MERAFE RESOURCES LIMITED

SHARE INCENTIVE SCHEME

AS AMENDED AND AS APPROVED BY THE JSE LIMITED ON 24 JANUARY 2020 AND SHAREHOLDERS ON 22 MAY 2020

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MERAFE RESOURCES LIMITED

SHARE INCENTIVE SCHEME

Adopted by resolution of shareholders of Merafe Resources Limited.

1. DEFINITIONS

In this document, unless inconsistent with the context :-

1.1 the following words and expressions shall have the following meanings :-

1.1.1	"the act"	-	means the South African Companies Act (Act 61 of 1973), as amended;
1.1.2	"approved"	-	where used in the scheme in relation to termination of employment, means where such termination results by reason of death, injury, disability or ill health in each case as certified by a qualified medical practitioner nominated by the company, termination based on operational requirements, retirement on or after the retirement date or by mutual agreement;
1.1.3	"auditors"	-	means the auditors for the time being of the company;
1.1.4	"capitalization issue"	-	means the issue of shares on a capitalization of the company's profits and/or reserves (including the share premium account and/or the capital redemption reserve fund);
1.1.5	"capitalization share"	-	means a fully paid share allotted in a capitalization issue by the company;

1.1.6	“change of control”	-	where a party (or parties acting in concert), directly or indirectly, obtains beneficial ownership of the specified percentage or more of the company’s issued shares, or control of the specified percentage or more of the voting rights at meetings of the company, or the right to control the management of the company or the composition of the board, or the right to appoint or remove directors holding a majority of voting rights at board meetings, or the approval by the company’s shareholders of, or the consummation of, a merger or consolidation of the company with any other business or entity, or upon a sale of the whole or a major part of the company’s assets or undertaking. [The expression “specified percentage” shall bear the meaning assigned to it from time to time in the Securities Regulation Code and Rules of the Securities Regulation Panel read with the act, presently being 35%].
1.1.7	“company”	-	means Merafe Resources Limited;
1.1.8	“directors”	-	means the directors for the time being of the company;
1.1.9	“employee”	-	means anyone (including a director) employed by the company or any of its subsidiaries, but excluding non-executive directors;
1.1.10	“expected value”	-	the future value of offers applying best practice share valuation

techniques such as Black-Scholes-Merton methodology;

1.1.11 “grant shares” - means shares which are granted to a participant under the share incentive scheme;

1.1.12 “grant” - means the award of grant shares to an offeree in terms of the share incentive scheme;

1.1.13 “the JSE” - JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the Securities Services Act, 2004 (Act 36 of 2004) as amended;

1.1.14 “market value” - means the middle market price of a fully paid share on the JSE on the trading day a grant share is due to a participant or an option exercised;

1.1.15 “offer” or “offers” - means an offer or offers to allocate grant shares or options to an offeree by the company in terms of the share incentive scheme;

1.1.16 “offeree” - means an employee nominated in terms of the provisions of the scheme to receive an offer;

1.1.17 “offer date” - means the date on which an offer is made to an offeree in terms of the scheme;

1.1.18	“option”	-	means an option granted to an offeree to purchase shares in terms of the scheme;
1.1.19	“option price”	-	means the volume weighted average price of a fully paid share on the JSE on the trading day immediately preceding the date of grant of the option and in the case of a share in respect of which an option may be extended in terms of 6.3 as a result of a rights offer, an amount equal to the price per share at which the relevant rights offer shares are offered to members;
1.1.20	“participant”	-	means an offeree who has accepted an offer and, where required by the context, his heirs, executors, administrators or trustees;
1.1.21	“performance criteria”	-	means the performance criteria applicable to grants and options as determined by the remuneration committee and the directors from time to time, and as communicated to employees in the grant and option notification letters which performance criteria may include inter alia, individual performance conditions, company performance conditions and length of service ;
1.1.22	“the record date”	-	means the close of business on the last day to determine entitlement to participate in a rights offer or capitalization issue as the case may be;

1.1.23	"remuneration committee"-		means the remuneration committee of the company as constituted from time to time which shall consist of an independent non-executive chairman and whose members shall consist of a majority of independent non-executive directors;
1.1.24	"rights offer"	-	means the offer of any securities of the company or of any other body corporate to all holders of equity shares pro rata to their holdings;
1.1.25	"share incentive scheme"-		means the share incentive scheme set out herein, as may be amended from time to time in terms of Clause 11;
1.1.26	"scheme shares"	-	means a grant or option under the share incentive scheme accepted by a participant ;
1.1.27	"the secretary"	-	means the secretary of the company for the time being;
1.1.28	"subsidiary"	-	means a subsidiary as defined in the act;
1.1.29	"share"	-	means an ordinary share having a nominal value of R0,01 in the capital of the company, and any security offered by way of a rights offer;
1.1.30	"vesting dates"	-	means in relation to a grant, the date on which the grant share vests; and an option, the date on which the option vests.

