



MURCHISON HOLDINGS LIMITED

ACN 004 707 260

**MURCHISON HOLDINGS LIMITED ABN 52 004 707 260**  
**NOTICE OF ANNUAL GENERAL MEETING 2010**

Notice is hereby given that the Forty-third Annual General Meeting of Murchison Holdings Limited will be held at the Front Suite, Level 2, 11 Queens Road, Melbourne Victoria 3004 on Friday 26 November 2010 at 3:30 pm.

**ORDINARY BUSINESS**

**Item 1. Financial Reports**

To receive and consider the Financial Report, the Directors' Report and the Auditor's Reports for the year ended 30 June 2010.

**Item 2. Adoption of Remuneration Report**

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

"That the Remuneration Report of the Company for the financial year ended 30 June 2010 be adopted."

This resolution is advisory only and does not bind the Company.

**Resolutions 3 to 6 (both inclusive) - Re-Election of Directors**

**Item 3. Re-Election of Chiang Wee Tiong**

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

"That Mr. Chiang Wee Tiong, being due to retire, has tendered his resignation to take effect immediately prior to this motion but offers himself for re-election in order to satisfy Article 69 of the Constitution of Murchison Holdings Limited and Rules 14.4 and 14.5 of the Listing Rules of the ASX Limited, which effectively requires that there be an election of a director each year."

**Australia**  
Level 2, 11 Queens Road,  
Melbourne, Victoria 3004  
Australia  
Tel: (613) 9867 7033  
Fax (613) 9867 7088

**Hong Kong**  
Room 202, 2/F  
Chinaweal Centre,  
414-424 Jaffe Road,  
Wanchai, Hong Kong  
Tel: (852) 2877 6828  
Fax: (852) 2596 0451

**Item 4. Re-Election of Grant Anthony Robertson**

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

“That Mr. Grant Anthony Robertson has tendered his resignation to take effect immediately prior to this motion but offers himself for re-election in order to satisfy Article 69 of the Constitution of Murchison Holdings Limited and Rules 14.4 and 14.5 of the Listing Rules of the ASX Limited, which effectively requires that there be an election of a director each year.”

**Item 5. Re-Election of Dr Kim Chan Koh**

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

“That Dr Kim Chan Koh has tendered his resignation to take effect immediately prior to this motion but offers himself for re-election in order to satisfy Article 69 of the Constitution of Murchison Holdings Limited and Rules 14.4 and 14.5 of the Listing Rules of the ASX Limited, which effectively requires that there be an election of a director each year.”

**Item 6. Re-Election of Wong Hung Ngok**

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

“That Mr. Wong Hung Ngok has tendered his resignation to take effect immediately prior to this motion but offers himself for re-election in order to satisfy Article 69 of the Constitution of Murchison Holdings Limited and Rules 14.4 and 14.5 of the Listing Rules of the ASX Limited, which effectively requires that there be an election of a director each year.”

**SPECIAL BUSINESS**

**Item 7. Recommendation of Dividend**

To declare a dividend as recommended by the Board.

**Item 8. Mandate to issue 20% new shares of the issued share capital**

To consider as special business, and if thought fit pass, with or without amendment, the following resolution as an ordinary resolution of the Company:

“That for the purposes of ASX Listing Rule 7.1, the “B” in the formula set out therein shall be “20%” in lieu of “15%”.”

**Resolutions 9 to 11 (both inclusive) - Approval to Issue Options to Directors**

**Item 9:** “THAT shareholders approve the issue of 560,000 unlisted options each to acquire one ordinary share in the capital of the Company deemed fully paid at an exercise price of 42 cents (\$0.42) each and expiring 5 years from date of issue to Chiang Wee Tiong (or his nominee), a Director of the Company as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

**Item 10:** “THAT shareholders approve the issue of 396,000 unlisted options each to acquire one ordinary share in the capital of the Company deemed fully paid at an exercise price of 42 cents (\$0.42) each and expiring 5 years from date of issue to Grant Anthony Robertson (or his nominee), a Director of the Company as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

**Item 11:** “THAT shareholders approve the issue of 50,000 unlisted options each to acquire one ordinary share in the capital of the Company deemed fully paid at an exercise price of 42 cents (\$0.42) each and expiring 5 years from date of issue to Dr Kim Chan Koh (or his nominee), a Director of the Company as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolutions 9 to 11 by:*

- *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; or*
- *an associate of those persons.*

*However, the Company need not disregard a vote on Resolutions 9 to 11 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 who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*



**Item 12. Resolution 12 - Adoption of Employee Retention Option Scheme (2010)**

"THAT shareholders approve and adopt the Employee Retention Option Scheme (2010) on the terms described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting."

