Company; and

- (f) funds raised from the issue were used for general working capital.

**RESOLUTION 3 - RATIFICATION OF ISSUE OF SHARES TO HD MINING & INVESTMENT PTY LTD ("HD Mining")**

On 9 March 2010, the Company announced that it had issued and allotted to HD Mining 2,000,000 shares at \$2.00 each pursuant to a share subscription agreement.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold not be Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 3, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 2,000,000 that was made on 9 March 2010 in order to restore the right of the Company to issue further shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 2,000,000 Shares were allotted and issued;
- (b) the Shares were issued at an issue price of \$2.00 each
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (d) the Shares were issued to HD Mining & Investment Pty Ltd. HD Mining is not a related party of the Company, and the issue of Shares was on arms-length terms, with the subscription price being significantly above the Company's historical trading price; and
- (e) funds raised from the issue form part of the joint venture arrangement between the Company and HD Mining. The funds will be used for working capital purposes.

**RESOLUTIONS 4, 5, and 6 - GRANT OF INCENTIVE OPTIONS TO DIRECTORS**

The Company proposes to grant a total of 2,250,000 Incentive Options (each with an exercise price of \$1.00 and an expiry date of 31 July 2013) to Matthew Hogan, Terence Hogan and Craig Rosendorff ("**Participating Directors**"), or their nominees. The terms of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

The Options will be issued as follows:

Director	Number of Incentive Options
Matthew Hogan, or his nominee(s)	1,000,000
Terence Hogan, or his nominee(s)	750,000
Craig Rosendorff, or his nominee(s)	500,000
<b>Total</b>	<b>2,250,000</b>

The grant of Incentive Options encourages the Participating Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider that the incentives intended for the Participating Directors represented by the grant of these Incentive Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Shareholders should note that for the reasons noted above, it is proposed to grant Incentive Options to Terence Hogan and Craig Rosendorff notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("**Principles**") which states that non-executive directors should not receive options.

The number of Incentive Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- the remuneration of the Directors;
- the Directors wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Incentive Options to be granted will ensure that the Participating Directors' overall remunerations is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

In the event the Incentive Options are exercised, the following amounts will need to be paid to the Company by the Participating Directors:

Director	Amount to be paid
Matthew Hogan, or his nominee(s)	\$1,000,000
Terence Hogan, or his nominee(s)	\$750,000
Craig Rosendorff, or his nominee(s)	\$500,000
<b>Total</b>	<b>\$2,250,000</b>

The Company will therefore receive \$2,250,000 from the Participating Directors should all the Incentive Options be exercised.

### Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Participating Directors is considered to be a related party of the Company.

Resolutions 4, 5, and 6 provide for the grant of Incentive Options to the Participating

Directors which is a financial benefit which requires shareholder approval.

### Current Holdings

Set out below are details of each of the Participating Directors' relevant interest in Shares of the Company as at the date of this Notice:

Director	Number of Shares
Matthew Hogan, or his nominee(s)	20,001
M V Hogan	
M V Hogan <ATF Zoe Louise Hogan>	10,000
M V Hogan <ATF Jackson Phoenix Hogan>	50,000
Seaward Holdings Pty Ltd	10,000
Terence Hogan, or his nominee(s)	1,000,000
Traolach Investments Pty Ltd	
Rene Investments Pty Ltd <Terry Hogan Retirement Account>	175,000
Turloch Pty Ltd <ATF The Turloch Unit Trust>	85,000
Craig Rosendorff, or his nominee(s)	3,285,667
<b>Total</b>	<b>4,635,668</b>

Set out below are details of each of the Participating Directors' relevant interest in Options of the Company as at the date of this Notice:

Director	Number of Options	Exercise price	Expiry date
<b>Matthew Hogan, or his nominee(s)</b>			
M V Hogan	1,000,000	\$0.25c	30/06/2012
M V Hogan	Unlisted		
M V Hogan	10,001	\$0.40c	31/07/2011
M V Hogan	Listed		
M V Hogan <ATF Zoe Louise Hogan>	5,000	\$0.40c	31/07/2011
M V Hogan	Listed		
Seaward Holdings Pty Ltd	5,000	\$0.40c	31/07/2011
M V Hogan	Listed		
<b>Terence Hogan, or his nominee(s)</b>			
T W Hogan	1,000,000	\$0.25c	30/06/2012
Traolach	Unlisted		

