
**Rules of the Panaegis
Gold Mines Limited
Employee Share Plan**

1. DEFINITIONS AND INTERPRETATIONS

1.1. Definitions

In these Rules, unless the context requires otherwise:

Application Form means the application form that the Board determines is to be used by Qualifying Employees to apply for Shares under the Plan;

ASX means the Australian Stock Exchange;

ASX Listing Rules means the official listing rules of the ASX;

Board means the board of directors of the Company or a committee appointed by the board of directors of the Company for the purposes of this Plan;

Company means Panaegis Gold Mines Limited (ACN 111 587 163);

Constitution means the constitution of the Company, as amended from time to time;

Custodian means the person (if any) selected by the Board to administer the Plan as contemplated by Rule 10;

Disposal Restriction means, in relation to a Share, the restrictions on disposal imposed by Rule 8;

Employee Incentive Scheme means an employee share or option scheme extended to employees and/or directors of the Company and its Related Bodies Corporate, and includes the Plan;

Holding Lock means a facility that prevents securities being deducted from, or entered into, a holding of securities pursuant to a transfer;

Non-discriminatory Basis has the meaning given to that term in Section 139GF of the *Tax Act*;

Participant means:

- (a) Qualifying Employee who accepts an offer to participate in the Plan and agrees to be bound by these Rules; or
- (b) the legal personal representative of any person referred to in (a) duly appointed on the death or legal incapacity of that person;

Plan means the plan established and operated in accordance with these Rules and known as the Panaegis Gold Mines Employee Share Plan;

Qualifying Employee means a full-time or permanent part-time employee of the Company or any Subsidiary of the Company;

Related Body Corporate has the meaning given to that term in the Corporations Act;

Rules means these Rules, as amended from time to time;

Share means a fully paid or partly paid ordinary share in the capital of the Company;

Subsidiary has the meaning given to that term in the Corporations Act; and

Tax Act means the Income Tax Assessment Act 1936 (Cth).

1.2. Interpretation

In these Rules, unless the context requires otherwise:

- (a) headings are for convenience only and do not affect the interpretation of these Rules.
- (b) words denoting a gender include the other genders;
- (c) words denoting the singular include the plural and vice versa;
- (d) a reference to a person includes the legal personal representatives, successors and assigns of that person, and also corporations and other entities recognised by law; and
- (e) a reference to any law or to the ASX Listing Rules includes that law or the ASX Listing Rules as amended, re-enacted or replaced and any law or rules that supersede that law or rules.

2. PURPOSE

The purpose of the Plan is to provide Qualifying Employees with an opportunity to acquire Shares, thereby enabling them to share in any growth in value of the Company and encouraging them to improve the longer term performance of the Company and its returns to shareholders.

3. OPERATION OF THE PLAN

- 3.1. The Plan commences on the date the Board determines.
- 3.2. The Plan must be operated in accordance with these Rules.
- 3.3. These Rules bind the Company, each Subsidiary of the Company, the Custodian and each Participant.
- 3.4. The Plan, and any scheme for the provision of financial assistance in respect of the acquisition of Shares under the Plan, must be operated on a Non-discriminatory Basis.
- 3.5. An offer of Shares under the Plan must not have any conditions that could result in a Participant forfeiting ownership of Shares acquired under the Plan.

4. LIMITATIONS

- 4.1. Notwithstanding any Rule, Shares may not be issued, transferred or dealt with under the Plan if to do so would contravene the Corporations Act the ASX Listing Rules or any other applicable laws or where the compliance with any applicable law would in the opinion of the Board be unduly onerous or impractical.

- 4.2. An offer of Shares may only be made under the Plan if the number of Shares being offered, when aggregated with:
- (a) the number of Shares which would be issued if each outstanding offer or option to acquire unissued Shares, being an offer made or option acquired pursuant to an Employee Incentive Scheme, was to be accepted or exercised (as the case may be); and
 - (b) the number of Shares issued during the previous 5 years pursuant to an Employee Incentive Scheme,

but disregarding any offer made, or option acquired or Share issued, by way of or as a result of:

- (c) an offer to a person situated outside Australia at the time of receipt of the offer; or
- (d) an offer that did not require disclosure to investors because of Section 708 of the Corporations,

does not exceed 5% of the total number of issued Shares as at the time of the offer.

- 4.3. No Qualifying Employee may accept an offer of Shares under the Plan if, immediately after the acquisition of the Shares the subject of the offer, the Qualifying Employee would:
- (a) hold a legal or beneficial interest in more than 5% of the Shares in the Company; or
 - (b) be in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of the Company.