***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolution 12 by:*

- *a Director of the Company; or*
- *an associate of that person.*

*However, the Company need not disregard a vote on Resolution 12 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 who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

Dated at Melbourne this 27 October 2010.

By order of the Board

A handwritten signature in black ink, appearing to read 'GA Robertson', with a large, sweeping flourish extending to the right.

**GA Robertson**

**Company Secretary**



**MURCHISON HOLDINGS LIMITED ABN 52 004 707 260**  
**NOTICE OF ANNUAL GENERAL MEETING 2010**

**Proxies**

If you are unable to attend and vote at the meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed form.

1. A member entitled to attend and vote is entitled to appoint one or more proxies who need not be members of the Company, to attend and speak and vote instead of the member.
2. Where two or more proxies are appointed, each proxy must be appointed to represent a specified portion of the shares held by a member to the intent that every member may divide his holding into two or more parcels of shares and appoint a separate proxy in respect of each such parcel. A proxy may vote on a show of hands and on a poll provided that if a member appoints more than one proxy such proxies may not vote on a show of hands.
3. A proxy for a corporation must be executed under its common seal or as otherwise permitted in accordance with section 127 of the Corporations Act.
4. Proxy forms must be received by the company at its registered office at least 24 hours before the time for holding the meeting.
5. A proxy form is attached.

**Voting Rights**

The Board of Directors has determined that shares in the Company will, for the purposes of the Annual General Meeting of the shareholders, be taken to be held by shareholders registered as such as at 3:30 pm on 25 November 2010.



**MURCHISON HOLDINGS LIMITED ABN 52 004 707 260**  
**NOTICE OF ANNUAL GENERAL MEETING 2010**  
**APPOINTMENT OF PROXY**

The Secretary  
Murchison Holdings Limited  
Front Suite, Level 2, 11 Queens Road  
Melbourne Victoria, Australia 3004  
Tel: (613) 9867 -7033  
Fax: (613) 9867-7088  
[www.murchisongroup.com](http://www.murchisongroup.com)

I/We

\_\_\_\_\_ (full name(s) of shareholder( s) in block letters)

Of

\_\_\_\_\_ (full address(es) of shareholder(s) in block letters)

being a member/members of Murchison Holdings Limited entitled to attend and vote hereby appoint:

\_\_\_\_\_ (full name of proxy in block letters)

Of

\_\_\_\_\_ (full address of proxy in block letters)

and (if you wish to appoint two or more proxies)

\_\_\_\_\_ (full name of second and subsequent proxies in block letters)

Of

\_\_\_\_\_ (full address of second and subsequent proxies in block letters)



MURCHISON HOLDINGS LIMITED  
ACN 004 707 260

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on 26 November 2010 (Friday) at 3:30 p.m., at Front Suite, Level 2, 11 Queens Road, Victoria, Melbourne, Australia 3004 and any adjournment of that meeting.

Signed this                    day                    of                    2010

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Signature(s) of Member(s)

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A member is entitled to appoint one or more persons (whether members or not) to attend the meeting and on a poll, vote in place of the member. Where two or more such proxies are appointed, the portion of the member's voting rights given to each proxy must be specified. Where a proxy is appointed by the member's attorney evidence of non-revocation must be lodged with the proxy form.

A proxy by a corporation must be executed either under its Common Seal and Attestation Clause or in accordance with section 127 of the Corporations Act or under the hand of an officer or attorney duly authorized.

An instrument appointing a proxy shall not be treated as valid unless the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, is or are deposited, not less than 24 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, at the registered office, of the Company or at such other place in Australia as is specified for that purpose in the notice convening the meeting.

Should the member desire to direct the proxy how to vote, the member should complete the following section by striking out whichever is not desired in the appropriate box against each item hereunder, otherwise the proxy may vote as he or she thinks fit or may abstain from voting.