Director	Number of Options	Exercise price	Expiry date
Investments Pty Ltd	500,000 Listed	\$0.40c	31/07/2011
Traolach Investments Pty Ltd	3,500,000 Listed	\$0.40c	31/07/2011
Traolach Investments Pty Ltd	3,500,000 Unlisted	\$0.20c	31/07/2012
Rene Investments Pty Ltd <Terry Hogan Retirement Account>	125,000 Listed	\$0.40c	31/07/2011
Turloch Pty Ltd <ATF The Turloch Trust>	5,000 Listed	\$0.40c	31/07/2011
<b>Craig Rosendorff, or his nominee(s)</b>			
Craig Rosendorff	1,590,834 Listed	\$0.40c	31/07/2011
Craig Rosendorff	500,000 Unlisted	\$0.25c	30/06/2012
<b>Total</b>	5,740,835 Listed 6,000,000 Unlisted		

## INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

*The related parties to whom the proposed resolutions would permit the financial benefit to be given:*

Subject to shareholder approval, the following maximum number of Incentive Options will be granted to the following related parties, or their respective nominees:

Director	Number of Incentive Options
Matthew Hogan, or his nominee(s)	1,000,000
Terence Hogan, or his nominee(s)	750,000
Craig Rosendorff, or his	500,000

Director	Number of Incentive Options
nominee(s)	
<b>Total</b>	2,250,000

### *The nature of the financial benefit*

The proposed financial benefit to be given is the grant of Incentive Options for no consideration to the Participating Directors as noted above.

### *Directors' recommendation*

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs T Hogan and Rosendorff (who have no interest in the outcome of Resolution 4) recommend that shareholders vote in favour of Resolution 4. Mr M Hogan declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

Messrs M Hogan and Rosendorff (who have no interest in the outcome of Resolution 5) recommend that shareholders vote in favour of Resolution 5. Mr T Hogan declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

Messrs M Hogan and T Hogan (who have no interest in the outcome of Resolution 6) recommend that shareholders vote in favour of Resolution 6. Mr Rosendorff declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s).

*Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.*

The proposed ordinary Resolutions 4, 5 and 6 would have the effect of giving power to the Directors to grant a total of 2,250,000 Incentive

Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 30,613,149 listed Shares, 10,409,606 listed Options and the following unlisted Options on issue:

Number	Exercise Price	Expiry Date
3,500,000	\$0.20	30 June 2012
3,600,000	\$0.25	30 June 2012
2,000,000	\$0.40	31 July 2012

If all Incentive Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the share holding of existing shareholders by 4.3%. The market price of the Company's Shares during the period of the Incentive Options will normally determine whether or not the Participating Directors exercise the Incentive Options. At the time any Incentive Options are exercised and Shares are issued pursuant to the exercise of the Incentive Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Incentive Options.

The Participating Directors' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of the Incentive Options the subject of Resolutions 4, 5 and 6 are as follows:

Director	Fees p.a. (\$)	Value of Incentive Options (\$)	Total Financial Benefit (\$)
Matthew Hogan	104,247	260,000	364,247
Terence Hogan	25,000	195,000	220,000
Craig Rosendorff	12,000	130,000	142,000

The indicative option valuation of 26 cents is a theoretical valuation of each option using the Black and Scholes Option Pricing Model.

## Valuation of Incentive Options

The Company's advisers have valued the Incentive Options to be granted to the Participating Directors using the Black & Scholes Model. The value of an option calculated by the Black & Scholes Model is a function of a number of variables. The valuation of the Incentive Options has been prepared as at 19 March 2010 using the following assumptions:

Variable	Input
Share price	\$0.80 cents
Exercise price	\$1.00
Risk Free Interest Rate	5.11%
Volatility	69%
Expiry date	31 July 2013
Marketability Discount	30%

The Company's advisers have calculated the value of each option based on the following assumptions:

1. They have based the underlying value of each share in the Company on the Australian Securities Exchange closing price of \$0.80 cents on 19 March 2010;
2. Risk free rate of return - 5.11% (estimated, based on the Australian Treasury 3 year bond rate);
3. They used a volatility on an annualised basis of 69% of the share price as determined from the daily movements in share price since 25 January 2010.

Based on the assumptions, it is considered that the estimated average value of the Incentive Options to be granted to the Participating Directors is 26 cents per Incentive Option.