5. OFFERS

- 5.1. Subject to these Rules, the Board may offer Shares for subscription or acquisition under the Plan to any Qualifying Employee selected by the Board.
- 5.2. The Board must give to each Qualifying Employee who is offered Shares for subscription or acquisition under the Plan an Application Form together with the following information:
- (a) the number or value of Shares which the Qualifying Employee is offered;
 - (b) the minimum number (if any) of Shares that the Qualifying Employee may apply for and, if the Qualifying Employee may apply for less than the number of Shares offered, the multiples (if any) in which Shares must be applied for;
 - (c) the amount (if any) and manner of payment of the consideration to be paid by the Qualifying Employee to acquire the Shares;
 - (d) the Disposal Restrictions which will attach to the Shares acquired by the Qualifying Employee;

- (e) any other terms or conditions imposed by the Board in relation to the offer of the Shares;
 - (f) the period within which the offer remains open for acceptance by the Qualifying Employee;
 - (g) in respect of the initial offer made to a Qualifying Employee, a summary of, or a copy of, these Rules; and
 - (h) any other information or documents that the Corporations Act or the ASX Listing Rules require the Company to give the Qualifying Employee.
- 5.3. By completing and returning the Application Form within the period within which the offer remains open for acceptance, the Qualifying Employee accepts the offer to subscribe for or acquire Shares under the Plan and agrees to be bound by the terms of the Application Form, these Rules and the Constitution.
- 5.4. Unless the Board determines otherwise, for the purpose of determining:-
- (a) the amount of the Qualifying Employee's future remuneration (before tax) which will be foregone (if any) as a result of the issue or transfer of Shares under the Plan; and
 - (b) the amount of the consideration (if any) to be provided by the Qualifying Employee to acquire the Shares,

Shares to be issued or transferred under the Plan will be valued at the volume weighted average share price of Shares traded on the ASX in the ordinary course of trading during the five business days immediately preceding the day the Shares are issued or transferred to the Qualifying Employee.

6. ISSUE OF SHARES

- 6.1. The Board has a discretion as to how Shares to be issued or transferred to Participants are obtained by the Company or the Custodian. Such shares may be acquired on or off market or the Company may allot Shares, or they may be obtained by any combination of the foregoing.
- 6.2. Subject to the satisfaction of any terms or conditions set out in the Application Form, following receipt of a completed and signed Application Form and any consideration payable for the issue or transfer of the Shares, the Company will, as soon as practicable after the end of the period within which offers may be accepted, issue to the Participant, or procure the transfer to the Participant of, the number of Shares applied for by the Participant in the Application Form in a manner consistent with any Disposal Restrictions relating to those Shares.

7. RANKING OF SHARES

- 7.1. Subject to these Rules, Shares issued under the Plan will rank equally in all respects with all existing Shares from the date of allotment, including in relation to:
- (a) voting rights; and

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

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

7.2. So long as existing Shares are quoted on the ASX at that time, the Company must apply for quotation on the official list of the ASX of the Shares issued in accordance with the Plan within the time required by the ASX Listing Rules and, if no such time is prescribed, as soon as practicable after the issue of those Shares.

8. RESTRICTIONS ON DISPOSAL

8.1. A Participant must not sell, transfer or otherwise dispose of any Shares issued or transferred to the Participant under the Plan until the earlier of:

- (a) the end of the period of three years (or, if a longer period is specified by the Board in the offer, the end of that period) commencing on that date of the issue or transfer of the Shares to the Participant; or
- (b) the date on which the Participant is no longer employed by the Company or a Related Body Corporate of the Company.

8.2. The Company may administer its register of members, and make such arrangements and do all things necessary or desirable, for the purpose of preventing a contravention of Rule 8.1 and each Participant agrees to the Company effecting such arrangements or doing such things. Without limiting the generality of the foregoing, the Company may refuse to register a transfer of Shares acquired by a Participant under the Plan that would involve a contravention of Rule 8.1 and may instruct its share registry to apply a Holding Lock to the Shares for the duration of the period for which the Disposal Restrictions apply. A Participant must not require the Company to instruct its share registry to remove a Holding Lock on those Shares during that period.

9. POWERS OF THE BOARD

9.1. The Plan will be managed by the Board, which has power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan consistent with these Rules;
- (b) determine that funds be provided to the Custodian to be applied by the Custodian for the purposes of the Plan in accordance with Rule 10.4;
- (c) resolve and bind the Company and the Participants absolutely regarding any question of fact, interpretation, effect or application arising in connection with the Plan;
- (d) determine matters falling for determination under these Rules in its absolute discretion having regard to the interests of and for the benefit of the Company;

- (e) exercise the discretions conferred on it by these Rules or which may otherwise be required in relation to the Plan;
- (f) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan; and
- (g) establish a trust to acquire, hold and deliver Shares under the Plan and appoint a trustee for any such trust.

10. POWERS AND OBLIGATIONS OF THE CUSTODIAN

- 10.1. The Board may appoint a Custodian to administer the Plan and may determine the terms and conditions of the Custodian's appointment.
- 10.2. Where a Custodian has been appointed, the Board may remove the Custodian at any time.
- 10.3. The Custodian must administer the Plan in accordance with these Rules and any procedures determined by the Board and agreed to as between the Board and the Custodian.
- 10.4. Any funds provided by the Company or a Subsidiary of the Company to the Custodian must only be used by the Custodian for the purposes of:
 - (a) subscribing for or acquiring Shares for and on behalf of the Participants; and
 - (b) meeting costs associated with administering the Plan in accordance with these Rules.

11. EMPLOYMENT

- 11.1. This Plan:
 - (a) does not form part of any contract of employment between the Company, or any Subsidiary of the Company, and any Qualifying Employee or Participant.
 - (b) does not confer on any Qualifying Employee or Participant the right to continue as an employee of the Company or any Subsidiary of the Company;
 - (c) does not affect any rights which the Company, or any Subsidiary of the Company, may have to terminate the employment of the Qualifying Employee or Participant; and
 - (d) may not be used to increase damages in any action brought against the Company, or any Subsidiary of the Company, in respect of the termination of the employment of a Qualifying Employee or Participant.
- 11.2. It is a condition of these Rules that the Plan may be terminated at any time at the discretion of the Board and that no compensation under any employment contract will arise as a result.

12. CONNECTION WITH OTHER PLANS

Unless the Board otherwise determines, participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

13. PLAN COSTS

- 13.1. Any brokerage, commission, stamp duty or other transaction costs in connection with any issue or transfer of Shares under the Plan will be paid for by the Company or the Custodian.
- 13.2. Subject to Rule 13.3, the Company and the Custodian may not seek to recover any expenses, costs or charges associated with the implementation and administration of the Plan from a Participant unless the Participant has agreed to such recovery, either at the time the Participant accepts an offer to participate in the Plan, or otherwise.
- 13.3. Notwithstanding Rule 13.2:
 - (a) the Company or a Subsidiary of the Company will have the power to withhold from amounts otherwise owing to the Participant, or to require the Participant to remit to it, an amount sufficient to satisfy all withholding tax requirements, and any other governmental imposts, in respect of any or all of the Participant's Shares under the Plan; and
 - (b) any brokerage, commission, stamp duty or other transaction costs in connection with the disposal of a Participant's Shares acquired under the Plan will be paid for by the Participant.

14. NOTICES

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

15. OVERSEAS QUALIFYING EMPLOYEES

The Company, at the Board's discretion, may:

- (a) offer, issue or transfer Shares to Qualifying Employees and Participants who are resident outside of Australia; and
- (b) make regulations for the operation of the Plan which are not inconsistent with these Rules to apply to Qualifying Employees and Participants who are resident outside of Australia.

16. AMENDMENT OF THE RULES

- 16.1. Subject to Rule 16.2 and the ASX Listing Rules, the Board may amend, add to, delete or otherwise vary these Rules at any time in any manner it thinks fit in its absolute discretion.
- 16.2. No amendment, addition, deletion or variation to the provisions of these Rules ("amendment") may be made which reduces the rights of Participants in respect of

Shares acquired by them prior to the date of the amendment, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future laws or the ASX Listing Rules;
- (b) to correct any manifest error or mistake; or
- (c) for the purpose of enabling Participants to receive a more favourable taxation treatment in respect of their participation in the Plan.

17. SUSPENSION OR TERMINATION OF THE PLAN

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

17.2. In the event of a suspension or termination of the Plan, these Rules will continue to operate with respect to any Shares issued or transferred under the Plan prior to that suspension or termination.

18. GOVERNING LAW

These Rules are governed by and shall be construed in accordance with the laws of the State of Victoria.

19. ADVICE

Qualifying Employees 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.

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