### Voting Instructions

I/We desire to vote on the resolutions as indicated below:

This is to be used	in favour of/against/abstain*	Resolution 1
This is to be used	in favour of/against/abstain*	Resolution 2
This is to be used	in favour of/against/abstain*	Resolution 3
This is to be used	in favour of/against/abstain*	Resolution 4
This is to be used	in favour of/against/abstain*	Resolution 5
This is to be used	in favour of/against/abstain*	Resolution 6
This is to be used	in favour of/against/abstain*	Resolution 7
This is to be used	in favour of/against/abstain*	Resolution 8
This is to be used	in favour of/against/abstain*	Resolution 9
This is to be used	in favour of/against/abstain*	Resolution 10
This is to be used	in favour of/against/abstain*	Resolution 11
This is to be used	in favour of/against/abstain*	Resolution 12

Strike out whichever is not desired.

(Unless otherwise instructed, the proxy may vote as he/she thinks fit)

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by him 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 the Chairman how to vote on the resolutions, the Chairman will not cast your votes on the resolution if he has an interest in the outcome of that resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairman intends voting undirected proxies in favour of the resolutions on which he is permitted to vote.



**MURCHISON HOLDINGS LIMITED**  
**ACN 004 707 260**  
**("the Company")**  
**ANNUAL GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum ("this Memorandum") is dated 27 October 2010 and accompanies and forms part of the Company's Notice of the Annual General Meeting to be held at Front Suite, Level 2, 11 Queens Road, Melbourne Victoria Australia 3004 on Friday 26 November 2010 at 3:30 pm.

The Notice of Annual General Meeting incorporates, and should be read together with, this Memorandum.

**ORDINARY BUSINESS**

**Item 1: Financial Reports**

The company's 2010 Annual Report, which includes the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2010, is available on the Company's website at [www.murchisongroup.com](http://www.murchisongroup.com) (under "Murchison Holdings Announcements & Latest News"). A copy has been forwarded to all shareholders who elected to receive it.

The Executive Chairman will address the meeting. Shareholders will be given a reasonable opportunity as a whole to ask questions about or make comments on the management of the Company. A representative of the Company's auditors, Bentleys Melbourne Partnership, will also attend the meeting and will be available to receive questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

**Item 2: Adoption of Remuneration Report**

Pursuant to the Corporations Act 2001 the Annual General Meeting of a listed company must propose a resolution that the Remuneration Report be adopted. Also pursuant to the Corporations Act 2001, the vote on Resolution 2 is advisory only and does not bind either the Directors or the Company.

The Remuneration Report is included in the Annual Report distributed to shareholders and the financial statements laid before the Annual General Meeting. Shareholders will be given the opportunity to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

### **Item 3 to 5 - Re-Election of Directors**

The Constitution of the Company requires an election of directors shall take place each year. No director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his appointment (whichever is the longer) without submitting himself for re-election. A director appointed to fill a casual vacancy or as an addition to the board shall hold office only until the next annual general meeting and shall then be eligible for re-election. In addition, Rule 14.4 and Rule 14.5 of the ASX Listing Rules has like provisions.

**Item 3:** Resolution 3 relates to the re-election of Mr Chiang Wee Tiong B.Sc (Hons), MBA – Executive Chairman of Murchison Holdings Limited and its subsidiary company Quest Investments Limited since 1991

Mr Chiang is based in Hong Kong and has considerable experience in stock broking, investment banking and asset management gained in Singapore, Hong Kong and the People's Republic of China ("PRC"). Mr Chiang is also the Senior Economic Adviser to The People's Government of Nan'an District, Chongqing City, PRC. Mr Chiang has acted as an advisor to various governments in South East Asia and Africa.

The Directors other than Mr Chiang Wee Tiong recommend that shareholders vote in favour of this Resolution 3. Mr Chiang Wee Tiong, because of his interest, makes no recommendation in relation to this Resolution 3.

**Item 4:** Resolution 4 relates to the re-election of Mr Grant Anthony Robertson B.Ec, LL.B, CPA – Executive Director of Murchison Holdings Limited and its subsidiary company Quest Investments Limited since 2009. Mr Robertson was a non-executive director of Murchison Holdings Limited and Quest Investments Limited from 1991 to 2008. Mr Robertson has been the Company Secretary of both Murchison Holdings Limited and Quest Investments Limited since 1991.

Mr Robertson is based in Melbourne Australia and was a senior commercial partner of Melbourne law firm Abbott Stillman & Wilson from 1983 – 2001 and general counsel of its successor Dibbs Abbott Stillman from 2001 – 2007. Mr Robertson has considerable experience in property development, corporate and taxation matters. Mr Robertson was a director of Melbourne stock broking firm William Noall Limited during the 1990s and an executive director of his family's property development and investment group.

The Directors, other than Mr Grant Anthony Robertson, recommend that shareholders vote in favour of this Resolution 4. Mr Grant Anthony Robertson, because of his interest, makes no recommendation in relation to this Resolution 4.

- Item 5:** Resolution 5 relates to the appointment of Dr Kim Chan Koh MBBS, MRCP, MRACP, DIH as a Non-Executive Director. Dr Koh has held the position of non-executive director of Murchison Holdings Limited and Quest Investments Limited since 2001. Dr Koh is a retired medical practitioner specialising in aviation medicine.

The Directors, other than Dr Kim Chan Koh, recommend that shareholders vote in favour of this Resolution 5. Dr Kim Chan Koh, because of his interest, makes no recommendation in relation to this Resolution 5.

- Item 6:** Resolution 6 relates to the appointment of Wong Hung Ngok MA FAIA as an Executive Director of the Company. Mr Wong is currently the Chief Financial Officer of the entities comprising the Murchison Holdings Limited Group and Quest Investments Limited Group - its subsidiary company group – and company secretary of Quest Marine Resources Limited. Mr Wong is also one of the two (2) responsible officers of Quest Stockbrokers (HK) Limited authorised under the Hong Kong Securities and Futures Ordinance. Mr Wong has held senior management roles with the Group since 1 November 2004. Mr Wong has over 20 years working experience in banking, accounting and auditing including at Hang Seng Bank Limited and Citibank Limited. Mr Wong is a fellow of the Association of International Accountants, associate member of the Hong Kong Securities Institute and holds a Masters Degree in Accounting bestowed by Curtin University Australia.

The Directors, other than Wong Hung Ngok, recommend that shareholders vote in favour of this Resolution 6. Wong Hung Ngok, because of his interest, makes no recommendation in relation to this Resolution 6.



## **SPECIAL BUSINESS**

### **Item 7. Declaration of Dividend**

Article 97(i) of the constitution of the Company provides that the Company in a general meeting may declare a dividend if, and only if, the directors of the Company have recommended a dividend. Article 97(ii) provides that a dividend shall not exceed the amount recommended by the directors of the Company.

The recommended dividend is 0.25 cents (\$0.0025) per share, unfranked, to be paid on 24 December 2010 to shareholders registered at 5:00pm on 10 December 2010.

### **Item 8. Mandate to issue 20% new shares of the issued share capital**

ASX Listing Rule 7.1 provides that the prior approval of the shareholders of the Company is required for an issue of equity 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 securities on issue at the commencement of that 12 month period.

Up to 4,027,902 Shares may be issued by the Company pursuant to Resolution 7 which represents 20% of the number of shares on issue by the Company. As the number of shares proposed to be issued pursuant to Resolution 7 exceed the 15% threshold referred to in Listing Rule 7.1 Shareholder approval under Listing Rule 7.1 is sought.

The proposed issue of Shares will be to persons who are not related parties of the Company and is placed before Shareholders to allow the Shares to be excluded from the calculation set out in ASX Listing Rule 7.1.

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the maximum number of securities to be issued pursuant to Resolution 7 is 4,027,902 Shares;
- (b) the issue price of the Shares will be at least 80% of the average market price for the Shares. The average is calculated over the last 5 days on which sale in the Shares are recorded before the day on which the issue is made or, if there is a prospectus or offer information statement relating to the issue, over the last 5 days on which sales of the Shares were recorded before the prospectus or offer information statement was signed;



- (c) the funds raised from the proposed placement will be applied for working capital purposes;
- (d) it is anticipated that the securities will be issued progressively and in any event no later than 3 months after the date of the Meeting, or such later date as approved by the ASX by way of the ASX granting a waiver from the listing rules;
- (e) the Shares will be allotted to parties introduced by Quest Stockbrokers (HK) Limited;
- (f) the Shares will rank equally with the existing Shares on issue.