1.2 In this document, unless the context clearly indicates a contrary intention :-

1.2.1 Expressions which denote :-

1.2.1.1 The singular shall include the plural and vice versa;

1.2.1.2 Any gender shall include any other gender;

1.2.1.3 Natural persons shall include bodies corporate and vice versa;

1.2.2 Words and expressions defined in the Act bear the meaning assigned to them.

2. PURPOSE

2.1 The purpose of the share incentive scheme is :

2.1.1 to serve as an incentive and reward to employees of the company and its subsidiaries for services rendered and to be rendered, aimed at promoting the continued growth of the company by giving employees an opportunity to acquire shares in the company; and

2.1.2 to serve as a retention mechanism for employees whose services are regarded by the company to be crucial to the future growth and sustainability of the company's business.

3. ELIGIBILITY

3.1 Employees shall be eligible to and shall participate in the share incentive scheme only if and to the extent that grants are made to and are accepted by them, or to the extent that options are granted to and are accepted by them, in terms of this share incentive scheme.

3.2 The directors, subject to 3.3, may in their sole and absolute discretion from time to time as a retention and/or incentive strategy make an offer under the scheme to specified employees who the directors believe will make a contribution to the company's business and/or profitability.

3.3 A grant or option referred to in paragraph 3.2 shall be made by the directors of the company on the recommendation of the remuneration committee.

3.4 To ensure compliance with these objectives, on an annual basis, the remuneration committee will make recommendations to the directors as to :

3.4.1 who should receive offers ;

3.4.2 the basis of participation which will be to incentivise and reward and/or retain ;

3.4.3 the quantum of the offer which will be governed by the company's reward philosophy and strategy, in which the expected value of incentive reward is set for defined categories of employees ; and

3.4.4 the performance criteria to be met, which will be aligned to shareholder value.

3.5 The alignment of performance criteria to shareholder value and to the retention of employees is to ensure on an on-going basis that the interests of the share incentive scheme is governed and directed to the overall benefit of the company.

4. GENERAL CONDITION

4.1 No grant shall be made, and no option shall be granted, under this share incentive scheme which together with grants or options granted under this and any other share scheme would result in the number of scheme shares exceeding 122 962 943 (one hundred and twenty two million nine hundred and sixty two thousand nine hundred and forty three) (5%) shares in the company (representing approximately 5% of the company's total issued shares as at 31 December 2019)..

4.2 No grant shall be made, and no option shall be granted under the scheme to a single participant, which together with grants or options granted under this and any other share scheme would result in the number of scheme shares to such single participant exceeding 24 592 588, (twenty four million five hundred and ninety two thousand and five hundred and eighty eight) (1%), shares in the company.

4.3 In the event of a sub-division or consolidation, there shall be an adjustment to the number of equity securities that may be utilised in terms of 4.1 and 4.2 above and any amount payable on application or acceptance, subscription or exercise as the case may be. Such adjustment should give a participant entitlement to the same proportion of the equity capital as that to which he was previously entitled.

4.4 It is recorded that the issue of equity securities as consideration for an acquisition or issues of securities for cash and issues of equity securities or vendor consideration placings will not be regarded as a circumstances requiring adjustment in terms of paragraphs 4.1 and 4.2.

4.5 The auditors or other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments made in terms of paragraph 4.3 are in accordance with the provisions of the share incentive scheme. Such written confirmation must be provided to the JSE at the time that any such adjustment is finalised.

4.6 To the extent necessary, allocated equity securities which are not subsequently issued to participant/s, for example as a result of forfeiture, will revert back to the share incentive scheme.

4.7 The directors shall use their best endeavours to ensure compliance with Schedule 14 and paragraphs 3.63 to 3.74 of the listings requirements of the JSE.

