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Long Term Incentive Plan Rules

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Contents

1. Definitions and interpretation	1
2. Purpose	5
3. Eligibility and grant	5
4. Option and Performance Right terms	6
5. Employee share trust	7
6. Exercise of Options and Performance Rights	7
7. Quotation	8
8. Good Leaver	9
9. Bad Leaver	9
10. Lapse of Options and/or Performance Rights	9
11. Forfeiture	10
12. Malus and clawback	11
13. Buy-Back	12
14. Cancellation	12
15. Disposal restrictions on Plan Shares	13
16. Change of Control Event	13
17. Bonus issues and capital reconstructions	14
18. Contravention of Applicable Laws	15
19. Administration of the Plan	15
20. Plan amendment	16
21. Termination or suspension	17
22. No employment contract	17
23. Regulatory relief	17
24. Non-exclusivity	18
25. General	18

Long Term Incentive Plan Rules

1. Definitions and interpretation

1.1 Definitions

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the Listing Rules;
- (c) the Constitution;
- (d) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth), each as amended from time to time;
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b) and (d) above; and
- (f) any other legal requirement that applies to the Plan, including but not limited to, all other securities, corporate and taxation laws which may apply as a result of the jurisdiction in which a Participant resides or is located;

Application means an application by an Eligible Employee to participate in the Plan made in response to an Invitation Letter;

ASIC means the Australian Securities and Investments Commission;

ASX means the ASX Limited ABN 98 008 624 691 trading as the Australian Securities Exchange;

Bad Leaver means, unless otherwise determined by the Board in its sole and absolute discretion, a Participant who ceases employment or office with any member of the Group in any of the following circumstances:

- (a) the Participant resigns from their employment or office (other than as a result of ill health or a genuine retirement) at a time or in a manner that has an adverse impact on the Company, including to join a competitor;
- (b) the employment of the Participant is terminated due to poor performance; or
- (c) the Participant's employment is terminated, or the Participant is dismissed from their office, for any of the following reasons:
 - (i) the Participant has committed any serious or persistent breach of the provisions of any employment or director contract entered into by the Participant with any member of the Group;
 - (ii) the Participant has become disqualified from managing corporations or has committed any act that may result in the Participant being banned from managing a corporation under any applicable securities law; or

- (iii) the Participant has committed serious or gross misconduct, wilful disobedience or any other conduct justifying termination of employment without notice;

Board means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or any person who is provided with delegated authority by the board of directors from time to time, as delegated in accordance with clause 19.2;

Business Day means a day on which banks are open for general banking business in Victoria;

Buy-Back means the purchase by the Company of Options or Performance Rights prior to their exercise, or the buy-back by the Company of Plan Shares pursuant to clause 17.6;

Cancel means the deletion of Options, Performance Rights and/or Plan Shares by the Company for payment of any consideration to the relevant Participant as required under clause 14 and **Cancellation** and **Cancelled** has a similar meaning;

Certificate means any certificate issued by the Company to a Participant in respect of an Option or a Performance Right (as the case may be);

Change of Control Event means:

- (a) where a person or entity becomes a legal or beneficial owner of 50% or more of the issued share capital of the Company;
- (b) where a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or
- (c) the Board determines that there are circumstances that have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may adversely affect the value of the Options and Performance Rights;

Company means Aussie Broadband Limited ACN 132 090 192;

Constitution means the constitution of the Company, as amended from time to time;

Corporations Act means the *Corporations Act 2001* (Cth) and its accompanying regulations, as amended from time to time;

Director means a director of any member of the Group;

Eligible Employee means any Director or Employee who is declared by the Board in its sole and absolute discretion to participate in the Plan;

Employee means a full-time or part-time employee of any member of the Group;

Exercise Period means the period up to the Expiry Date during which a vested Option may be exercised, and as determined by the Board under clause 6.1;

Exercise Price means the exercise price (if any) payable by a Participant to acquire a Plan Share upon the exercise of an Option as specified by the Board in the Invitation in its sole and absolute discretion;

Expiry Date means the earlier of:

