



NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

A Meeting of the Company will be held at Esplanade River Suites, Pagoda A Room, 112 Melville Parade, Como, Western Australia, on 27 November 2008 at 3:30pm (WST).

This Notice of Meeting and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

MIINDAX LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of the Shareholders of Mindax Limited (the “**Company**”) will be held at Esplanade River Suites, Pagoda A Room, 112 Melville Parade, Como, Western Australia on 27 November 2008 at 3:30pm (WST).

Information on the proposals to which the Resolutions set out below relate is contained in the Explanatory Memorandum (“**Explanatory Memorandum**”) which accompanies and forms part of this Notice of Meeting. Terms defined in the Explanatory Memorandum – “**Glossary**” have the same meaning when used in this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

To receive and consider the annual financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2008.

RESOLUTION 1 – REMUNERATION REPORT

To consider and if thought fit to pass with or without amendment the following resolution as a non-binding resolution.

“That for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the year ended 30 June 2008 as set out in the Directors’ Report section of the Annual Report”.

The resolution to adopt the Remuneration Report is advisory only and does not bind the directors of the Company.

RESOLUTION 2 – RE-ELECTION OF NICHOLAS JAMES SMITH AS A DIRECTOR

To consider and if thought fit to pass, with or without amendment the following resolution as an ordinary resolution.

“That Mr Nicholas James Smith, being a director of the Company, retires by rotation in accordance with Clause 7.3(a) of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a director of the Company.”

RESOLUTION 3 – ELECTION OF ANDREW TSANG AS A DIRECTOR

To consider and if thought fit to pass, with or without amendment the following resolution as an ordinary resolution.

“That Mr Andrew Tsang, being a director of the Company, retires in accordance with Clause 7.3(g) of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a director of the Company.”

SPECIAL BUSINESS

RESOLUTION 4 – AMENDMENT OF CONSTITUTION TO INCREASE AGGREGATE AMOUNT OF NON-EXECUTIVE DIRECTORS’ REMUNERATION

To consider and if thought fit to pass, with or without amendment the following resolution as a special resolution.

“That for the purposes of section 136(2) of the Corporations Act and Listing Rule 10.17 and for all other purposes, Clause 7.5(a) of the Constitution be deleted and replaced with:

“Subject to the Corporations Act and the Listing Rules, the Company may pay to the Non-executive Directors a total amount of director’s fees (excluding salaries, retirement or other employee benefits), an amount not exceeding three hundred thousand dollars per year or such other amount as shall from time to time be authorised by the Company in general meeting.””

RESOLUTION 5 – RATIFICATION OF PREVIOUS ISSUE OF EMPLOYEE OPTIONS

To consider and if thought fit to pass with or without amendment the following resolution as an ordinary resolution.

“That, pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue on 4 August 2008 of 250,000 Employee Options which will vest on 1 August 2009 to subscribe for Shares at an exercise price of 53 cents per Share and an expiry date of 1 August 2012, to the persons and on the terms and conditions more particularly described in the Notes to this Resolution.”

Notes:

- (1) A total of 250,000 Options to subscribe for Shares were issued on 4 August 2008 to Stephen Denn, an arms length (non director) employee of the Company (“Employee Options”).
- (2) The Employee Options were issued for nil monetary consideration.
- (3) The Shares issued on exercise of the Employee Options will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary shares on issue.
- (4) No funds were raised from the issue.
- (5) In accordance with ASX Listing Rule 7.5, any votes cast on Resolution 5 (other than by a person as proxy for a member who is entitled to vote where the instrument of proxy specifies how the proxy is to vote on the Resolution, or by the Chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by, or on behalf of, anyone who participated in the issue or any other person who might obtain a direct benefit if Resolution 5 is passed, or any of their respective associates, will be disregarded.