Any change in the variables applied in the Black & Scholes calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 19 March 2010:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
\$1.00	\$0.10 cents	\$0.80 cents

#### *Other Information*

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Incentive Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolutions 4, 5 and 6.

Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

#### *Listing Rule 10.11*

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the grant of Incentive Options to the Participating Directors.

#### *Additional Information*

The following information in relation to the Incentive Options to be granted pursuant to Resolutions 4, 5 and 6 is provided to shareholders for the purposes of Listing Rule 10.13:

- (a) the Incentive Options will be granted to the Participating Directors, or their nominees, as noted above;
- (b) the maximum number of Incentive Options to be granted is 2,250,000;
- (c) the Incentive Options will be allotted and granted on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;

- (d) the Incentive Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Incentive Options; and
- (f) the terms and conditions of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Incentive Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

#### **RESOLUTION 7 - INCREASE IN DIRECTORS' FEES**

Resolution 7 seeks shareholder approval for the purposes of Listing Rule 10.17 and for all other purposes, for the Company to be authorised to increase the aggregate amount of fees paid to Directors by \$100,000 from \$150,000 per annum to an aggregate amount of \$250,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for Non-Executive Directors for the following reasons:

- (a) expected growth of the Company and increased responsibilities for non-executive Directors;
- (b) non-executive Directors fees may need to be increased to retain Directors;
- (c) to attract new Directors of a calibre required to effectively guide and monitor the business of the Company; and
- (d) to remunerate Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.

The maximum aggregate fees payable to Directors have not been increased since the issue of a prospectus dated 23 April 2007. The number of non-executive Directors has not increased over this same period.

It is not intended to fully utilise the increased aggregate fees in the immediate future.

The remuneration of each Director for the year ended 30 June 2010 is detailed in the Company's 2009 Annual Report.

#### **RESOLUTION 8 - APPROVAL OF VENUS RESOURCES LIMITED EMPLOYEE SHARE OPTION PLAN**

Resolution 8 seeks the approval of shareholders for the Company to continue to offer employees the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between them and the Company and its employees. The Company originally adopted the Venus Resources Limited (formerly Venus Resources Pty Ltd) Employee Share Option Plan in 2007 when the Company was listed on ASX ("**Plan**").

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purpose of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior shareholder approval will be required before any Director or related party of the

Company can participate in the Plan.

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in Annexure C of this Explanatory Memorandum. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

In accordance with the requirements of Listing Rule 7.1 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is attached as Annexure C to this Explanatory Memorandum;
- (b) no options have been granted under the Plan; and
- (c) a voting exclusion statement has been included for the purpose of Resolution 8.

## GLOSSARY

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

"**Attaching Option**" means an option to acquire a Share the terms of which are set out in Annexure B;

"**Board**" means the board of Directors of the Company.

"**Company**" means Venus Resources Limited ABN 99 123 250 582.

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

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

"**Director**" means a director of the Company.

"**Incentive Option**" means an option to acquire a Share, the terms of which are set out in Annexure A.

"**Listing Rules**" means the Listing Rules of the ASX.

"**Meeting**" means the general meeting the subject of the Notice.

"**Notice**" means the notice of general meeting which accompanies this Explanatory Memorandum.

"**Option**" means an option to acquire a Share.

"**Resolution**" means a resolution proposed pursuant to the Notice.

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

## ANNEXURE A

### TERMS OF OPTIONS

1. Each option entitles the holder to subscribe for one ordinary share in the Company upon the payment of \$1.00.
2. The options will lapse at 5.00pm on 31 July 2013 ("**Expiry Date**").
3. Subject to clause 13, the options will only be exercisable after a period of 12 months from their date of grant.
4. The options are not transferable and will not be listed for official quotation on Australian Securities Exchange.
5. There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
6. Optionholders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be granted a period of at least 5 business days before books closing date to exercise the options.
7. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
8. There is no right to change the exercise price of options nor the number of underlying shares over which the options can be exercised, if the Company completes a bonus or entitlements issue.
9. Subject to clause 13, the options shall be exercisable at any time during the period commencing 12 months after grant and ending on or before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the option holder to exercise all or a specified number of options held by him accompanied by an option certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period.
10. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.
13. Notwithstanding clauses 3 or 9, all options may be exercised:
  - (a) in the event a takeover bid (as defined in the Corporations Act 2001 (Cth) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not; or
  - (b) at any time after a Change of Control Event occurs; or
  - (c) if a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) has been approved by the Court under section 411(4)(b) of the Corporations Act 2001 (Cth).

