

CULLINAN HOLDINGS LIMITED

REGISTRATION NUMBER 1902/001808/06

SHARE OPTION SCHEME

CONTENTS

1. INTERPRETATION	3
2. PURPOSE	6
3. ELIGIBILITY	6
4. SHARES AVAILABLE FOR THE SCHEME	6
5. GRANT OF OPTIONS	6
6. TERMS OF THE OPTIONS	7
7. RIGHTS TO EXERCISE OPTIONS	8
8. EXERCISE OF OPTIONS	9
9. PAYMENT	9
10. ISSUE AND ALLOTMENT OF SHARES	10
11. LAPSE OF OPTIONS	10
12. TAKEOVERS, RECONSTRUCTIONS AND AMALGAMATIONS	10
13. ADJUSTMENT OF OPTIONS	11
14. WINDING-UP	12
15. DISPUTES	12
16. AMENDMENT OF SCHEME	12
17. ADMINISTRATION	13
18. DURATION OF THE SCHEME	14
19. LISTING OF SCHEME SHARES	14
20. SUMMARY IN ANNUAL REPORT	14

1. INTERPRETATION In this trust deed:

1.1. The following expressions shall bear the meanings assigned to them below and cognate expressions shall bear corresponding meanings:

- 1.1.1. "Act" the Companies Act, 2008, as amended, and expressions therein defined shall bear the meanings therein assigned to them;
- 1.1.2. "auditors" the auditors for the time being of the company;
- 1.1.3. "capitalisation issue" the issue of shares by the capitalisation of the company's profits and/or reserves (including the share premium account and the capital redemption reserve fund);
- 1.1.4. "capitalisation share" a fully paid share allotted in a capitalisation issue by the company;
- 1.1.5. "control" in relation to a company, means the power of a person or persons directly or indirectly to secure, by means of the holding of shares or the possession of voting powers in or in relation to such company or by virtue of any power conferred by the Memorandum of Incorporation or other document regulating such company, that the affairs of such company are conducted in accordance with the wishes of that person or those persons;
- 1.1.6. "employee" anyone employed in a full time capacity by the company or any of its subsidiaries or by any partnership in which the company is a partner having an equity interest of not less than 50%, and any executive directors of those entities;

- 1.1.7. "employment" employment by the company and/or any subsidiary, but for the purposes of this scheme excludes employment during any period of notice or dismissal;
- 1.1.8. "JSE" the Johannesburg Stock Exchange;
- 1.1.9. "offer date" the date on which the board resolves to grant options in terms of 5.1;
- 1.1.10. "offeree" an employee nominated in terms of the provisions of the scheme to be granted an option;
- 1.1.11. "option" a right granted to subscribe for shares pursuant to the scheme which is for the time being subsisting;
- 1.1.12. "option holder" the holder of an option in terms of the scheme;
- 1.1.13. "option price" shall be the ruling price per share on the date of grant of an option, less 100 cents per share, subject to a base price of 10 cents per share;
- 1.1.14. "participant" any person to whom an option may be granted in terms of the scheme, including an option holder who has exercised an option;
- 1.1.15. "record date" the close of business on the day the register of the company will be closed to determine entitlement to participate in a rights or capitalisation issue, or dividend, as the case may be;
- 1.1.16. "retired employee" any former employee who was a participant and has retired at or after the normal retirement age (as laid down in the company's pension fund rules from time to time) or, with the approval of the board, prior to the normal retirement age;

- 1.1.17. "rights offer " the offer of any shares or other securities of the company, or of any member of the group, to all ordinary shareholders pro rata to their holdings;
- 1.1.18. "scheme" the terms and conditions of the share option scheme contained in this deed;
- 1.1.19. "scheme shares" the ordinary shares in the company in respect of which an option holder has been granted an option in terms of the scheme and which option has not been exercised;
- 1.1.20. "secretary" the secretary for the time being of the company;
- 1.1.21. "share" an ordinary share in the share capital of the company;
- 1.1.22. "subsidiary" in relation to the company, shall have the meaning ascribed to it in the Act;
- 1.1.23. "the board" the board of directors for the time being of the company or any committee thereof to whom the powers of the directors in respect of this scheme are delegated in terms of the company's Memorandum of Incorporation;
- 1.1.24. "the company" Cullinan Holdings Limited, registration number 1902/001808/06, a company incorporated in South Africa and listed on the JSE;
- 1.1.25. "the trustees" the trustees of the scheme will be the members of the Audit Committee from time to time.