RESOLUTION 6 – ISSUE OF OPTIONS TO GREGORY JOHN BROMLEY

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

“That for the purposes of ASX Listing Rules 7.1 and 10.11 and Part 2E.1 of the Corporations Act and for all other purposes, the Company approves and the Directors be and are hereby authorised to grant and issue 660,000 Options for no monetary consideration, exercisable at \$0.60 each on or before 30 June 2011, provided that a JORC compliant resource is established in respect of the Company’s Mount Forrest Iron Project by no later than 1 April 2009 to Mr Gregory Bromley and/or his nominee, upon the terms and conditions set out in the accompanying “Directors’ Option Terms” (Annexure A)”.

Notes:

- (1) The Options issued under Resolution 6 will be issued to Gregory Bromley and/or his nominee for no monetary consideration.
- (2) The maximum number of Options that may be acquired by Mr Bromley is as set out above being 660,000 in total.
- (3) The Options will be issued and allotted as soon as possible after the Meeting and in any event within one month of the date of the Meeting.
- (4) No funds are to be raised from the issue.
- (5) The full terms and conditions of the Options are set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting.
- (6) Shares issued as a result of the exercise of the Options will rank pari passu with Shares in the Company
- (7) In accordance with ASX Listing Rules 7.3.8 and 10.13 and section 224 of the Corporations Act, any votes cast on Resolution 6 (other than by a person as proxy for a member who is entitled to vote where the instrument of proxy specifies how the proxy is to vote on the Resolution, or by the Chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by, or on behalf of, Mr Bromley or any other person who might obtain a direct benefit if Resolution 6 is passed, or any of his respective associates, will be disregarded.

RESOLUTION 7 – APPROVAL OF EMPLOYEE AND CONSULTANT OPTION PLAN

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

“That for the purposes of ASX Listing Rule 7.1, and for all other purposes, the terms of the Mindax Limited Employee and Consultant Option Scheme (“Scheme”) (a summary of which appears in the Notes to this Resolution) and the issue of Options to subscribe for Shares in the Company pursuant to the Scheme, be approved.”

Notes:

- (1) A copy of the complete rules of the Scheme is included in Annexure B and is available upon request by contacting the Company Secretary, Mr Angelo Francesca whose contact details are set out below.
- (2) In accordance with ASX Listing Rule 7.1 any votes cast on Resolution 7 (other than by a person as proxy for a member who is entitled to vote where the instrument of proxy specifies how the proxy is to vote on the Resolution, or by the Chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by, or on behalf of, a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, will be disregarded.

PROXIES

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company;
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified then in accordance with Section 249X(3) of the Corporations Act each proxy may exercise one half of the votes.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments by Shareholders:

Registered Office: c/- FJH Solutions
Ground Floor
21 Teddington Road
BURSWOOD WA 6100

Facsimile Number: +61 8 9355 4580
Telephone number: +61 8 9486 2333
Postal Address : Mr A. Francesca
PO Box 6918
East Perth WA 6892

The proxies of Shareholders must be received at the relevant address set out above no later than 48 hours prior to the time of commencement of the Meeting (WST).

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations (Cth) that the persons eligible to vote at the Meeting are those who are registered as members of the Company on 25th November 2008 at 3:30pm WST.

By order of the Board



Gregory John Bromley
Director
14th October 2008

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of the Company in connection with the business to be considered at the forthcoming annual general meeting of the Company and should be read in conjunction with the accompanying notice of meeting.

Annual Financial Report

The financial report of the Company for the year ended 30 June 2008 (including the financial statements, directors' report and auditors' report) was included in the 2008 annual report of the Company, which was distributed to shareholders or made available to shareholders along with this notice of meeting.

Time will be allowed during the annual general meeting for consideration by shareholders of the financial statements and the associated directors' and auditors' reports.

Resolution 1 – Remuneration Report

In accordance with Section 250R(2) of the Corporations Act, shareholders are required to vote on the Company's Remuneration Report.

The Remuneration Report is contained in the Directors' Report section of the 2008 annual report. The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for directors and where relevant, senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. However, shareholders should note that the vote on Resolution 1 is not binding on the Company or the directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Resolution 2 – Re-election of Nicholas James Smith as a Director

The Constitution of the Company requires that one third of directors in office (other than a managing director) must retire by rotation at each annual general meeting of the Company.