For the purposes of this clause 13:

"**Change of Control Event**" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the board of directors of the Company.

**ANNEXURE B**

**TERMS OF ATTACHING OPTIONS**

**VENUS RESOURCES LIMITED**

ABN 99 123 250 582

**TERMS AND CONDITIONS OF OPTIONS EXPIRING 31 JULY 2011 @ \$0.40(VNSO)**

- a) Each Option entitles the holder to subscribe for one ordinary share in the Company upon the payment of \$0.40.
- b) The Options will lapse at 5.00 pm, Western Standard Time on 31 July 2011 ("Expiry Date").
- c) The Options are transferable.
- d) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- e) Optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 6 business days before books closing date to exercise the Options.
- f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- g) The Options shall be exercisable at any time before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the optionholder to exercise all or a specified number of Options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the optionholder to the balance of the Options held by him.
- h) The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
- i) The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
- j) There is no right to change the exercise price of Options nor the number of underlying fully paid ordinary shares over which the Options can be exercised, if the Company completes any bonus or pro rata issue.

**NOTICE OF EXERCISE OF OPTIONS**

To  
The Directors  
Venus Resources Limited  
Mezzanine Level  
BGC Centre  
28 The Esplanade  
Perth WA 6000

Share Registry:  
Security Transfer Registrars Pty Ltd  
PO Box 535  
APPLECROSS WA 6953  
Email: registrar@securitytransfer.com.au  
Website: www.securitytransfer.com.au  
Ph: (618) 9315 2333 Fax: (618) 9315 2233

I/We \_\_\_\_\_ Shareholder Number: \_\_\_\_\_

Of \_\_\_\_\_

Being the registered holder of Options hereby exercise such Options to subscribe for ..... Ordinary fully paid shares at \$0.40 per share. I/We enclose application money of \$ ..... And authorise you to register me/us as the holder of the shares to be allotted to me/us and /we agree to accept such shares subject to the Rules of the Constitution of the Company

Individual or Holder 1 <input type="text"/> Director	Securityholder 2 <input type="text"/> Director/Secretary	Securityholder 3 <input type="text"/> Sole Director/Secretary	Date: <input type="text"/> Day / Month / Year
<input type="text"/> Contact Name	<input type="text"/> Contact Telephone Number		

This application, with application money in Australian Currency, should be lodged at the Company's Share Registry on or before the Expiry Date.

**NOTE:** Cheque should be made payable to **VENUS RESOURCES LIMITED** and forwarded to Security Transfer Registrars Pty Ltd.

**ANNEXURE C**

**EMPLOYEE SHARE OPTION PLAN TERMS**

2007

**RULES OF EMPLOYEE SHARE OPTION  
PLAN**

**VENUS RESOURCES LIMITED**  
(formerly Venus Resources Pty Ltd)  
ACN 123 250 582

THIS PLAN ("**Plan**") is made the 15th day of March 2007

## IT IS AGREED

### 1. DEFINITIONS AND INTERPRETATION

Unless the context otherwise requires:

- 1.1 "**Application Form**" means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;
- 1.2 "**ASX**" means Australia Stock Exchange;
- 1.3 "**Bid Period**" in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Law provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to a bid, the Bid Period shall be deemed to have commenced at the time of that announcement;
- 1.4 "**Board**" means the directors acting as the board of directors of the Company or a committee appointed by such board of directors;
- 1.5 "**Business Day**" means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;
- 1.6 "**Certificate**" means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;
- 1.7 "**Change of Control Event**" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;
- 1.8 "**Company**" means Venus Resources Pty Ltd, ACN 123 250 582.
- 1.9 "**Corporations Act**" means *Corporation Act 2001 (Cth)*;
- 1.10 "**Director**" means a director of the Company from time to time but does not include a person who is only a director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;
- 1.11 "**Eligible Person**" means at any time a person who then is a director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;
- 1.12 "**Exercise Condition**" means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;
- 1.13 "**Exercise Price**" means in respect of an Option, the subscription price per Share, determined in accordance with clause 16, payable by a Holder on exercise of the Option;
- 1.14 "**Expiry Date**" means in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than five years from the Issue Date;
- 1.15 "**Holder**" means in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;
- 1.16 "**Issue Date**" means in relation to an Option, the date on which the Company grants that Option;
- 1.17 "**Legal Personal Representative**" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;
- 1.18 "**Listing Rules**" means the *Official Listing Rules of ASX* as they apply to the Company from time to time;
- 1.19 "**Market Value**" means if the Company is admitted to the official list of ASX:
  - (i) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the