4.8 The participant shall have no rights (voting, dividends, or otherwise) in any shares awarded under the share incentive scheme until registration in the name of the participant

4.9 In the event of a capital restructuring (capitalization issues, rights issues or reduction of capital) which would cover :

- the allotment and issue of any shares by the company to its shareholders by way of capitalization issue
- rights issue
- reduction of capital

the number of shares in respect of which an offer is held by any offeree at the date of such capital restructuring issue will ipso facto be increased /

decreased as if with effect from the date of grant of the offer so held, by a number of shares equal to the number of shares which would have accrued to such offeree in terms of such capital restructuring in respect of the shares subject to his offer as if he had been the registered holder thereof. The option price for each such increased number of options, shall be reduced to a price equal to a pro rata proportion of the total price payable by such offeree in respect of all shares for which such offeree held that option immediately prior to that capital restructuring. In respect of grant shares, there is no change to price as they are issued at nil consideration.

5. GRANTS

5.1. Conditions applicable to offers for grant shares

5.1.1. An offer :-

5.1.1.1 shall be subject to the provisions of this agreement;

5.1.1.2 shall be personal to the offeree to whom it is addressed, and may only be accepted by and may not be ceded by him;

5.1.1.3 shall be an offer to grant to the offeree, for issue or transfer to and registration in his name, the number of shares specified by the directors;

5.1.1.4 shall be accepted by the offeree by notice in writing, delivered to the secretary, within 21 (twenty one) days after the offer date;

5.1.2. An offer and acceptance shall constitute the whole contract between the company and a participant.

5.1.3. The company shall in respect of shares for which there has been a valid acceptance of an offer procure the issue of such shares to the participant on the applicable dates as set out in 5.2.

5.2 Issue and registration of grant shares

Grant shares shall be issued and registered in the name of the participant for nil consideration as to one third on the third anniversary of the date on which the shares were granted to him, one third on the fourth anniversary of the said grant date and a further one third on the fifth anniversary of the said grant date. The participant shall be liable for taxation in respect of the grant shares on registration of the grant shares in his name. In order to minimise volatility in earnings dilution due to IFRS2, and to promote tax neutrality for the Company, vested benefits in terms of the share incentive scheme may be settled in shares, which shares may be purchased in the market. The company, however in terms of the share incentive scheme, retains the right to issue new shares at its election or settle in cash rather than shares. In this regard, the directors of the company may decide, in respect of such participants as specified by themselves, not to release grant shares to the participant, but to pay to the participant in cash an amount equal to the market value of the grant shares that would have been released on the release date.

5.3 Pledge, cession, assignment or transfer of grant shares

A participant shall not be entitled to pledge, cede, assign or transfer or otherwise encumber any of his grant shares, or any rights in respect thereof, until such shares shall have been issued and registered in the participant's name.

5.4 Termination of employment

5.4.1 In the event of a participant –

5.4.1.1 leaving the employ of the company for a reason approved of by the directors, or dying, then he or his estate as the case may be, shall have the right to receive grant shares awarded and accepted within 3 months of leaving the employ or dying;

5.4.1.2 retiring on or after the earliest date of retirement permitted in terms of the rules of the company

pension fund, then he shall have the right, on date of retirement, to receive all grant shares awarded and accepted, subject to applicable performance conditions.

5.4.2 In the event of a participant being dismissed or leaving the service of the company other than because of retirement on or after the earliest date of retirement permitted in terms of the rules of the company pension fund or other than for a reason approved by the directors in their sole and absolute discretion (including, but not limited to the participant's lawful summary dismissal for proven dishonesty, fraudulent or grossly negligent conduct), or in the event of the estate of a participant being sequestrated, whether provisionally or finally, the participant shall not be entitled to receive any of his grant shares which have not been received by him.

5.5 Shares ceasing to be Grant Shares

5.5.1 For the purposes of this scheme, shares shall cease to be grant shares :-

5.5.1.1 when they are issued and registered in terms of 5.2;

5.5.1.2 when they are issued and registered in the case of participants retiring, dying or leaving the employ of the company in terms of 5.4.