Mr Nicholas James Smith therefore retires at the forthcoming annual general meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

Mr Smith has been a director of the Company since 30 October 2003. He is a solicitor by training and is a consultant providing corporate and strategic advice. Mr Smith operates his own corporate advisory consultancy.

Resolution 3 – Re-election of Andrew Tsang as a Director

The Constitution of the Company requires that a Director appointed by the Board must retire at the next annual general meeting of the Company after their appointment.

Mr Andrew Tsang therefore retires at the forthcoming annual general meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

Mr Tsang has been a director since 28 March 2008. Mr Tsang is a naturalised Australian citizen who was born and educated in China and who has successfully established and run construction, engineering and property development businesses both in China and Australia as well as establishing successful import agencies for Australian manufactured goods into China. He has sound commercial connections with many leading Chinese heavy industry producers including participants in the Chinese steel manufacturing industry.

Resolution 4 – Amendment to Constitution to increase aggregate amount of Non-executive Directors' Remuneration

The aggregate maximum amount payable to non-executive Directors of the Company in a financial year is \$150,000. This amount has not been increased since the Company listed on the ASX.

During this year an additional non-executive Director was appointed to the Board, Mr Andrew Tsang. His appointment has brought additional appropriate skills and experience to the Company.

The remuneration provided to each non-executive Director for the financial year ended 30 June 2008 is detailed in the Remuneration Report contained within the Directors' Report of the 2008 Annual Report. Based on the current level of remuneration the Company will exceed the \$150,000 aggregate maximum amount payable to non-executive Directors in the financial year ending 30 June 2009.

Clause 7.5(a) of the Constitution provides that the Company may pay to the non-executive Directors a total amount of director's fees an amount not exceeding one hundred and fifty thousand dollars per year. Pursuant to section 136(2) of the Corporations Act a company may modify or repeal its constitution, or a provision of its constitution, by special resolution. Under Listing Rule 10.17 the Company may not increase the total amount of directors' fees payable without the approval of its shareholders. It is proposed to increase the aggregate maximum amount payable to non-executive Directors of the Company from \$150,000 to \$300,000 with provision for the sum to be increased with the approval of shareholders.

The proposed aggregate maximum amount of \$300,000 payable to non-executive Directors of the Company is exclusive of superannuation.

The total amount of Directors' fees has been determined by comparison against similar sized companies in the industry and the Directors' fees are considered to be in line with industry benchmarks.

The Board does not make any recommendation in respect of this resolution given the interest of the non-executive Directors in the resolution.

Resolution 5 – Ratification of Previous Issue of Employee Options

Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to an issue of securities representing more than 15% of the issued capital of that company in any 12 month period. Listing Rule 7.4 enables a company to restore its ability to issue securities within the 15% annual limit by obtaining shareholder ratification of an issue previously made within that limit.

Shareholder ratification pursuant to Listing Rule 7.4 is now sought in respect of an issue of 250,000 options vesting on 1 August 2009 to subscribe for Shares at an exercise price of 53 cents per Share and an expiry date of 1 August 2012 to an arms length (non-director related) employee of the Company on the terms as set out below ("**Employee Options**"). The Resolution will restore the Company's ability to issue securities within the 15% annual limit.

Outlined below is the information required to be provided to Shareholders pursuant to Listing Rule 7.5 for the purpose of obtaining Shareholder ratification under Listing Rule 7.4 for the prior placement:

- (a) 250,000 options to subscribe for Shares were issued on 1 August 2008;
- (b) the Employee Options were issued for nil monetary consideration;
- (c) the Employee Options were issued to Stephen Denn, an arms length (non director related) employee of the Company;
- (d) the Shares issued on exercise of the Employee Options will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary shares on issue; and
- (e) no funds were raised from the issue.

If the resolution is passed, the Company will, pursuant to Listing Rule 7.1, be able to issue up to 15% of its issued Share capital without the requirement to seek the approval of Shareholders. The Directors believe this will be beneficial to the Company as it will allow it to capitalise on business opportunities if, and when, they become available.