- Board resolves to offer an Option;  
or
- (ii) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;
- 1.20 **“Offer”** means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;
- 1.21 **“Official Quotation”** has the meaning ascribed to it in the Listing Rules;
- 1.22 **“Option”** means an option issued under the Plan to subscribe for a Share;
- 1.23 **“Participant”** means a person who holds options issued under the Plan and includes if a Participant dies or becomes subject to a legal disability, the Legal personal Representative of the Participant;
- 1.24 **“Permitted Nominee”** has the meaning given to it by clause 7.2;
- 1.25 **“Plan”** means the Employee Share Option Plan established in accordance with these Rules;
- 1.26 **“Redundancy”** means in relation to an Eligible Person a determination by the Board that the Company’s need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);
- 1.27 **“Retirement”** means in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;
- 1.28 **“Rules”** means these rules, as amended from time to time;
- 1.29 **“Series”** means in relation to Options, Options with a common Issue Date;
- 1.30 **“Shares”** means fully paid ordinary shares in the capital of the Company;
- 1.31 **“Specified Reason”** means Retirement,

Total and Permanent Disablement, Redundancy or death;

- 1.32 **“Tax”** means any tax, levy, impost, GST, 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 or all of the foregoing; and
- 1.33 **“Total and Permanent Disablement”** means in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

#### **Interpretation**

In this Agreement:

- 1.34 In these Rules, unless a contrary intention appears:
- (i) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
  - (ii) the singular includes the plural and vice versa;
  - (iii) a reference to a gender includes all genders; and
  - (iv) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

## **2. ESTABLISHMENT AND TERMINATION OF THE PLAN**

- 2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.
- 2.2 The Board may terminate the Plan, or

suspend its operation for any period it considers desirable, at any time that it considers appropriate.

- 2.3 The Board may not issue any further Options after the Plan has been termination until the last of those Options lapses or is exercised.

### **3. PURPOSE OF PLAN**

- 3.1 The purpose of this Plan is to:

- (i) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
- (ii) provide an incentive to the employees of the Company to remain in their employment in the long term;
- (iii) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (iv) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

### **4. OPERATION OF THE PLAN**

- 4.1 The Plan operates according to these Rules which bind the Company and each Participant.

- 4.2 The number of Shares to be received on exercise of the Options the subject of an offer under the Plan when aggregated with:

- (i) the number of Shares which would be issued where each outstanding offer or Option, 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, exercised; and
- (ii) the number of Shares issued during the previous five years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company;

but disregarding any offer made, or

Option acquired or Share issued by way of or as a result of:

- (iii) an offer under the Plan to a person situated at the time of receipt of the Offer outside Australia; or
- (iv) an offer under the Plan that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (v) an offer made under a disclosure document;

must not exceed 5% of the total number of issued Shares as at the time of the offer under the Plan.

### **5. ELIGIBILITY**

- 5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (i) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (ii) the length of service of the Eligible Person with the Company;
- (iii) the record of employment of the Eligible Person with the Company;
- (iv) the potential contribution of the Eligible Person to the growth of the Company;
- (v) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (vi) any other matters which the Board considers relevant.

- 5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

### **6. OFFER OF OPTIONS**

- 6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each offer must state:

- (i) the name and address of the eligible Person to whom the offer is made;
- (ii) that the Eligible Person to whom the offer is addressed may accept the whole or any lesser number of Options offered;
- (iii) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (iv) the period within which the offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
- (v) the method of calculation of the Exercise Price; and
- (vi) any other matters which the Board may determine.

## **7. ACCEPTING OFFERS**

7.1 Upon receipt of an offer of Options, an Eligible Person may, within the period specified in the offer;

- (i) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- (ii) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- (i) receipt of the Application Form referred to in clause 7.1(i); or
- (ii) the Board resolving to allow a renunciation of an offer in favour of a nominee ("Permitted Nominee") and the Permitted Nominee accepting the whole of any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options

subject to these Rules.

7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible person or the Permitted Nominee, as the case may be, becomes a Participant.