- (a) the date 15 years from the Grant Date of the Options or Performance Rights (as the case may be); or

(b) any other date determined by the Board and as specified in the Invitation, after which the Options and/or Performance Rights lapse and may no longer be exercised;

Forfeiture Conditions means any criteria, requirements or conditions as determined by the Board (as specified in the Invitation Letter) or under these Rules which if met (notwithstanding the satisfaction or waiver of any Performance Hurdles and Vesting Conditions) will result the lapsing of Options and/or Performance Rights (as the case may be);

Good Leaver means a Participant who ceases employment or office with any member of the Group and is not a Bad Leaver;

Grant Date means the date on which Options or Performance Rights (as the case may be) are granted to a Participant following the acceptance of an Application;

Group means the Company and its Related Bodies Corporate;

Invitation means an invitation to an Eligible Employee to apply for the grant of Options and/or Performance Rights (as the case may be) under these Rules;

Invitation Letter means a letter from the Company to an Eligible Employee, which contains the Invitation;

Issued Capital means issued ordinary shares whether fully paid or not of the Company;

Listing Rules means the listing rules, market rules or operating rules of a financial market in respect of which the Company's shares are quoted or are the subject of an application for quotation, including but not limited, the listing rules of the ASX;

Market Value means:

- (a) in relation to Options and Performance Rights, a value determined by application of a valuation methodology approved by the Board; and
- (b) in relation to Plan Shares, the average 'market price' (as that term is defined in the ASX Listing Rules) per Share (weighted by reference to volume) during the previous five trading days or other period determined by the Board;

Notice of Exercise means a notice of exercise of Options in the form determined by the Board from time to time;

Option means an option granted under this Plan to subscribe for, acquire and/or be allocated (as determined by the Board in its sole and absolute discretion) one Plan Share subject to the satisfaction of any Vesting Conditions and/or Performance Hurdles, and payment of the relevant Exercise Price (if any);

Participant means an Eligible Employee who has been offered Options and/or Performance Rights and who has returned a corresponding Application to the Company that has been accepted by the Company pursuant to these Rules;

Performance Hurdles means any ongoing minimum performance requirements (as specified in the Invitation Letter and determined by the Board in its sole and absolute discretion) which must be met prior to Options and/or Performance Rights (as the case may be) vest in a Participant;

Performance Right means an entitlement of a Participant granted under this Plan to subscribe for, acquire and/or be allocated (as determined by the Board in its sole and absolute discretion) one Plan Share subject to the satisfaction of any Vesting Conditions

and/or Performance Hurdles. For the avoidance of doubt, a Performance Right has a nil Exercise Price;

Plan means the Aussie Broadband Limited Long Term Incentive Plan established in accordance with these Rules;

Plan Share means any Share issued or transferred to a Participant upon exercise of an Option, or any Share issued or transferred to a Participant upon automatic exercise of a Performance Right;

Related Body Corporate has the meaning given in section 9 of the Corporations Act;

Rules means these rules in respect of the operation of the Plan, as amended from time to time and includes all addendums and schedules to these rules;

Securities has the meaning given in the ASX Listing Rules;

Securities Trading Policy means the Company's Securities Trading Policy as amended from time to time;

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature;

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

Shareholder means any holder of Issued Capital of the Company;

Shareholder Approval means any prior consent or affirming resolution that needs to be obtained from Shareholders before an action is taken or determination made under these Rules;

Vesting Condition means any time based requirement or condition (as specified in the Invitation Letter and determined by the Board in its sole and absolute discretion) which must be met prior to Options and/or Performance Rights (as the case may be) vesting in a Participant; and

Vesting Notification means a notice from the Board to a Participant informing the Participant that the Participant's Options have vested and are exercisable and/or that the Participant's Performance Rights have vested and will be automatically exercised.

1.2 Interpretation

In these Rules, unless otherwise stated or the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;
- (c) a reference to any legislation includes any modification or replacement of it and all regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
- (d) a reference to a person includes a reference to the person's executors, administrators and successors or a body corporate including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) in these Rules any reference to include means to include without limitation; and

- (f) references to dollars and \$ are references to Australian dollars and all amounts payable under these rules are payable in Australian dollars.

1.3 Applicable Laws

These Rules, the offering and granting of any Options and Performance Rights, the issuing and/or transferring of Plan Shares, and the rights attaching to or interests in the Options, Performance Rights and Plan Shares, will at all times be subject to all Applicable Laws.

1.4 Rounding

Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of an Option, a Performance Right or a Plan Share, the fraction will be eliminated by rounding to the nearest whole number.

1.5 Headings

Headings are inserted in these Rules for convenience only and do not affect the interpretation of these Rules.

1.6 Constitution

- (a) The entitlements of Eligible Employees and Participants under these Rules are subject to the Constitution.
- (b) In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail to the extent of that inconsistency.

2. Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Employees;
- (b) link the reward of Eligible Employees to Shareholder value creation;
- (c) drive enhanced Company and individual performance; and
- (d) align the longer term interests of Eligible Employees with Shareholders by providing an opportunity to Eligible Employees to earn rewards via an equity interest in the Company based on creating Shareholder value.

3. Eligibility and grant

3.1 Participation

The Board may from time to time in its sole and absolute discretion determine that an Eligible Employee may participate in the Plan.

3.2 Selection

Following determination that an Eligible Employee may participate in the Plan, the Board may at any time and from time to time make an Invitation to the Eligible Employee.

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3.3 Invitation

Subject to clause 4, the manner, form, content, timing and frequency of an Invitation Letter and Application will be as determined by the Board in its sole and absolute discretion.

3.4 Application

Unless otherwise determined by the Board in its sole and absolute discretion, an Eligible Employee who wishes to apply to participate in the Plan in response to an Invitation must, on or before the period of time allowed for acceptance of the Invitation, give an Application:

- (a) to the person specified in the Invitation;
- (b) in accordance with any instructions or conditions set out in the Invitation; and
- (c) on the acceptance by the Board of the Application, the notice confirming the issue of the Options and/or Performance Rights (as the case may be) will be accompanied by a Certificate.

4. Option and Performance Right terms

4.1 Board determination

The terms and conditions of Options and/or Performance Rights offered or granted under these Rules to each Eligible Employee will be:

- (a) determined by the Board in its sole and absolute discretion and may include:
 - (i) the number of Options and/or Performance Rights, and whether they are to be granted in a single or multiple tranches;
 - (ii) the Grant Date;
 - (iii) the Performance Hurdles (if any);
 - (iv) the Vesting Conditions (if any);
 - (v) in the case of an Option, the Exercise Price (if any);
 - (vi) in the case of an Option, the Exercise Period;
 - (vii) the Expiry Date;
 - (viii) the Forfeiture Conditions (if any);
 - (ix) any rights attaching to the Plan Shares in respect of which the Options and Performance Rights (as the case may be) are exercisable; and
 - (x) any disposal restrictions attaching to the Plan Shares; and
- (b) set out in the Rules and an Invitation Letter delivered to the Eligible Employee.

4.2 Option and Performance Right entitlements

Subject to the Board determining otherwise prior to an Invitation, each vested Option and each vested Performance Right entitles the Participant holding the Option or the Performance Right to subscribe for, or to be transferred, one Plan Share, in the case of an Option, on payment of the Exercise Price (if any).

4.3 Participant rights

A Participant who holds Options and/or Performance Rights is not entitled to:

- (a) notice of, or to vote at or attend, a meeting of the Shareholders unless and until the Options and/or Performance Rights are exercised and the Participant holds Plan Shares; or
- (b) receive any dividends declared by the Company in respect of such Options and/or Performance Rights, unless otherwise determined by the Board in its absolute discretion.

4.4 Conditions for vesting and exercise

- (a) The Board will determine prior to an Invitation being made and specify in the Invitation any Performance Hurdles and/or Vesting Conditions attaching to the Options and/or Performance Rights (as the case may be).
- (b) Options and/or Performance Rights (as the case may be) will only vest and be exercisable if the applicable Performance Hurdles and/or Vesting Conditions have been satisfied, or are deemed to have been satisfied under these Rules.

4.5 No transfer of Options or Performance Rights

Options and/or Performance Rights granted under this Plan may not be assigned, transferred, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless:

- (a) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, encumbrance or disposal as the Board sees fit; or
- (b) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

4.6 Options to be recorded

Options will be recorded in the appropriate register of the Company.

5. Employee share trust

The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Plan Shares for Participants under the Plan and delivering Plan Shares to Participants upon exercise of the Options and/or Performance Rights (as the case may be).

6. Exercise of Options and Performance Rights

6.1 Exercise Period for Options

The Exercise Period for any Option will be as determined by the Board in its sole and absolute discretion.

6.2 Method of exercise

- (a) In the case of an Option, following the issuing of a Vesting Notification to the Participant, the vested Option is exercisable by the Participant within the Exercise Period specified by the Board in the Invitation Letter, subject to the Participant delivering to the Company Secretary (or such other employee as directed by the Board from time to time) electronically or otherwise:
- (i) a signed Notice of Exercise; and
 - (ii) subject to clause 6.3, a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price (if any).
- (b) In the case of a Performance Right, following the issuing of a Vesting Notification to the Participant, a vested Performance Right will be automatically exercised.

6.3 Cashless exercise of Options

The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment of the Exercise Price of Options by cash, cheque or some other method acceptable to the Company, but that on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Exercise Price otherwise payable in relation to the Options and the then Market Value of the Plan Shares as at the time of the exercise (with the number of Plan Shares rounded down). The Board may also, from time to time, approve a share sale facility for the use of Participants to assist in funding the exercise price of the Options.

6.4 Minimum exercise

All vested Options must be exercised at the same time or otherwise exercised in multiples of 100.

6.5 Actions on exercise

On completion of the exercise of Options and/or Performance Rights (as the case may be):

- (a) the Options and/or Performance Rights will automatically lapse;
- (b) the Company will allot and issue, or transfer, the number of Plan Shares for which the Participant is entitled to subscribe for or acquire through the exercise of such Options and/or Performance Rights (as the case may be); and
- (c) issue a substitute Certificate(s) for any remaining Options and/or Performance Rights (as the case may be).

7. Quotation

7.1 Options and Performance Rights

Unless determined otherwise by the Board in its sole and absolute discretion, Options and Performance Rights issued under the Plan will not be quoted on the ASX.

7.2 Plan Shares

In respect of Plan Shares issued under the Plan, the Company shall apply to the ASX within a reasonable time after they are issued and any transfer restrictions under these Rules cease to apply for Plan Shares to be quoted.

8. Good Leaver

Where a Participant who holds Options and/or Performance Rights is a Good Leaver:

- (a) all vested Options which have not been exercised will continue in force and remain exercisable until the Expiry Date; and
- (b) the Board may determine, in its sole and absolute discretion, the manner in which the unvested Options and/or Performance Rights will be dealt with, including but not limited to:
 - (i) allowing some or all of those Options and/or Performance Rights (as the case may be) to continue to be held by the Participant, and be subject to the existing Performance Hurdles and/or Vesting Conditions;
 - (ii) undertaking a Buy-Back of some or all of those Options and/or Performance Rights; and/or
 - (iii) requiring that any remaining Options and/or Performance Rights be automatically lapsed by the Participant.

9. Bad Leaver

Where a Participant who holds Options and/or Performance Rights becomes a Bad Leaver, unless the Board in its sole and absolute discretion determines otherwise:

- (a) all vested Options which have not been exercised will continue in force and remain exercisable until the Expiry Date, unless the Board in its sole and absolute discretion determines otherwise; and
- (b) all unvested Options and/or Performance Rights will automatically be forfeited by the Participant for the payment by the Company to the Participant of Nominal Consideration.

10. Lapse of Options and/or Performance Rights

10.1 Lapsing events

Unless the Board otherwise determines in its sole and absolute discretion, Options and Performance Rights will lapse on the earlier of:

- (a) the cessation of employment or office of a Participant (other than in accordance with clauses 8 and 9);
- (b) where any relevant Forfeiture Conditions are met or Options and/or Performance Rights are otherwise forfeited in accordance with clause 11;
- (c) if applicable Performance Hurdles and/or Vesting Conditions are not achieved by the relevant time;

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- (d) if the Board determines in its reasonable opinion that the applicable Performance Hurdles and/or Vesting Conditions have not been met and cannot be met prior to the Expiry Date; or
 - (e) the Expiry Date.

10.2 What happens on lapsing

Where a Participant's Options and/or Performance Rights have lapsed under clause 10.1, the Company will:

- (a) notify the Participant that the Options and/or Performance Rights held by them have lapsed;
- (b) arrange for the Participant or the Participant's agent or attorney to sign any transfer documents required to transfer or otherwise deal with the Options; and
- (c) not be liable for any damages, compensation or other amounts to the Participant in respect of the Options and/or Performance Rights.

11. Forfeiture

11.1 Forfeiture events

The Board may determine prior to an Invitation if any Forfeiture Conditions apply in respect of Options and/or Performance Rights.

11.2 Where Forfeiture occurs

Where Options and/or Performance Rights are forfeited the Company will:

- (a) notify the Participant that the Options, Performance Rights and/or Plan Shares held by the Participant have lapsed;
- (b) arrange for the Participant's agent or attorney to sign any transfer documents required to transfer or otherwise deal with the Options, Performance Rights and/or Plan Shares; and
- (c) not be liable for any damages, compensation or other amounts to the Participant in respect of the Options, Performance Rights and/or Plan Shares.

11.3 Fraudulent or dishonest actions

In addition to the Forfeiture Conditions (if any), where, in the reasonable opinion of the Board, a Participant:

- (a) acts fraudulently or dishonestly; or
- (b) wilfully breaches his or her duties to the Group,

then the Board may deem all Options and/or Performance Rights held by the Participant will automatically lapse.

12. Malus and clawback

12.1 Malus and clawback

Where, in the opinion of the Board:

- (a) a Participant:
 - (i) has engaged or participated in conduct which adversely affects, or is likely to adversely affect, the financial position or reputation of the Group;
 - (ii) has acted fraudulently or dishonestly or made a material misstatement on behalf of the Group;
 - (iii) is in material breach of any of his or her duties or obligations to the Group;
 - (iv) has engaged in serious misconduct or gross negligence (including recklessness or wilful indifference);
 - (v) is convicted of an offence or has a judgment entered against them in connection with the affairs of the Group; or
- (b) all or part of the initial grant of Options and/or Performance Rights is no longer justified having regard to information or circumstances which have come to light after a grant of a grant under the Plan was made; or
- (c) Options and/or Performance Rights, which would not have otherwise been granted or may be granted as a result directly or indirectly of circumstances set out in clauses 12.1(a)(i) to 12.1(a)(v) which result in a Participant obtaining a grant or lifting of a Vesting Condition or a Performance Condition in relation to a grant of Options and/or Performance Rights under the Plan, where, in the opinion of the Board, the Options and/or Performance Rights would not have been obtained or granted, or such restriction would not have been lifted (as applicable) but for those circumstances,

and in the opinion of the Board, those awards would not have otherwise been awarded, the Board may make a determination in accordance with clause 12.2.

12.2 Board's powers

In the circumstances set out in clause 12.1, the Board may, in its discretion, determine any treatment in relation to a grant of Options and/or Performance Rights, including, without limitation, to:

- (a) adjust the Vesting Conditions or Performance Conditions attaching to a grant of Options and/or Performance Rights;
- (b) reduce or extinguish a Participant's entitlements to a grant of Options and/or Performance Rights;
- (c) deem all or some grants held by the Participant to have lapsed or been forfeited (as applicable) or else remain on foot subject to Vesting Conditions or Performance Conditions;
- (d) require that the Participant repay to the Company as a debt:
 - (i) the value of all or some of a grant received under the Plan

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- (ii) all or part of the net proceeds of sale where Options and/or Performance Rights acquired under the Plan have been sold; and/or
 - (iii) any dividends (or dividend equivalent payments) received in respect of a grant of Options and/or Performance Rights the Plan; and/or
 - (e) adjust the participant's incentive entitlements or participation in this Plan in the current year or any future year.

13. Buy-Back

13.1 Buy-Back

Subject to Applicable Law, the Company may at any time Buy-Back Options, Performance Rights and/or Plan Shares in accordance with clause 13.2.

13.2 Buy-Back procedure

The Board may cause the Company to Buy-Back Options, Performance Rights and/or Plan Shares held by a Participant for:

- (a) an amount agreed with the Participant at any time;
- (b) the then Market Value of Options, Performance Rights and/or Plan Shares (as the case may be) without the agreement of the Participant; or
- (c) where there is a formal takeover offer made for at least 5% of the Shares, the Company may Buy-Back Options, Performance Rights and/or Plan Shares (as the case may be) at the price or prices offered by the bidder under the takeover offer and/or as considered appropriate by the Board in its reasonable opinion in light of such an offer.

13.3 Buy-Back period

The Buy-Back of Options, Performance Rights and/or Plan Shares under clause 13.2 may occur in one or more tranches within such time, as determined by the Board in its sole and absolute discretion.

13.4 Buy-Back mechanism

Each Participant will do all acts, matters and things which are necessary or desirable to give effect to any Buy-Back of the Participant's Options, Performance Rights and/or Plan Shares.

14. Cancellation

14.1 Options and Performance Rights may be Cancelled if Participant consents

Notwithstanding any other provisions of the Plan, and subject to Applicable Laws, if a Participant and the Board have agreed in writing that some or all of the Options and/or Performance Rights granted to that Participant may be Cancelled on a specified date or on the occurrence of a particular event, then the Board may Cancel those Options and/or Performance Rights on the relevant date or on the occurrence of the particular event (as the case may be).

14.2 Cancellation of Options and Performance Rights

Where the Options and/or Performance Rights are to be Cancelled by the Company, the Company may do such things and enter such arrangements with the Company's share registry or otherwise as it considers necessary to enforce any Cancellation and the relevant Participant will be bound by any action by the Company under this clause 14.2.

15. Disposal restrictions on Plan Shares

15.1 Board determines

The Board, in its sole and absolute discretion, may determine at any time whether there will be any restrictions on the disposal of, the granting (or purporting to grant) of any Security Interest in or over, or otherwise on dealing with (or purporting to dispose or deal with), Plan Shares held by any Participants.

15.2 No transfer

Subject to clause 15.1, Plan Shares or any beneficial or legal interest in Plan Shares may not be transferred, encumbered or otherwise disposed of, or have a Security Interest granted over them, by a Participant unless all restrictions on the transfer, encumbrance or disposal of the Plan Shares have been met, the Board has waived any such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.

15.3 Board actions

The Company may do such things and enter into such arrangements with the Company's share registry or otherwise as it considers necessary to enforce the transfer restrictions set out in clause 15.2, including but not limited imposing a holding lock on the Plan Shares or using an employee share trust to hold the Plan Shares during the relevant restriction period. Participants will be bound by any action by the Company under this clause 15.3.

15.4 Overriding restrictions on dealing with Plan Shares

Plan Shares must not be dealt with under this clause 15 if to do so would contravene Applicable Laws.

15.5 Plan Shares entitlements

For the avoidance of doubt, the imposition of a restriction on the Plan Shares held by a Participant pursuant to clause 15.1 will not affect the Participant's entitlement to receive a notice of, or to vote or attend at, a meeting of the members of the Company or Shareholders, and to receive any dividends declared by the Company during the relevant restriction period.

15.6 Securities Trading Policy

At all times Participants must, and must ensure that their immediate family members will, comply with the Securities Trading Policy.

16. Change of Control Event

In the event of a Change of Control Event, and unless the Board determines otherwise in its sole and absolute discretion:

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- (a) unvested Options and Performance Rights granted will all vest where, in the Board's sole and absolute discretion, the Vesting Conditions and Performance Hurdles applicable to those Options and Performance Rights have been satisfied;
 - (b) unvested Options and Performance Rights granted will vest only on a pro rata basis where the relevant Performance Hurdles and Vesting Conditions have not yet been fully met. In those circumstances, pro rata vesting will be based on the period which has elapsed from the Grant Date to the date of the Change of Control Event when compared to the relevant overall vesting period; and
 - (c) any Options and Performance Rights which the Board determines will not vest in accordance with clauses 16(a) or 16(b) will automatically lapse.

17. Bonus issues and capital reconstructions

17.1 Bonus issues

- (a) If Securities are issued by way of a 'bonus issue' (as that term is defined in the ASX Listing Rules) to the holders of Shares, a Participant is entitled, upon vesting of an Option or a Performance Right, to receive in addition to the Plan Share in respect of which the Option or Performance Right vests and without the payment of any further consideration, the number of Securities that the Participant would have received if the Option or Performance Right had vested before the record date for the bonus issue.
- (b) Any additional Securities to which a Participant becomes entitled under clause 17.1 will, until those additional Securities are issued, transferred or allocated to the Participant, be regarded as additional Securities into which the Options and/or Performance Rights may vest for the purposes of any subsequent application of clause 17.1.

17.2 Rights issue

If there is a 'pro rata issue' (as that term is defined in the ASX Listing Rules, except a bonus issue) to the holders of Shares, the exercise price of each Option shall be reduced according to the formula set out in Rule 6.22.2 of the Listing Rules, or as otherwise determined by the Board in its absolute discretion.

17.3 Reorganisation

In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the Issued Capital of the Company, the number of Options and/or Performance Rights to which each Participant is entitled, and/or the Exercise Price of the Options (if any), will be changed in accordance with the Listing Rules.

17.4 Notification of adjustments

Upon any adjustment being made pursuant to this clause 17, the Board will notify each Participant (or his or her legal personal representative where applicable) in writing, informing them of the number of Options and/or Performance Rights (and issuing new Certificate(s) in those circumstances) and/or Plan Shares held by the relevant Participant.

17.5 Limited right to participate in new issues

Subject to clauses 17.1, 17.2 and 17.4, during the currency of any Options and/or Performance Rights and prior to their vesting, Participants are not entitled to participate in any new issue of Securities of the Company as a result of their holding Options and/or Performance Rights.

17.6 Fairness in application

In the application of this clause 17, the Board may (as far as possible) make whatever adjustments it deems necessary or desirable to ensure that the consequences of that application are fair as between the Participants and the holders of other securities in the Company subject to the Listing Rules.

18. Contravention of Applicable Laws

No act will be done or determination made in accordance with these Rules where to do so would be a breach of any Applicable Laws, and where any such act is done or determination made it will be considered void and to the extent possible be unwound and of no effect in respect of Options, Performance Rights and/or Plan Shares.

19. Administration of the Plan

19.1 Regulations

The Board may make such regulations for the operation of the Plan as it considers necessary, provided such regulations are consistent with these Rules.

19.2 Delegation

- (a) The Board may delegate any of its powers or discretions conferred on it by these Rules to a committee of the Board or to any one or more persons selected by it, including but not limited to the company secretary.
- (b) Any delegation will be for such period and upon such terms and conditions as determined by the Board from time to time.

19.3 Decisions final

Every exercise of a discretion by the Board (or its delegates) and any decision by the Board (or its delegates) regarding the interpretation, effect or application of these Rules will be final, conclusive and binding.