### **Resolutions 9 to 11 - Approval to Issue Options to Directors**

Listing Rule 10.11 requires a company to obtain the approval of shareholders before issuing securities to a related party of the Company. Related party includes a Director of the Company. Passing Resolutions 9 to 11 will permit the Directors named in the tables below (or their nominees) to acquire options in the Company.

Resolutions 9, 10 and 11 are proposed to issue the following unlisted options to each of Chiang Wee Tiong, Grant Anthony Robertson and Kim Chan Koh:

<b>Name of Director</b>	<b>No. of unlisted Options</b>
Chiang Wee Tiong*	560,000
Grant Anthony Robertson**	396,000
Kim Chan Koh***	50,000

- *\*Subject to the re-election of Chiang Wee Tiong as a Director in accordance with Resolution 3.*
- *\*\*Subject to the re-election of Grant Anthony Robertson in accordance with Resolution 4.*
- *\*\*\*Subject to the re-election of Kim Chan Koh in accordance with Resolution 5.*

The terms of the options to be issued to the Directors named above are as follows:

Each of these unlisted options:

- (a) entitles the holder to acquire one ordinary share in the capital of the Company;
- (b) will have a nil issue price and be issued in lieu of remuneration;
- (c) has an exercise price of \$0.42;
- (d) must be exercised within 5 years from date of issue;
- (e) will be escrowed for 12 months from date of issue;
- (f) will be issued no later than one month after the date of the Meeting; and

(g) will be otherwise issued on the terms set out in **Annexure A** attached to this Memorandum.

The total number of shares that may be issued pursuant to the options proposed to be granted under Resolutions 9, 10 and 11 represent about 5% of the shares on issue at the date hereof.

The last sale of ordinary shares occurred on 20 October 2010 at a price of \$0.40. Based on a Black-Scholes Option Pricing Model calculation, the indicative value of an option subject to Resolutions 9, 10 and 11 is \$0.107. The assumptions for this calculation are:

Option Exercise Price	\$0.42
Share Price	\$0.40
Expected Life (Months)	5 yrs
Volatility	15%
Risk Free Rate	6.25%
Resultant Option Value	\$0.107

ASX Listing Rule 7.1 requires the prior approval of shareholders in general meeting to issue securities if the number of those securities exceeds fifteen percent (15%) of the number of the same class of securities at the commencement of the relevant twelve (12) month period. This rule does not apply in respect of an issue made with the approval of holders of ordinary securities under ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Also by obtaining shareholder approval, the Company retains the ability to issue further shares or options of up to fifteen percent (15%) of its ordinary shares under Chapter 7 of the ASX Listing Rules to take advantage of opportunities to obtain further funds if required and available in the future.

No funds will be raised by the issue of the options the subject of Resolutions 9, 10 and 11. If the options are exercised the funds received will be applied to the working capital requirements of the Company at that time.



The issue of options under Resolutions 9 to 11 (both inclusive) is to satisfy a term of engagement between the Company and the directors and are subject to shareholder approval.

The exercise price of options subject to these resolutions represents a 5% premium to the Company's ordinary share price at 20 October 2010.

Under ASX Listing Rule 10.11 an entity may only agree to issue securities to a related party (including a director) if the agreement to issue the securities is conditional upon holders of ordinary securities approving the issue before the issue is made. Resolutions 9 to 11 (both inclusive) are proposed for the purpose of obtaining that approval.

The Directors, other than those subject to the resolutions described above, recommend that shareholders vote in favour of these resolutions. The Directors subject to these resolutions, because of their interest, make no recommendation in relation to these resolutions.

#### **Resolution 12 - Adoption of Employee Retention Option Scheme (2010)**

The Company seeks shareholder approval to adopt the Employee Retention Option Scheme (2010). The terms of the Employee Retention Option Scheme (2010) are outlined in **Annexure B**.

The purpose of the Employee Retention Option Scheme (2010) is to enable the Company to provide Directors and employees with an additional incentive to work to improve the performance of the Company, to attract and retain eligible persons essential for the continued growth and development of the Company, and to enhance the relationship between the Company and eligible persons for the long term mutual benefit of all parties.

The total number of options which may be issued under the Employee Retention Option Scheme (2010) must not exceed 1,006,000 being about 5% of the shares on issue at the date hereof.

The last sale of ordinary shares occurred on 20 October 2010 at a price of \$0.40. Based on a Black-Scholes Option Pricing Model calculation, the indicative value of an option subject to Resolution 12 is \$0.107. The assumptions for this calculation are:

Option Exercise Price	\$0.42
Share Price	\$0.40
Expected Life (Months)	5 yrs
Volatility	15%
Risk Free Rate	6.5%
Resultant Option Value	\$0.107

As the Employee Retention Option Scheme (2010) is new, no options have been issued under it.

Resolution 12 is proposed to obtain approval for the issue of options under the Employee Retention Option Scheme (2010) under ASX Listing Rule 7.2, exception 9.

Under ASX Listing Rule 7.1 an entity must not issue, or agree to issue, more than 15% of its capital without the approval of its members. By obtaining shareholder approval under ASX Listing Rule 7.2 exception 9, options may be issued under the Employee Retention Option Scheme (2010), without the need to obtain approval pursuant to ASX Listing Rule 7.1 for a period of 3 years (subject to the provisions of the ASX Listing Rules). By obtaining shareholder approval to the issue of options under the Employee Retention Option Scheme (2010) pursuant to Resolution 12, the Company retains the ability to issue up to 15% of its capital to take advantage of any capital raising opportunities.

**NOTE:**

Unless otherwise specified, all monetary amounts are expressed in Australian dollars.

**ANNEXURE A**  
**DIRECTOR OPTIONS**  
**TERMS AND CONDITIONS**

**RESOLUTIONS 9 TO 11 (both inclusive)**

1. The Directors' Options ("the Options") shall expire at 5.00 pm Australian Eastern Standard Time 5 years from date of issue ("the Expiry Date") and may not be transferred unless to one of the following with the prior consent of the Company:
  - 1.1 the holder's spouse, children or other immediate family member;
  - 1.2 a corporation controlled by the holder and/or a person identified at sub-clause 1.1 hereof;
  - 1.3 a charitable institution; or
  - 1.4 a trust established for the benefit of the holder and/or the holder's immediate family.

Transfer of the Options will also be subject to any restrictions (escrow) that may be imposed by the ASX or the Company.

2. Vesting of options shall be subject to such conditions as the directors specify, (if any), at the time of issue.
3. Subject to clause 2 and clause 7 and any restrictions (escrow) that may be imposed by the ASX or the Company in relation to the Options, the Options may be exercised at any time from the date of issue up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company notice of the exercise of the Options ("an Exercise Form") and payment of the exercise price of 42 cents (\$0.42) for each Option.
4. There are no participating rights or entitlements inherent in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, subject to clause 2, Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.



5. In the event of any reorganisation of the capital of the Company (including a reduction or return of capital, or a consolidation or sub-division of ordinary shares), the rights of an option holder will be amended to the extent necessary to comply with the Listing Rules of the ASX applying to a reorganisation of capital at the time of the reorganisation, and these terms and conditions (including the exercise price) shall be deemed amended accordingly. In all other respects the terms and conditions of the Options shall remain unchanged. Other than as provided for above upon a reorganisation of capital, the option holder has no rights to a change in the exercise price of an Option or to a change to the number of shares in respect of which an option can be exercised.
6. Shares allocated and issued pursuant to the exercise of the Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed Exercise Form and the receipt of the exercise monies applicable thereto at the exercise price for each Option.
7. The Options will lapse and automatically be cancelled if before the first date the Options may be exercised under clause 2, above, the director to whom the Options were issued (or to a nominee of whom the Options were issued) if the director:
  - 7.1 is removed, becomes ineligible to act or resigns as a Director of the Company due to misconduct; or
  - 7.2 resigns as a Director of the Company voluntarily.