## **8. NO CONSIDERATION**

8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

## **9. CERTIFICATES**

9.1 The Company must give a Participant one or more Certificates stating:]

- (i) the number of Options issued to the Participant;
- (ii) the Exercise Price of those Options; and
- (iii) the Issue Date of those Options.

9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

## **10. QUOTATION**

10.1 The Company will not apply for Official Quotation of any Options.

10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

## **11. NOT TRANSFERABLE**

11.1 Subject to clause 14.5, Options are not transferable.

## **12. EXERCISE OPTIONS**

12.1 Subject to these Rules and the terms of the Options, Options may be exercised at any time during the period commencing on the Issue Date and

ending on the Expiry Date.

12.2 Notwithstanding clause 12.1, all Options may be exercised:

- (i) during a Bid Period; or
- (ii) at any time after a Change of Control Event has occurred; or
- (iii) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

- (i) the Certificate for those Options, for cancellation by the Company; and
- (ii) a cheque made payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in clause (ii).

12.4 Subject to clause 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

- (i) allot and issue the number of Shares to be issued in respect of the Options being exercised;
- (ii) cancel the Certificate for the Options being exercised; and
- (iii) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The Board may, at its discretion, by notice to the Participant reduce, waive

or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

### **13. SHARES ALLOTTED ON EXERCISE OF OPTIONS**

13.1 All Shares allotted upon exercise of the Options rank pari passu in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate full in:

- (i) Dividends declared by the Company after the date of allotment; and
- (ii) All issues of securities made or offered pro rata to holders of Shares.

### **14. LAPSE OF OPTIONS**

14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.

14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:

- (i) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
- (ii) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:

three months of the date of (as the case may be) Retirement Redundancy, death or Total and Permanent Disablement; or

subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those options in accordance with clause

12.5 so that those Options may be exercised. Options the subject of clause 14.2(ii) not exercised within three months or the longer period determined by the Board, will automatically lapse.

14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:

(i) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:

(a) one month of ceasing to be an Eligible Person; or

such longer period as the Board determines,

and any Options the subject to this clause not exercised within one month or the longer period determined by the Board, will automatically lapse; and

(ii) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option at any time prior to its Expiry Date.

14.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

14.5 Subject to clause 14.2, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased holder's Legal Personal Representative may:

(i) elect to be registered as a new Holder of the deceased Holder's Options;

(ii) whether or not he or she becomes so registered, exercise those Options in accordance with and

subject to these Rules as if he were the Holder of them; and

(iii) if the deceased holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

## **15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES REORGANISATIONS OF CAPITAL AND WINDING UP**

### **15.1 New Issues**

(i) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:

(a) they have become entitled to exercise their Options under the Plan; and

they do so before the record date of the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.

(ii) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

### **15.2 Bonus Issues**

If there is a bonus share issue ("Bonus Issue") to the holders of the Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

### **15.3 Pro Rata Issues**

If there is a pro rata issue (other than a Bonus issue) to the holders of Shares during the currency of, and prior to the

exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.

#### 15.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

#### 15.5 Winding Up

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

#### 15.6 Fractions of Shares

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

#### 15.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 15 will be made by the board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

#### 15.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of shares which the Participant is entitled to subscribe for on exercise of an Option.

### 16. EXERCISE PRICE OF OPTIONS

16.1 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

### 17. AMENDMENTS TO THE RULES

#### 17.1 Board May Alter Rules

The Board may subject to the Listing Rules alter, delete or add to these Rules at any time (save for the provisions of clause 4).

#### 17.2 Consent of Participants

If any amendments to be made under clause 17.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

#### 17.3 Eligible Persons Outside Australia

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules to Eligible Persons residing outside Australia.

### 18. POWERS OF THE BOARD

18.1 The Plan shall be administered by the Board who shall have the power to:

- (i) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (ii) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (iii) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (iv) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more

persons whom the Board reasonable believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;

- (v) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (vi) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (vii) make regulations for the operation of the Plan consistent with these Rules.

## **19. NOTICES**

- 19.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

## **20. NO COMPENSATION OR DAMAGES**

- 20.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
- 20.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
- 20.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
- 20.4 Participants do not, as Participants,

have any right to attend or vote at general meetings of holders of Shares.

## **21. GOVERNING LAW**

- 21.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 21.2 Each Participant irrevocable and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

## **22. ADVICE**

Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan