

20 December 2012



Indophil Resources Employee Option Plan

Indophil Resources NL (Indophil) advises that the Board has resolved to make an issue of options under the Company's existing Employee Option Plan (EOP). The purpose of the EOP is to act as an employee incentive scheme for current and future employees of the Company. Shareholder approval to the issue is not required. A copy of the original EOP rules is attached.

Indophil advises that under the EOP it has issued 2,760,750 options to employees who are not Directors, to subscribe for shares in the capital of Indophil in three tranches at \$0.25, \$0.28 and \$0.31, expiring 19 December 2015, 19 December 2016 and 19 December 2017 respectively in accordance with the terms of the EOP.

An appendix 3B follows accordingly.

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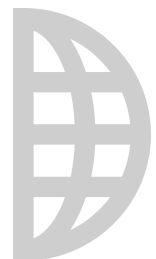
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Indophil Resources NL

Employee Option Plan Rules

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Employee Option Plan Rules Indophil Resources NL

ACN 076 318 173

1 Objectives

1.1 The objectives of this plan are to:

- (a) provide an incentive to Employees to achieve the long term objectives of the Company and improve the performance of the Company; and
 - (b) attract and retain persons of experience and ability for the benefit of the Company.
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2 Definitions and interpretation

Definitions

2.1 In these Rules, unless the contrary intention appears, terms defined in the Corporations Act or the Listing Rules have the same meaning in these Rules, and:

ASX means ASX Limited.

Board means the Board of Directors of the Company.

Business Day has the meaning attributed to that term in the Listing Rules.

Company means Indophil Resources NL (ACN 076 318 173).

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

Employee means a person who is a full-time or permanent part-time employee or officer of the Company or any related body corporate of the Company, other than any such person who has given a notice of resignation or who has been given a notice of termination of their employment.

Exercise Conditions means any conditions specified in the Offer which must be satisfied before the Option can be exercised.

Exercise Price means the price payable per Share to exercise an Option, as determined by the Board and specified in the Offer.

Listed means the Company being and remaining admitted to the official list of the ASX.

Listing Rules means the listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Offer means the offer of Options to be made to an Employee pursuant to clause 3.1.

Option means an option to acquire a fully paid Share on the terms set out in these Rules.

Option Certificate means the certificate issued by the Company to each Employee setting out the number of Options issued to the Employee, the Option Period, the Exercise Price and the issue date for those Options and any other information required by the Corporations Act or the Listing Rules.

Option Period means the period during which an Option may be exercised, as determined by the Board and specified in the Offer.

Participant means an Employee to whom Options are issued.

Plan means the Company's Employee Option Plan comprised by these Rules.

Rules means these rules governing the Plan, as amended from time to time.

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

Total and Permanent Disablement means, in respect of a Participant, a permanent inability to perform his or her duties due to any form of injury, illness or other disablement, as determined by the Board.

Interpretation

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

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

3 Offers

3.1 Subject to clause 4, the Company may make an Offer to any Employee.

3.2 Each Offer must be in writing and must specify the following:

- (a) the name and address of the Employee to whom the Offer is made;
- (b) the total number of Options (and the number of Shares to which the Options relate) for which the Employee may apply;
- (c) the Option Period for the Options;
- (d) the Exercise Price of the Options;
- (e) any Exercise Conditions for the Options;
- (f) any other matters required to be specified in the Offer by either the Corporations Act or the Listing Rules.

3.3 The Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares.

3.4 Unless the Board otherwise determines, no consideration will be payable for the issue of the Options.

4 Total number of Shares and Options

- 4.1 An Offer of Options must not be made if the total number of Shares which would be issued if those Options were exercised, plus:
- (a) the total number of Shares which would be issued under all outstanding Options which have been granted but not exercised, terminated or expired; and
 - (b) the number of Shares issued during the previous five years pursuant to this Plan or any employee share plan of the Company; but
 - (c) disregarding any Offer made to persons situated at the time of receipt of the Offer outside Australia, an offer made under a disclosure document or an offer that did not need disclosure because of section 708 of the Corporations Act,
- would exceed 5% of the total number of Shares on issue at the time the Offer is made.
- 4.2 Clause 4.1 does not apply to an Offer which does not require disclosure under Part 6D.2 of the Corporations Act.
- 4.3 No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Corporations Act or any other applicable law.

5 Acceptance

- 5.1 An Employee may only accept an Offer in writing, and such acceptance must occur within 10 Business Days after receipt of the Offer or such longer period as the Board may determine.
- 5.2 The Company will, after receiving an acceptance of an Offer, issue an Option Certificate to the Participant.

6 Vesting of Options

- 6.1 The Options held by a Participant will vest and become exercisable by that Participant in accordance with the terms of any applicable Exercise Conditions.

7 Exercise of Options

- 7.1 A Participant is, subject to this clause 7, entitled to exercise an Option during the Option Period provided that all the Exercise Conditions have been satisfied and any exercise is for a minimum number or multiple of Shares as the Board may determine and specify in the terms of the Offer. Any determination as to whether any Exercise Conditions have been satisfied shall be made by the Board in its absolute discretion.
- 7.2 Options may be exercised by the Participant delivering to the Company a notice in writing signed by the Participant stating the number of Options to be exercised together with full payment of the Exercise Price for the Shares to be issued, together with an acknowledgement by the Participant that they authorise the Company to register them as the holder of the relevant Shares and agree to accept such Shares subject to the Constitution of the Company.