**ANNEXURE B**  
**MURCHISON HOLDINGS LIMITED**  
**EMPLOYEE RETENTION OPTION SCHEME (2010)**

**1. PURPOSE OF THE PLAN**

The Board of Directors of the Company has adopted the Option Scheme described in these Rules for the purpose of:

- 1.1 providing Eligible Persons with an additional incentive to work to improve the performance of the Company and/or any of its Associated Body Corporate(s);
- 1.2 attracting and retaining Eligible Persons essential for the continued growth and development of the Company;
- 1.3 to promote and foster loyalty and support amongst Eligible Persons for the benefit of the Company and/or any of its Associated Body Corporate(s); and
- 1.4 to enhance the relationship between the Company and Eligible Persons for the long term mutual benefit of all parties.

**2. COMMENCEMENT**

This Option Plan shall commence upon the day it is adopted by the Board, or such later date as the Board may determine.

**3. INTERPRETATION**

3.1 In these Rules, unless the context otherwise requires:

- 3.1.1 "**Associated Body Corporate**" means a body corporate (whether incorporated in Australia or elsewhere) in which the Company holds a relevant interest (as defined in the Corporations Act and as if the body corporate was incorporated in Australia) of at least 30%;
- 3.1.2 "**Acceptance**" means the endorsement by an Eligible Person of any Option offer successfully executed under this Option Scheme.
- 3.1.3 "**ASX**" means ASX Limited;
- 3.1.4 "**Offer**" means any official invitation to an Eligible Person to acquire, subscribe for or obtain an entitlement or other rights in respect of an Option(s);
- 3.1.5 "**Company**" means Murchison Holdings Limited ACN 004 707 260;
- 3.1.6 "**Board of Directors**" means the Board of Directors of the Company from time to time acting by resolution made in accordance with the Corporations Act and the Constitution of the Company;
- 3.1.7 "**Director**" means a director from time to time of the Company;

- 3.1.8 **"Eligible Person"** means a person who is:
- (a) an employee of; or
  - (b) a director or other officer of;
- the Company or an Associated Body Corporate.;
- 3.1.9 **"Execute"** means the exercise of any Option(s).
- 3.1.10 **"Listing Rules"** means the Listing Rules from time to time of the ASX or other applicable stock exchange;
- 3.1.11 **"Option(s)"** means an option to acquire an ordinary fully paid share in Murchison Holdings Limited at an exercise price of \$0.42
- 3.1.12 **"Option offer"** means any offer of any Option(s) under this plan to an Eligible Person;
- 3.1.13 **"Option Scheme"** means the Murchison Holdings Limited Employee Retention Option Scheme (2010) as contained in these Rules;
- 3.1.14 **"Rules"** means these rules as amended from time to time;
- 3.2 In these Rules, unless the context otherwise permits and requires:
- 3.2.1 A reference to "terms of issue" includes proposed terms of issue set out, described or incorporated in an Offer;
  - 3.2.2 the singular shall include the plural and vice versa;
  - 3.2.3 "person" and words importing persons includes bodies corporate; and
  - 3.2.4 a reference to an Act or other legislation includes a reference to that Act or legislation as amended, re-enacted or replaced from time to time, and in the case of an Act includes a reference to any applicable subordinate legislation.

#### 4. NUMBER OF OPTIONS

The total number of Options which may be offered under this Option Scheme shall not exceed 1,006,000.

#### 5. ELIGIBILITY, ENTITLEMENT AND GENERAL TERMS

- 5.1 Subject to the Listing Rules (if and where applicable) and these Rules, the Board of Directors or a sub-committee of the Board shall determine from time to time in its sole discretion the number of Options to be offered to any Eligible Person under this Option Scheme, including the terms and conditions associated with such offer and the expiry date.
- 5.2 Subject to Rule 8.1, Options may be escrowed and/or vest for a period from date of issue, in accordance with their terms of issue as determined by the Board of Directors or a sub-committee of the Board.
- 5.3 The Options shall not be listed for Official Quotation on ASX or other stock exchange.