1.2. Clause and paragraph headings are for purposes of reference only and shall not be used in interpretation.

1.3. Unless the context clearly indicates a contrary intention, words connoting:

- 1.3.1. any gender include the other two genders;
- 1.3.2. the singular include the plural and vice versa;
- 1.3.3. natural personal include artificial persons and vice versa;
- 1.3.4. insolvency include provisional or final sequestration, liquidation or judicial management.

2. PURPOSE

The scheme is intended as an incentive to employees, including salaried directors, to identify themselves more closely with the activities of the Cullinan Group and to promote its continued growth by giving them the opportunity of acquiring shares in the company.

3. ELIGIBILITY

Employees shall be eligible to and shall participate in the scheme only if and to the extent that offers are made to and are accepted by them in terms of this deed.

4. SHARES AVAILABLE FOR THE SCHEME

- 4.1. The aggregate number of fully paid shares which any one participant may acquire in terms of the scheme, shall not exceed 2 000 000 shares.
- 4.2. The aggregate number of unissued shares that may be reserved for the scheme shall not exceed 24 000 000 shares.
- 4.3. The members of the company in a general meeting may reserve unissued shares and place those unissued shares under the control of the board for the purposes of the scheme.

5. GRANT OF OPTIONS

- 5.1. The trustees may grant options to employees selected by the board for that purpose. The board has adopted a resolution which spells out the basis for the awards. The awards are per division and are based on performance and contribution to the success of the company. All awards are reviewed and approved by the Remuneration Committee prior to final approval by the board. The annexure to this scheme document sets out the basis on which the grant of options is determined.
- 5.2. The board shall determine the number of shares which are to be the subject of each option.

- 5.3. Options shall be granted by means of a resolution of the board, and the date of such resolution shall be taken for all purposes of this scheme as the offer date in respect of the relevant option.
- 5.4. The terms of an option:
- 5.4.1. shall be conveyed to the offeree in writing and shall be governed by the provisions of this deed;
 - 5.4.2. shall specify:
 - 5.4.2.1. the number of shares in respect of which the option is granted;
 - 5.4.2.2. the dates upon which such option, or any part thereof, may be exercised by the offeree;
 - 5.4.2.3. the option price;
 - 5.4.2.4. the date on which the option price is payable;
 - 5.4.2.5. that subscription and allotment of the shares comprising the option shall only take place against payment in full for those shares.

6. TERMS OF THE OPTIONS

- 6.1. An option shall be personal to the offeree to whom it is addressed and may only be accepted by him and may not be ceded, sold, disposed of or transferred by him or in any way be mortgaged, pledged or otherwise encumbered either voluntarily or by operation of law unless the board in its absolute discretion consents thereto.
- 6.2. An offeree to whom an option is granted may by notice given in writing within 30 (thirty) days after the offer date renounce his rights thereto, in which event such option shall be deemed for all purposes never to have been granted. No further options may be granted to an offeree who renounces his rights as aforesaid within a period of 6 (six) months after the relevant offer date.
- 6.3. Subject to clause 11, each option granted will remain in force for the period over which they may be exercised in terms of clause 7.
- 6.4. Notwithstanding anything contained in this scheme, a participant shall be entitled to dispose of or otherwise deal with shares issued to him in terms of this scheme without restriction, upon the issue of those shares to him.
- 6.5. If, under the terms of a resolution passed or an announcement made by the company prior to the date upon which shares in respect of which an option has been exercised are paid for, a dividend is to be paid or is proposed to be paid to the holders of shares

on the register of nominee in respect of a record dated prior to the date of payment, the shares to be allotted and issued to the option holder will not rank for such dividend. Subject to the above, the shares allotted and issued or transferred to the option holder shall be identical and rank *pari passu* in all respects with the fully paid shares of the same class in issue on the date of such exercise.

7. RIGHTS TO EXERCISE OPTIONS

- 7.1. Subject to the provisions of clauses 11 and 12, an option granted in terms of this scheme may only be exercised, whether wholly or partially, after the expiry of 60 (sixty) months from the date of grant of the option.
- 7.2. After the period specified in clause 7.1, an unexercised option shall be exercisable:
- 7.2.1. if an option holder ceases to be in employment, by reason of death, injury, disability, sickness, redundancy, the company by which the option holder is employed ceasing to be under the control of the company or any subsidiary of the company, or the undertaking or part undertaking in which the option holder works being transferred to a person which is not under the control of the company or a subsidiary of the company, within 12 (twelve) months of the date upon which he ceases to be in employment;
 - 7.2.2. if an option holder ceases to be in employment by reason of retirement, forthwith on the date upon which the option holder ceases to be in employment;
 - 7.2.3. forthwith on the date upon which an option holder ceases to be in employment for any reason other than that recorded in 7.2.1 or 7.2.2, save for dismissal, in which event the option shall lapse with immediate effect, unless the board in its absolute discretion determines otherwise;
 - 7.2.4. forthwith upon an option holder making application for the voluntary surrender of his estate or his estate being otherwise sequestrated or upon attachment of any option of an option holder or any interest therein, and the board passes a resolution to that effect.
- 7.3. Notwithstanding the provisions of clause 7.2, if an option holder ceased to be in employment of the company only because the option holder's employer ceases to be a subsidiary of the company or because the option holder's employer has sold the business in respect of which the option holder was employed, the directors of the company shall be entitled to determine at its sole discretion that an option granted to

that option holder shall not lapse and shall remain in force on the same terms and conditions, mutatis mutandis, as are set out in this scheme, provided that:

- 7.3.1. the directors have given written notice of that determination to the option holder in question;
- 7.3.2. the directors shall not be entitled to grant further options, unless that option holder subsequently qualifies as an employee; and
- 7.3.3. the directors shall, notwithstanding anything contained in this scheme, at any time and in their sole discretion, be entitled to withdraw the notice given in terms of this clause 7.3.1 by giving written notice of that withdrawal to the option holder in question, in which event any option which was the subject of that notice shall lapse forthwith.

8. EXERCISE OF OPTIONS

- 8.1. Each option must be exercised in writing, in such form as the board may determine.
- 8.2. Options may be exercised in whole or in part, provided that an option may not be exercised in respect of less than 10 000 shares, nor otherwise than in multiples of 1000 shares, on any one occasion, unless the option is either for less than 10 000 shares or it is the last occasion on which the option may be exercised, when it may be exercised in respect of any number of shares up to the number in respect of which it remains capable of exercise.
- 8.3. The shares in respect of which each option is exercised and for which payment in full is made:
 - 8.3.1. will rank *pari passu* with existing issued shares and;
 - 8.3.2. will be issued to the participant to whom the option was granted as the beneficial owner thereof and a certificate will be issued for the shares for which payment has been made.

9. PAYMENT

Payment for shares in respect of which an option has been granted and has been exercised, whether wholly or partially, shall be made in full on the date of exercise of the option concerned.

10. ISSUE AND ALLOTMENT OF SHARES

Shares in respect of which an option has been granted and exercised, shall be allotted and issued by the directors within 7 (seven) business days of payment of the purchase price by the participant in respect of those shares in terms of clause 9.

11. LAPSE OF OPTIONS

Insofar as it has not previously been exercised, an option shall lapse upon the earliest of 12 (twelve) months from the date on which the option may first be exercised or upon expiry of the periods set out in clause 7.2.

12. TAKEOVERS, RECONSTRUCTIONS AND AMALGAMATIONS

12.1. Subject to the provisions below, if an offer is made to all shareholders in the company to acquire the whole or a majority of the issued shares of the company, the company shall give notice thereof to all option holders, and an option holder or his executor, as the case may be, shall at any time within six months of the offer (together with any person acting in concert with him, as the expression "acting in concert" is defined in the Act) obtaining control of the company, be entitled to exercise his option provided that:

12.1.1. an option holder shall not be entitled to exercise his option during the period between the announcement of the offer and the date on which it lapses, is withdrawn, or becomes unconditional; and

12.1.2. such exercise is effected before the expiry of the date upon which the option lapses in accordance with the provisions of this deed.

12.1A Notwithstanding the provisions of clause 12.1, should an option holder not exercise all of his options before the expiry of the six month period referred to in clause 12.1 he shall not be entitled to exercise the remaining unexercised options until the date upon which he would ordinarily, had the offeror referred to in clause 12.1 not gained control of the company, have been entitled to exercise such options in terms of clause 7.

12.1B If the date upon which an option holder is entitled to exercise his options in terms of clause 7.1 arises during the period referred to in clause 12.1.1 ("the takeover period"), and clause 12.1.1 results in the option holder being prohibited from exercising his options for that period or any part of that period ("the suspension period"), the option holder shall be entitled to

exercise the options that he would have been entitled to exercise during the suspension period for a period of:

12.1B.1 3 (three) months from the expiry of the takeover period; or

12.1B.2 (three) months from the date on which the period, during which he would ordinarily have been entitled to exercise his options in terms of clause 7 had there been no offer, expires, whichever period ends later.

12.2. If, during the period of six months referred to in clause 12.1, the offeror becomes entitled to exercise any rights of compulsory acquisition of shares pursuant to the provisions of the Act, and gives notice in writing to all option holders of its intention to exercise such rights as regards all shares issued pursuant to options exercised prior to a specified date (not being earlier than one month after the date of such notice), options shall remain exercisable until the specified date subject always to the provisions of clause 11 and subject to such compulsory rights of acquisition in fact being exercised in accordance with such notice, and all options shall lapse at the specified date to the extent that they have not then been exercised.

12.3. If under the Act the Court sanctions a compromise or arrangement proposed for the purpose of or in connection with a scheme for the reconstruction of the company, or its amalgamation with any other company or companies, the company shall give notice thereof to all option holders, and an option holder or his executor, as the case may be, shall at any time within six months of such compromise or arrangement being sanctioned by the Court be entitled to exercise his option, provided that it is exercised before the date on which the option lapses under the provisions of clause 11. On the expiry of the said period of six months, the options will lapse immediately.

13. ADJUSTMENTS OF OPTIONS

13.1. In the event of a sub-division or consolidation of the share capital of the company, the number of shares subject to an option or a variation in the option price of that option, the number of shares which may be acquired in terms of any option and/or the option price shall be adjusted in such manner as the board shall determine and the auditors shall certify as being fair and reasonable in their opinion. Any such adjustment should give a participant entitlement to the same proportion of the ordinary share capital as that to which he was previously entitled. The board shall give the option holders notice of any such adjustments.

- 13.2. In the event of a capitalisation issue, a special dividend, a rights issue, or reduction of capital, the maximum number of shares which may be acquired by any participant and/or the option price shall be adjusted in such manner as the board may determine and the auditors shall certify as being fair and reasonable in their opinion. Any such adjustment should give a participant entitlement to the same proportion of the ordinary share capital as that to which he was previously entitled
- 13.3. In the event of an adjustment of options in accordance with the provisions of clauses 13.1 or 13.2, the maximum number of shares referred to in clause 4 shall be adjusted by the auditors, who shall confirm to the JSE in writing that any adjustments in terms of clauses 13.1 or 13.2 are in accordance with the provisions of the scheme and will be reported on in the annual financial statements of the company in the year in which the adjustment is made.

14. WINDING-UP

- 14.1. If an effective resolution of the company in general meeting for the voluntary winding-up of the company is passed before the date upon which an option lapses in accordance with the provisions of clause 11, such option shall thereupon become and shall remain capable of exercise for a period of 28 days after such resolution becomes effective (at the end of which period all options shall lapse immediately), provided that such option is so exercised before the date upon which it lapses in accordance with the provisions of clause 11. If such resolution is duly passed, option holders who have previously exercised their options (or who do so during the said period of 28 days), having duly made payment thereof, and having delivered their option certificates or balance option certificates, shall be entitled to share in the assets of the company, but all other options shall lapse.
- 14.2. An option shall lapse immediately in the event of the company being wound up otherwise than in the event of a voluntary winding-up.

15. DISPUTES

Any dispute under the scheme shall be referred to decision to the auditors, who shall act as experts, and not as arbitrators, and whose decision shall be final and binding.

16. AMENDMENT OF SCHEME

16.1. The board may, from time to time, subject to the approval of the JSE, by resolution, amend all or any of the provisions of the scheme, provided that no such amendment shall adversely affect the vested rights of any participant, and no such amendment affecting the following matters shall be made unless sanctioned by the members of the company in general meeting by passing an ordinary resolution requiring a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented at the general meeting to approve such resolution, namely:

- 16.1.1. the category of persons entitled to be participants in the scheme;
- 16.1.2. the total number of shares subject to the scheme;
- 16.1.3. the maximum number of scheme shares which may be allocated to anyone participant;
- 16.1.4. the amount payable on exercise of an option;
- 16.1.5. the basis for determining the option price and the periods in which payment must be made;
- 16.1.6. the voting, dividend, transfer and other rights, including those arising on a liquidation of the company;
- 16.1.7. the basis upon which options are granted;
- 16.1.8. the treatment of options in instances of mergers, takeovers or corporate actions; and
- 16.1.9. the rights of participants who leave the employment of the company whether by termination, resignation, retirement or death insofar as their early departure from the scheme is concerned.

16.2. If the board considers that the implementation of any of the provisions of this scheme has been rendered impossible or impracticable by reason of any change of law, or because of any illegality in the scheme, or on account of any other unforeseen circumstances, the board shall have the power, subject to the approval of the JSE and the approval of the members of the company in general meeting, to amend the scheme in such manner as will result in the scheme being capable of practical implementation in terms of the laws then in force, and as will confer on participants rights, or benefits substantially equivalent to rights, or benefits which would have been enjoyed by them but for such amendment of the law or other circumstances giving rise to such

impossibility or impracticability, and any amendment effected in terms of this clause shall be binding upon participants holding vested rights under the scheme.

17. ADMINISTRATION

17.1. The board shall be entitled, subject to the provisions of the scheme, to make and establish such rules and regulations, and to amend the same, from time to time, as it may deem necessary or expedient, for the proper implementation and administration of the scheme and shall appoint the trustees to manage the scheme on behalf of the company.

17.2. The company, its subsidiaries and any partnership of which the company is a partner, will bear all costs of and incidental to the implementation and administration of the scheme, in proportion to the number of scheme shares held by their respective employees from time to time and will, from time to time, as and when necessary, provide the trustees with all requisite funds and facilities provided that the company will provide all secretarial, accounting, administration, legal and financial advice and so forth, to enable them to properly and efficiently perform their duties and functions in terms of the scheme.

18. DURATION OF THE SCHEME

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

19. LISTING OF SCHEME SHARES

The board shall, on the allotment and issue of any scheme shares resulting from the exercise of an option, make application for a listing, quotation and permission to deal in such shares on the JSE. Any scheme shares allotted and issued in terms of this scheme shall cease to be scheme shares and will rank pari passu in every respect with the remaining ordinary shares.

20. SUMMARY IN ANNUAL REPORT

A summary of the number of options granted as at the beginning of the financial year, the number of scheme shares issued during the year on the exercise of options and the

balance of options unexercised at the year end, shall be included in each annual report to members of the company, including any adjustments effected in terms of clauses 13.1 and 13.2.

ANNEXURE TO SHARE OPTION SCHEME

Share options will be awarded based on the following process:

1. Staff awards

Staff awards are categorized in four ways:

- Employee of the year
- Gold award
- Silver award
- Bronze award

Each operating division is allocated these awards, with the number of awards of the different categories being determined by the size (number of employee) of the division.

The individual awards are based on a review by the divisional head of the employee's contribution over the period concerned to the success of the division.

2. Executive directors and senior management awards

Executive directors and senior management awards are categorized in two ways:

- Gold award
- Silver award

Each operating division is allocated these awards, with the number of awards of the different categories being determined by the size (number of employee) of the division.

The individual awards are based on a review by the chief executive of the division of the employee's contribution over the period concerned to the success of the division.

All awards are reviewed and approved by the Remuneration Committee before submission to the Board for approval.