6. OPTIONS

6.1 **Conditions applicable to Options**

6.1.1 An option :-

6.1.1.1 shall be subject to the provisions of the share incentive scheme;

6.1.1.2 shall be personal to the offeree to whom it is addressed, and may only be accepted by the offeree and may not be ceded by the offeree ;

6.1.1.3 shall be an option to purchase the number of shares specified by the directors at the option price, payable in terms of the share incentive scheme in the time period set out in 6.2;

6.1.1.4 shall be exercised by notice in writing delivered to the secretary together with payment of the option price;

6.1.1.5 may be exercised in part (but only for 100 shares or multiples thereof) or in full in respect of an exercised option; and

6.1.1.6 may, after acceptance but before exercised, be cancelled by the offeree by written notice to the secretary.

6.1.1.7 An option shall constitute the whole contract between the company and an offeree.

6.2 **Registration and Release of Shares pursuant to the Exercise of an Option**

Within 30 (thirty) days after the exercise of an option whether in part (in which case only in multiples of 100 shares) or in full, and on payment of the option price, the directors of the company shall allot and issue shares represented by the exercised options, provided that except where the directors of the company in their absolute discretion otherwise decide, an offeree shall not be entitled to implement part or the whole of his option except on a cumulative basis, to an extent not exceeding (one third of the number of shares in respect of which the option was granted on the third anniversary of the date on which the option was granted to him, up to a further one third thereof on the fourth anniversary and the balance on the fifth anniversary of the said date of grant of option). In order to minimise volatility in earnings dilution due to IFRS2, and to promote tax neutrality for the Company, vested benefits in terms of the share incentive scheme may be settled in shares, which shares may be purchased in the market. The company, however in terms of the share incentive scheme, retains the right to issue new shares at its election or

settle in cash rather than shares. In this regard, the directors of the company may decide, in respect of such participants as specified by themselves, to pay an amount in cash equal to the difference between the option price and the market value when exercised by the participant. This is in lieu of the participant exercising their option and purchasing shares at the offer price.

6.3 **Rights Offers**

6.3.1 In the event of a rights offer by the company to its shareholders of any shares for subscription ("rights offer shares"), then :-

6.3.1.1 the directors shall include in the option held by each grantee, a further option to acquire such additional number of shares as would have been offered to him in terms of such rights offer as if the participant had been the registered holder of the shares subject to the participant's option at a price equal to the rights offer price thereof;

6.3.1.2 the option of each such offeree as extended in terms of 6.3.1 will continue to be governed by the provisions of the share incentive scheme as if the said additional option had been included in the option as granted in terms of 6.1, and in particular the provisions of 6.2 shall apply to the further option detailed in 6.3.1.1, the date for the purposes of calculating the relevant anniversaries being the date on which such further option was granted to an offeree.

6.4 **Termination of Employment**

6.4.1 In the event of an offeree :-

6.4.1.1 leaving the employ of the company for a reason approved of by the directors, or dying, then he or his estate as the case may be, shall during a period of 1 (one) year (or in the case of a deceased, employee such longer period, not exceeding 2 (two) years as the directors in their sole and absolute discretion may decide), have the right to exercise options awarded and accepted in respect of all or such lesser

number in multiples of 100 of the shares subject to his option;

6.4.1.2 retiring on or after the earliest date of retirement permitted in terms of the rules of the company pension fund, then he shall have the right during a period of 1 (one) year from the date of such retirement to exercise options awarded and accepted in respect of all or any multiple of 100 shares subject to his option.

6.4.2 In the event of an offeree being dismissed or leaving the service of the company other than because of retirement on or after the earliest date of retirement permitted in terms of the rules of the company pension fund or other than for a reason approved by the directors in their sole and absolute discretion (including but not limited to the participants' lawful summary dismissal for proven dishonesty, fraudulent or grossly negligent conduct), or in the event of the estate of an offeree being sequestrated, whether provisionally or finally, any option then held by him will lapse to the extent that it has not been exercised.

6.5 **Expiry**

If, on expiry of 7 (seven) years from the acceptance date, an offeree has not exercised his option in full, then the company shall be entitled, obliged and authorised to call upon him in writing to do so within 30 (thirty) days after the date of such request, and if the offeree fails to comply therewith, or exercises and/or implements his option in respect of only 100 shares or any multiple thereof, the part of the option not exercised will ipso facto lapse.

7. RECONSTRUCTION OR TAKEOVER

7.1 In the event of a reconstruction or takeover of the company which results in a change of control before any vesting date, any offer, grant or option under the scheme shall be deemed to have vested in part and the remuneration committee shall, prior to the reconstruction or takeover, review the performance conditions applicable to such offer, grant or option and the extent to which it has been fulfilled up to the date of the reconstruction or takeover, and calculate the number of offers, grants and options that should

vest for each participant. The number of scheme shares that vest shall be relative to the number of months served of the performance period. Settlement shall be made for the vested (exercised and unexercised) scheme shares, to the extent applicable, so calculated as soon as practicable.

7.2 For the purpose of this clause, the remuneration committee must be constituted as it was constituted immediately prior to the reconstruction or takeover.

7.3 If there is an internal reconstruction or other event which does not involve any change of control, then there will be no vesting as set out above. However, if any other event occurs which may affect any offer, grant or option under the scheme, including the cessation of the shares' listing on the JSE, then and subject to ratification by the directors or as a consequence of a directors directive, the remuneration committee may take such action as it considers appropriate to protect the interests of participants and to ensure that the participant is not worse off.

8. INSOLVENCY

8.1 Any offer to a participant under the scheme will be cancelled if the participant applies for the voluntary surrender of his estate, or his estate is otherwise sequestrated or any attachment of any interest of a participant under the scheme is made, unless the directors, in their discretion, determines otherwise and then subject to such terms and conditions as the directors may determine.

8.2 If the company is placed in final liquidation, the company secretary shall notify the participant thereof in writing and he shall be entitled to require that he be settled all or any of his offers, grants or options, as if his contract was terminated with the approval of the directors within twenty-one days of such notification, failing which such offers, grants or options shall be deemed to have been cancelled.

9. POOR PERFORMANCE AND DISCIPLINARY PROCEDURES

In the event of pending disciplinary or poor performance procedures against any participant, or the contemplation of such procedures, then the vesting and/or settlement of any grant or option under the scheme is suspended until the final

conclusion of such procedures, at which time such grant or option will vest and/or be settled, or if the participant is dismissed, all or any offers will be cancelled.

10. DISPUTES

All disputes arising from or in connection with the scheme (including an urgent dispute) shall, in the first instance be referred to mediation by a mediator acceptable to both parties within 21 days, and failing resolution by mediation or agreement in respect of a mediator, shall be finally resolved in accordance with the Rules of the Arbitration Foundation of South Africa by an arbitrator or arbitrators appointed by the Foundation, such dispute to be determined within 60 days of referral.

11. AMENDMENT OF SCHEME

The directors may, from time to time, subject to the approval of any stock exchange on which the shares are listed, by resolution, amend all or any of the provisions of the scheme (whether retrospectively or otherwise), provided that no such amendment shall adversely affect the vested rights of any participant, and no such amendment affecting :-

11.1 the category of persons entitled to participate in the scheme;

11.2 the total number of shares subject to the scheme;

11.3 the maximum number of shares which may be allocated to any one employee;

11.4 the amount payable on acceptance of an offer;

11.5 the basis of determining the option price or grant price;

11.6 the provisions relating to the payment of the option grant;

11.7 the provisions relating to termination of employment or retirement of a participant;

11.8 the voting, dividend, transfer and other rights attaching to the share grants and options;

11.9 the basis upon which awards are made; and

11.10 the treatment of an offer, grant or option in the event of a reconstruction or takeover of the company which results in a change of control,

shall be made, unless approved by members of the company in a general meeting requiring 75% majority of votes.

12. ADMINISTRATION

The company and its subsidiaries will bear all costs of and incidental to the implementation and administration of the share incentive scheme including any stamp duty payable in respect of the issue or transfer of any shares, in proportion to the number of scheme shares held by an employee from time to time.

13. DURATION OF THE SCHEME

The scheme shall continue for an indefinite period of time until terminated by a resolution of the directors or by a resolution of the company in general meeting provided that such termination shall not affect or modify any existing rights or obligations of participants, and the company shall continue to administer the share incentive scheme for so long as may be necessary to give effect thereto.

14. LISTING OF SHARES

The directors shall, on registration of any shares in the name of a participant or offerree, make application for a listing, quotation and permission to deal in such shares, on any stock exchange on which the shares are listed.

15. SUMMARY IN ANNUAL REPORT

A summary of the number of shares issued, offered or in respect of which scheme shares have been granted as at the beginning of the financial year, the number of scheme shares issued, offered or granted during the year and the balance of shares available for issue in terms of the share incentive scheme as at the year end, shall be included in each Annual Report to members of the company.