Resolution 6 – Issue of Options to Gregory John Bromley

In accordance with section 208(1) of the Corporations Act and Listing Rule 10.11 of ASX Limited, the Board seeks approval for the allotment and issue of a total of 660,000 options to Gregory John Bromley (and/or his nominee) in accordance with the terms and conditions set out in Annexure A.

Part 2E of the Corporations Act

Part 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior approval is obtained from shareholders to the giving of the financial benefit.

For the purposes of Part 2E, Gregory John Bromley is considered to be a related party of the Company and a grant of options constitutes the giving of a financial benefit.

The proposed issue of options to Gregory John Bromley involves the provision of a financial benefit to a related party of the Company and therefore, requires prior shareholder approval.

In accordance with the requirements of Part 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed issue of options to Gregory John Bromley:

- (a) Gregory John Bromley is a related party of the Company to whom the proposed resolution would permit the financial benefit to be given;
- (b) The nature of the financial benefit to be given to Gregory John Bromley is the issuing of options to subscribe for ordinary shares in the numbers set out above. The issue of employee options to Gregory John Bromley is proposed to assist in his retention and motivation whilst the Company implements its strategies for growth. The number of options proposed to be issued, the exercise price and expiry date have been determined after consideration of other employee incentive schemes in the market, the share price history of the Company in the last 12 months and objectives of the Company over the coming two years;
- (c) the options are granted for no consideration;
- (d) the 660,000 options will be issued upon approval by shareholders with an exercise price of 60 cents;
- (e) the market sale prices of Mindax's shares on ASX during the 12 months immediately preceding the date of preparation of this Notice have ranged from a high of 51 cents on 23 September 2008 and a low of 8.9 cents on 2 October 2007. At the date of preparation of this Explanatory Memorandum the market sale price was 47.0 cents. The options to be issued will not be listed on ASX;
- (f) the Options will be offered to and, if accepted, issued to Gregory John Bromley as soon as is practicable after Resolution 7 is passed, and in any event, no later than one month after the meeting;
- (g) the Options will vest on 1 April 2009 on the basis that the Company has in place a JORC compliant resource for its Mt Forrest Iron Project by that date, otherwise the Options will lapse;
- (h) the Options will, subject to Gregory John Bromley remaining a Director of or employed by the Company, be exercisable on or before 30 June 2011;
- (i) should the Company's shares be trading on the ASX at a price in excess of the exercise price of Options granted pursuant to the EOS the holders of the Options will obtain a potential financial gain on the exercise of the options and subsequent sale of shares;
- (j) the Company has calculated a value per potential share arising out of the options the subject of this Resolution based on the number of shares into which those Options could be converted on exercise as 18.3 cents per potential share. This calculation has been made using the Black & Scholes Option Pricing Model which is the standard formula used for calculating the valuation of an option. The formula requires the use of various assumptions to calculate a value for the options.

The assumptions used by the Company for the calculation are:

- an exercise price of 60 cents and expiry date of 30 June 2011.
- a share price of 50 cents per share.
- a volatility factor for the Company's share price of 60% which was derived by the Company by reference to historic volatility of peer group entities.
- a discount rate of 6.50% by reference to the current 3 year Government Bond Rate.

On the basis of that valuation, the total value of the options proposed to be issued to Gregory John Bromley is \$120,780.

- (k) if all of the options are exercised, this will have a dilution effect on the holding of existing shareholders of 0.5% based on the total issued capital of the Company at the date of preparation of this Notice;
- (l) At the date of preparation of this notice, Gregory John Bromley had a relevant interest in the following securities of the Company;

Fully Paid Ordinary Shares	6,355,001
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- (m) The total remuneration package for Gregory John Bromley for the year ended 30 June 2008, as disclosed in the 2008 annual report, is as follows;

Consultancy Fees	\$11,320
Base Salary	\$166,400
Superannuation	<u>\$39,976</u>
	\$217,696

The total remuneration package for the year ended 30 June 2009 will be \$238,500 plus statutory superannuation at the rate of 9%. In addition, Gregory John Bromley will receive an additional benefit of \$120,780 being the approximate value of the employee options proposed to be issued under this resolution.

- (n) ownership of shares pursuant to the exercise of the options will entitle the holders of shares to receive benefits of ownership/membership, on the same basis as existing shareholders of the Company;
- (o) no Fringe Benefits Tax liability will arise to the Company for the proposed issue of Options to Gregory John Bromley. The liability to income tax will be borne by the recipients of the Options who may be required to include certain amounts in their assessable income;
- (p) all Options issued pursuant to this Resolution will be subject to the terms and conditions as set forth in Annexure A;
- (q) other than the information specified above, the Company believes there is no other information that would be reasonably required by shareholders in order to decide whether it is in the best interests of the Company to pass the resolution.

Recommendation

The remaining Directors have no interest in the issue of the proposed options to Gregory John Bromley. They recommend that shareholders approve this Resolution and the issue of the Options as being in the best interests of the Company to assist Mr Bromley's retention during the advancement of the Company's prospects, in particular the Mt Forrest Iron Project.

Resolution 7 – Approval of Employee Option Plan

The purposes of the Scheme is to provide a means by which employees, upon whom the responsibilities for the successful growth of the Company rest, can share in such growth and recognise the ability and efforts of those who have contributed to the success of the Company. There will be no issue price for options issued under the Scheme ("**Scheme Options**").

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

The exceptions to Listing Rule 7.1 include 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 shareholders within three (3) years of the date of issue.

Accordingly, the Company is seeking Shareholder approval for the issue from time to time of options pursuant to the Scheme, so as to preserve the 15% capacity allowed under Listing Rule 7.1.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the Notice sets out a summary of the terms of the Scheme.

GLOSSARY

“**ASX**” means Australian Securities Exchange Limited;

“**Company**” or “**Mindax**” means Mindax Limited ABN 28 106 866 442;

“**Corporations Act**” means Corporations Act 2001;

“**Directors**” means Directors of the Company;

“**Explanatory Memorandum**” means this information attached to the Notice, which provides information to Shareholders about the resolutions contained in the Notice;

“**JORC**” means the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia;

“**Listing Rules**” means the listing rules of ASX;

“**Meeting**” means the Meeting the subject of the Notice;

“**Option**” means an option to subscribe for a Share;

“**Notice**” or “**Notice of Meeting**” means the notice of Annual General Meeting which accompanies this Information Memorandum;

“**Shareholders**” means members of the Company entitled to vote at the Meeting;

“**Shares**” means fully paid ordinary shares issued in the capital of the Company; and

ANNEXURE A

DIRECTORS' OPTION TERMS

1. Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share (“**Share**”) in the Company.
2. The exercise price of the Options is \$0.60 per Share. (“**Exercise Price**”).
3. The Options will be capable of exercise at any time on or after 1 April 2009 (“**Vesting Date**”) if by 1 April 2009 the Company has in place a JORC compliant resource for its Mount Forrest Iron Project by the Vesting Date. If this condition is not satisfied the Options will lapse.
4. If a holder ceases to be a director of the Company;
 - (a) 2 years or more after Options are issued to the holder; or
 - (b) because of retirement, total and permanent disablement, redundancy, death or any other circumstances approved by the Board,

the options may be exercised within 30 days (or 3 months, in the case of death) after ceasing to be a director of the Company or any longer period permitted by the Board. If not exercised within that period, the Options lapse.
5. If a holder ceases to be director of the Company and clause 4 does not apply, Options issued in relation to the Participant lapse.
6. If the Board determines that:
 - (a) a holder has acted fraudulently, dishonestly or in breach of the holder’s obligations to the Company; and
 - (b) Options issued to the holder are to be forfeited,

the Options will immediately lapse.
7. Notwithstanding any other clause, the Options will lapse at 5.00pm (Australian Western Standard Time) on 30 June 2011 (“**Expiry Date**”).
8. Any Options which have not been exercised on or before 5.00pm (Australian Western Standard Time) on the Expiry Date lapse automatically.
9. The Options are not transferable without the prior written consent of the Board.
10. No application will be made to the ASX for Official Quotation of the Options.
11. All Shares allotted upon the exercise of Options will rank pari passu in all respects with other fully paid ordinary shares in the Company then on issue.
12. Options may only be exercised by notice in writing (“**Exercise Notice**”) delivered to the registered office of the Company. The Exercise Notice must specify the number of options being exercised and must be accompanied by:
 - (a) the Exercise Price for the number of Options specified in the Exercise Notice; and
 - (b) the certificate for those Options, for cancellation by the Company.
13. The Exercise Notice only becomes effective when the Company has received cleared funds for the full amount of the Exercise Price.
14. Within 10 Business Days after the Exercise Notice becomes effective, the Board must:
 - (a) allot and issue the number of Shares specified in the Exercise Notice to the Option Holder;
 - (b) cancel the certificate for the Options being exercised;

- (c) If applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the Exercise Notice; and
 - (d) apply for Official Quotation by the ASX of all Shares issued in accordance with the Exercise Notice.
- 15. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options. However, the Company will send a notice to each holder of Options at least nine business days before the record date of any new issues of capital offered to the Company's shareholders. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- 16. If from time to time on or prior to the Expiry Date the Company makes an issue of shares to the holders of ordinary shares in the Company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of Options an optionholder will be entitled to have issued to him (in addition to the Shares which would otherwise be issued to him under that bonus issue (**bonus shares**) if on the record date for the bonus issue the optionholder has been registered as the holder of the number of Shares of which he would have been registered as holder if, immediately prior to that date, he had duly exercised his Options and the Shares the subject of such exercise had been duly allotted and issued to him. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted under the bonus issue.
- 17. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

ANNEXURE B

Employee and Consultant Option Scheme

TERMS AND CONDITIONS

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these Terms and conditions, the following words and expressions have the meanings indicated unless the contrary intention appears:

“**Associate**” of an Employee or Consultant means:

- (a) a spouse, parent, brother, sister or child of the Employee or Consultant (“**Relative**”);
- (b) a body corporate that is effectively controlled by one or more of:
 - (i) the Employee and the relatives of the Employee; or
 - (ii) the Consultant and the Relatives of the Consultant; or
- (c) the trustee of a trust that is effectively controlled by one or more of:
 - (i) the Employee and the Relatives of the Employee; or
 - (ii) the Consultant and the Relatives of the Consultant.

“**ASX**” means Australian Stock Exchange Limited.

“**Board**” means the board of directors of the Company.

“**Consultant**” means a person or entity who provides consulting services to the Company.

“**Director**” means all or some of the Directors acting as a board.

“**Company**” means Mindax Limited.

“**Employee**” means:

- (a) a full-time or part-time employee of the Company; or
- (b) a director of the Company.

“**Listing Rules**” means the Official Listing Rules of ASX.

“**Market Value**” of a Share means:

- (a) the weighted average price of all on market share sales over the 30 days preceding the date the offer of Options is made to the Participant; or
- (b) if the Board adopts another method for determining the market value – the value determined under that method.

“**Option**” means an option to subscribe for Shares issued under the Scheme.

“**Participant**” means:

- (a) an Employee or Consultant who personally holds an Option issued under the Scheme; or
- (b) an Employee or Consultant whose nominated Associate holds an Option issued under the Scheme;

“**record date**” has the same meaning as in the Listing Rules;

“**Redundancy**” means any situation where the requirements of the Company for an Employee to carry out a particular kind of work (given his or her particular skills) or to carry out certain work in a particular place, have ceased or diminished (or are likely to do so), but does not extend to the dismissal of an Employee for personal or disciplinary reasons, including for reasons of misconduct or unsatisfactory performance, or where an Employee leaves of his or her own accord.

“**Retirement**” means retirement by the Participant from employment with the Company at age 55 or over;

“**Scheme**” means the Mindax Limited Employee and Consultant Option Scheme constituted by these Terms and Conditions.

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

“**Total and Permanent Disablement**” means that the participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

1.2 Words imparting the singular include the plural and vice versa and words denoting a gender include all other genders.

2. ISSUE OF OPTIONS

Eligibility

2.1 The Board may offer Options to an Employee or a Consultant having regard to:
(a) The potential contribution of the Employee or Consultant to the Company; and
(b) Any other matters the Board considers relevant.

Nomination of Associate

2.2 Upon receipt of an offer of Options an Employee or Consultant may nominate an Associate to be the person issued with those Options. The Board may, in its absolute discretion, resolve not to issue Options to a nominated Associate without giving any reason.

Acceptance of offers

2.3 An Employee, Consultant or nominated Associate may accept an offer of Options within the time specified in the offer document. No payment is required to accept the offer.

Issue of Options

2.4 Options must be issued in accordance with these Terms and Conditions and each Participant and, where relevant, Associate will be taken to have agreed to be bound by these Terms and Conditions on the issue of any Options.

2.5 The Company must issue each Participant or nominated Associate with an Option certificate indicating the number of Options issued and the exercise price of the Options.

2.6 The Board retains the right to withdraw an offer of Options at any time prior to issuing the Options.

3. MAXIMUM NUMBER OF OPTIONS

The Board may not offer Options under this Scheme if the total number of Shares the subject of the Options, when aggregated with:

- (a) the number of Shares in the same class which would be issued if each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to this Scheme or any other employee or executive share scheme, was accepted or exercised; and
- (b) the number of Shares in the same class issued during the previous five years pursuant to this or any other employer or executive share scheme,
(disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act), would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed offer.

4. ENTITLEMENT

4.1 Subject to clauses 8 and 9, each Option entitles the holder to subscribe for and be allotted, credited as fully paid, one Share at the exercise price per Share as defined in clause 4.2.

4.2 The exercise price per Share is the greater of:
(a) 120% of the Market Value of Shares on the day the Option is issued;
(b) 25 cents; or

- (c) any greater exercise price determined by the Board and advised to the Employee or Consultant when Options are offered to the Employee or Consultant.

4.3 Subject to these Terms and Conditions, the Company must allot Shares on exercise of an Option in accordance with the Listing Rules.

4.4 Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue.

5. EXERCISE OF OPTIONS

5.1 An Option shall not be exercisable until after:

- (a) such period or periods (if any) as the Directors may decide; or
- (b) such conditions as the Directors may decide have been satisfied or fulfilled.

5.2 An Option is exercisable by the holder lodging a notice to exercise the Option and application for Shares in a form approved by the Company, together with payment of the exercise price of each Share to be issued and the relevant Option certificate, with the Company Secretary.

5.3 Options must be exercised in multiples of 100, unless the holder exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. If the holder exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance.

5.4 Subject to clauses 5.1, 5.4 to 5.7 inclusive, an Option that has not lapsed may be exercised at any time prior to the date which is 3 years after the date the Option is issued.

5.5 If a Participant ceases to be an Employee or a Consultant;

- (a) 2 years or more after Options are issued in relation to the Participant; or
 - (b) because of Retirement, Total and Permanent Disablement, Redundancy, death or any other circumstances approved by the Board,
- the options may be exercised within 30 days (or 3 months, in the case of death) after ceasing to be an Employee or a Consultant or any longer period permitted by the Board. If not exercised within that period, the Options lapse.

5.6 If a Participant ceases to be an Employee or a Consultant and clause 5.4 does not apply, Options issued in relation to the Participant lapse.

5.7 If the Board determines that:

- (a) a Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company; and
 - (b) Options issued in relation to the Participant are to be forfeited,
- the Options will immediately lapse.

5.8 Notwithstanding any other clause, any Option not exercised will lapse on the expiry of 3 years after the date the Option was issued.

6. TRANSFER

Options may only be transferred with the approval of the Board. Options will not be quoted on ASX.

7. QUOTATION OF SHARES

The Company will make application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

8. PARTICIPATION IN FUTURE ISSUES

8.1 If the Options are exercised before the record date of an entitlement, the Option Holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option Holder of the proposed issue at least nine (9) business days before the record date. Option Holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.

- 8.2 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- 8.3 The Options will not give any right to participate in dividends until shares are allotted pursuant to the exercise of the relevant Options.
- 8.4 In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N+1}$$

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

The terms used in this sub-clause and in particular the terms “pro rata issue”, “underlying securities” and “market price” shall have the same meanings as in the Listing Rules.

- 8.5 The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options. The effect will be that upon exercise of the Options the number of Shares received by the Option Holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.
- 8.6 The Company shall notify each Option Holder and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.

9. **ADVICE**

The Company must give notice to each Participant or his nominated Associate of any adjustment to the number of Shares which the holder is entitled to subscribe for or be issued on exercise of an Option, or any adjustment to the exercise price per Share, in accordance with the Listing Rules.

10. **NOTICES**

Notices may be given by the Company to the holder or the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to holders or Participants.

11. **RIGHT TO ACCOUNTS**

Holders will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

12. **OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE**

Notwithstanding any Terms and Conditions or the terms of any Option, Options may only be issued or exercised within the limitations imposed by the Corporations Act and the Listing Rules.

13. ADMINISTRATION OF THE SCHEME

- 13.1 The Scheme will be administered by the Board in accordance with these Terms and Conditions. The Board may make regulations for the operation of the Scheme which are consistent with these Terms and Conditions.
- 13.2 Any power or discretion which is conferred on the Board by these Terms and Conditions may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- 13.3 Any power or discretion which is conferred on the Board by these Terms and Conditions may be delegated by the Board to a committee consisting of such Directors as the Board thinks fit.
- 13.4 The decision of the Board as to the interpretation, effect or application of these Terms and Conditions will be final and conclusive.

14. AMENDMENTS

These Terms and Conditions may only be amended, subject to the Listing Rules, by special resolution of the Company in general meeting.

15. RIGHTS OF PARTICIPANTS

Nothing in these Terms and Conditions:

- (a) confers on any Employee, Consultant or Associate the right to receive any Options;
- (b) confers on any Participant the right to continue as an Employee or a Consultant;
- (c) affects any rights which the Company or a subsidiary may have to terminate the employment of any Employee or any contract with any Consultant; or
- (d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

16. QUOTATION OF OPTIONS

The Company will not seek quotation on ASX of Options issued pursuant to the Scheme.

17. TAX LIABILITY

The Company shall have no liability for any tax imposed on any Employee, Consultant or Associate as a result of any issue of Options pursuant to the Scheme.

18. GOVERNING LAW

The rights and obligations pursuant to this Scheme shall be construed in accordance with the laws of Western Australia.

19. GRIEVANCE PROCEDURES

- 19.1 If any grievance arises between the Company and any Participant, it must be dealt with in the following manner:
- (a) The matter must first be discussed with the Managing Director and the Participant;
 - (b) If the matter is not resolved, the parties shall submit the matter to an agreed mediator for the purposes of conciliation and mediation in which case costs shall be borne equally between the Company and the Participant;
 - (c) If the matter is not resolved to the satisfaction of both parties in accordance with clause 19.1(b), the Company and the Participant shall submit the dispute to arbitration in accordance with clause 19.2.
 - (d) The Company and the Participant shall ensure that the procedures to be followed pursuant to this clause are carried out expeditiously and in any event within 30 days of any grievance arising.
- 19.2 If agreement cannot be reached in accordance with the procedures outlined in clause 19.1, then the dispute shall be determined by an arbitrator determined by agreement of the parties and if agreement cannot be reached, by an arbitrator appointed by the President of the Law Society of Western Australia. The arbitration shall be carried out in accordance with the provisions of the Commercial Arbitration Act 1985 (Western Australia) and the determination of the arbitrator shall be final and binding.