- 7.3 After receipt of the full amount of the Exercise Price from a Participant in accordance with clause 7.2, the Company will allot and issue the Shares that relate to the Options exercised. All such Shares will upon allotment be:
- (a) credited as fully paid;
 - (b) rank equally for dividends declared on or after the date of allotment, but will carry no right to receive any dividend declared before the date of allotment; and
 - (c) will otherwise rank equally with the existing issued fully paid ordinary Shares of the Company at the time of allotment.
- 7.4 As soon as practicable after allotment of Shares under the Plan, the Company will, if it is Listed, apply for official quotation of such Shares on the ASX.
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8 Rights of Participants

- 8.1 Subject to clause 8.2, if a Participant ceases to be an Employee before the Participant has exercised his or her Options, then if the Option Period during which the Options could be exercised has commenced, those Options will be capable of being exercised for a period of 60 days or such longer period determined by the Board after such cessation, but no later than the expiry of the Option Period.
- 8.2 If a Participant:
- (a) dies;
 - (b) leaves the Company on the grounds of Total and Permanent Disablement;
 - (c) retires after attaining the age of 55 years; or
 - (d) leaves the Company in such other circumstances as the Board in its absolute discretion determines,
- before exercising Options issued under the Plan, then the Participant or the legal personal representative of that Participant may, within the period of six months of the Participant's dying or so leaving or such longer period as may be approved by the Board, exercise all or part of the Participant's Options provided that the Option Period during which the Options could be exercised has commenced at the time that any of the circumstances in clause 8.2 (a) to (d) occurs and all Exercise Conditions have been satisfied. Any Options not exercised within the period approved by the Board will lapse.
- 8.3 If a takeover bid within the meaning of the Corporations Act is made for the Company and the bidder becomes entitled to become the registered holder of at least 90% of the ordinary shares during the bid period, the Options held by a Participant (whether or not they have vested) are exercisable during the bid period and for a period of 7 days thereafter and any such Options not exercised during that period shall lapse.
- 8.4 If a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company the effect of which may be that a person will have a relevant interest in at least 90% of the ordinary shares in the Company and the meeting approves the scheme of arrangement, the Options held by a Participant (whether or not they have vested) are exercisable within 7 days of the date of the meeting and any Options not exercised by the end of that period shall lapse.

- 8.5 A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Options before the record date for the relevant issue.
- 8.6 If the Company makes a pro rata offer of Shares to all holders of Shares (except for a bonus issue) there will be no change to the Exercise Price of each Option.
- 8.7 If, prior to the exercise of an Option, the Company makes a pro rata bonus issue to the holders of its Shares, and the Option is not exercised prior to the record date in respect of that bonus issue, the Option will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Option had been exercised prior to the record date.
- 8.8 If, prior to the exercise of an Option, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of the Options and rights of the Participant will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.
- 8.9 Unless otherwise permitted by the Listing Rules, the Exercise Price or the number of Shares which the Participant is entitled to receive on exercise of an Option will only be adjusted in accordance with clause 8.6, 8.7 or 8.8. The Company must give notice to Participants of any adjustment to the Exercise Price or number of Shares which the Participant is entitled to receive on exercise of an Option in accordance with the Listing Rules.

9 Powers of the Board

- 9.1 The Plan will be administered by the Board or a committee of the Board and will have an absolute discretion to:
- (a) determine appropriate procedures for administration of the Plan consistent with these Rules including any Exercise Conditions that will apply to Options;
 - (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;
 - (c) delegate to any one or more persons for such period and on such conditions as they may determine the exercise of any of their powers or discretions under the Plan or these Rules; and
 - (d) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules to apply to Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions.
- 9.2 While the Company is Listed, the Board may only exercise its powers in accordance with the Listing Rules.

10 Commencement, suspension, termination and amendment of Plan

- 10.1 The Plan will take effect when the Board decides.

- 10.2 The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.
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11 Lapsing of Options

- 11.1 Unless exercised, the Options of a Participant will lapse at 5.00pm (AEST) on the date which is the earlier of:
- (a) the expiry of the Option Period; and
 - (b) the date which is 60 days, or such longer period as determined by the Board, after the Participant ceases to be employed by the Company, except in the circumstances set out in clause 8.2.
- 11.2 All Options will lapse on the liquidation of the Company.
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12 Assignment of Options

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

13 Miscellaneous

- 13.1 No brokers fees or commissions are payable by Employees for the grant of Options pursuant to this Plan.
- 13.2 Participants granted Options under this Plan are bound by these Rules and by the Constitution of the Company.
- 13.3 Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant may be given or made by the Board or such persons as it may direct) on behalf of the Company.
- 13.4 No Participant has or is to be regarded for any purpose as having any interest in any Shares the subject of an Option unless and until that Option is exercised and Shares are allotted as a result thereof.
- 13.5 Participation in the Plan does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may have to terminate the employment or appointment of an employee.
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14 Governing law

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