- 5.4 Options may not be transferred, assigned or otherwise dealt with except in accordance with Rule 10 of these Rules.
- 5.5 The Company is not bound to recognise any transfer or assignment unless made in accordance with Rule 10 of these Rules and then only if a copy of the duly executed instrument of assignment or transfer is lodged with the Company.
- 5.6 Any Option(s) offered hereunder shall not grant any right to any Eligible Person to share in the dividends of the Company.
- 5.7 Options offered under this Option Scheme do not confer upon the Eligible Person a right to receive notices of general meetings (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.
- 5.8 Any Eligible Person who accepts an Option offer agrees to complete, execute and comply with any restriction agreement necessary to satisfy the requirements of the ASX.
- 5.9 The terms of an Option offer or the terms of issue of Options may provide for Option offers to be made, or Options to be issued, to either an Eligible Person or to a nominee of such an Eligible Person, the Company or a representative for the purpose of holding Options or rights to Options, and further may provide for the manner of holding or exercise of Offers as the Board of Directors considers desirable, subject always to Rule 6, ASX Listing Rules and the Corporations Act.
- 5.10 These Rules form part of and are deemed to be incorporated in the terms of any Options offer and the terms upon which Options are issued.

## **6. AMENDMENT OF THIS OPTION PLAN**

This Option Scheme may only be amended in accordance with the Listing Rules of the ASX, with the prior approval by resolution of the shareholders of the Company in general meeting.

## **7. RIGHTS OF EMPLOYEES**

This Option Scheme shall not form part of any contract of employment between the Company and any of its employees and shall not automatically confer directly or indirectly on any employee any rights.

## **8. EXERCISE PERIOD & LAPSE OF OPTIONS**

- 8.1 Any Option(s) offered hereunder shall expire following a period of up to five (5) years from date of issue, as determined by the offer to the Eligible Person, or at such earlier date as may be provided for in these Rules or the terms of issue.
- 8.2 Options not executed shall automatically lapse on the expiry date.

## **9. CHANGES TO OPTION SCHEME UPON TAKEOVER**

- 9.1 This Option Scheme shall prevail in its current format for a minimum period of five (5) years following a change in the effective control of Company and entitlements to Options shall not lapse or be cancelled solely as a result of a change in the effective control of Company.
- 9.2 Without limiting the foregoing, any Option offer made but not accepted prior to a change in the Board of Directors and/or the effective control of the Company shall remain open until the earlier of the date of expiry or lapsing specified in the offer, or five years after the date of the change in the Board of Directors and/or the effective control of the Company. The provisions of Chapter 6 of the Corporations Act are to be applied in the interpretation of this clause.

## **10. LIMITED TRANSFERABILITY & DEALINGS**

- 10.1 Save as otherwise provided in this Rule 10, any Options offered are personal and attach to the Eligible Person and are not transferable or assignable and may only be exercised in accordance with these Rules and the terms upon which the Options are offered and issued. No Option (or any entitlement under or arising from an Option offer) under the Option Scheme shall be capable of being mortgaged, pledged or encumbered in any way whatsoever.
- 10.2 Provided that the prior written consent of the Board of Directors or a sub-committee of the Board is obtained (such consent not to be unreasonably withheld), Rule 10.1 shall not prevent any Option(s) earlier offered to any Eligible Person under this Option Scheme from being accepted and exercised by some other person than the Eligible Person, provided that such other person:
- (a) is the beneficiary of such Option offer or part thereof, by will or by operation of the laws of succession following the Eligible Person's death; or
  - (b) acts as a Curator Bonis on behalf of the Eligible Person upon the incapacity of the Eligible Person.

## **11. POWERS OF DIRECTORS**

This Option Scheme shall ultimately be administered by the Board of Directors, who shall have the power to:

- 11.1 determine procedures from time to time for administration of the Option Scheme consistent with these Rules, including the delegation of the administration of this plan to a duly authorised committee;



- 11.2 subject to Rule 6, ASX Listing Rules and the Corporations Act, amend or modify these Rules;
- 11.3 subject to Rule 6, ASX Listing Rules and the Corporations Act, determine the manner in which offers are made, the terms upon which Options are offered or issued or how Option offers are to be accepted; and
- 11.4 resolve conclusively all questions of fact or interpretation arising in connection with the Option Scheme.

## **12. TERMINATION AND SUSPENSION OF OPTION PLAN**

Subject to Rule 9, the Option Scheme may at any time be suspended or terminated by the Board of Directors. Suspension or termination of the Option Scheme shall not affect entitlements to Options existing at the time of suspension or termination of the Option Scheme (whether or not vested or escrowed) or Option offers which have not expired or lapsed at the time of suspension or termination of the Option Scheme.