19.4 Notice

- (a) Address for service:
 - (i) any notice required to be given to the Participants under the Plan or the terms of the Options or Performance Rights granted will be sent to the address of the Participant as entered in the register unless delivered in person; and
 - (ii) any notice required to be given to the Company under the Plan or the terms of the Options or Performance Rights granted will be sent to the registered office of the Company or such other address as is notified to Participants from time to time.
- (b) Delivery of notices:
 - (i) any notice to be given to Participants may be delivered by hand to the Participant;

- For personal use only
- (ii) any notice to be given to the Company may be delivered by hand or by prepaid post. Notices may also be given to the Company by means of facsimile, email or other mode of electronic delivery to such address as is notified by the Company to the Participant; and
 - (iii) notices delivered to Participants in accordance with the Constitution will be taken to be delivered in accordance with the Constitution. Notices delivered to the Company by pre-paid post will be taken to be delivered if properly addressed and stamped, 48 hours after mailing in Australia and seven days after mailing outside Australia. Notices delivered by facsimile, email or other mode of electronic delivery will be taken to be delivered on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery.

20. Plan amendment

20.1 Amendment of Plan

- (a) Subject to clause 20.2, the Listing Rules and the Constitution, the Board may at any time amend these Rules or the terms and conditions upon which any Options and/or Performance Rights have been issued under the Plan at its sole and absolute discretion.
- (b) No amendment to these Rules or to Options and/or Performance Rights granted under the Plan may be made if the amendment materially reduces the rights of any Participant in respect of Options or Performance Rights granted to them prior to the date of the amendment, other than:
 - (i) an amendment introduced primarily:
 - (A) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (B) to correct any manifest error or mistake;
 - (C) to allow the implementation of a trust arrangement in relation to the holding of Plan Shares granted under the Plan;
 - (D) for the purpose of complying with the Applicable Laws; and/or
 - (E) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or
 - (ii) an amendment agreed to in writing by the Participant(s).
- (c) Subject to the Listing Rules, the Board may determine that any amendment to these Rules or the terms of Options and/or Performance Rights granted under the Plan be given retrospective effect.
- (d) Amendment of these Rules or the terms and conditions upon which Options and/or Performance Rights are granted under the Plan by the Board will be of immediate effect unless otherwise determined by the Board.
- (e) As soon as reasonably practicable after making any amendment to these Rules or the terms and conditions of Options and/or Performance Rights granted under the

Plan, the Board will give notice of the amendment to any Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

20.2 Amendment by addendum

Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply to Participants in particular jurisdictions or circumstances by means of an addendum to these Rules.

21. Termination or suspension

21.1 Termination or suspension

Subject to clause 21.2, the Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit. Where the Board determines to terminate or suspend the Plan, such a determination must not affect the existing Options and/or Performance Rights held by a Participant.

21.2 Resolution to terminate, suspend, supplement or amend

In passing a resolution to terminate or suspend the operation of the Plan, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

22. No employment contract

Nothing in these Rules or the terms of any Option or Performance Right:

- (a) confers upon an Eligible Employee a right to a grant or offer of a grant of Options and/or Performance Rights;
- (b) confers on an Eligible Employee or a Participant the right to continue as an employee or officer of a member of the Group (as the case may be);
- (c) affects the rights of a company in the Group to terminate the employment or office of an Eligible Employee or a Participant (as the case may be);
- (d) affects the rights and obligations of any Eligible Employee or Participant under the terms of their office or employment with any member of the Group;
- (e) confers any legal or equitable right on an Eligible Employee or a Participant whatsoever to take action against any member of the Group in respect of their office or employment; or
- (f) confers on an Eligible Employee or a Participant any rights to compensation or damages in consequence of the termination of their employment or office by a member of the Group for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

23. Regulatory relief

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to their power to exempt and modify the

Corporations Act, and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this clause 23 to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

24. Non-exclusivity

24.1 Non-exclusivity

This Plan will not be deemed to be the exclusive method of providing incentive compensation to Eligible Employees, nor will it preclude any member of the Group from authorising or approving other forms of incentive compensation for employees of any member of the Group.

24.2 Relationship to other equity plans

Participation in this Plan will not affect or be affected by any participation in any other employee equity plan operated by any member of the Group, except as specifically provided in the terms of that other plan.

25. General

25.1 No fiduciary capacity

The Board may exercise any power or discretion conferred on it by these Rules in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

25.2 Enforcement

These Rules, any determination of the Board made pursuant to the Rules, and the terms of any Option and/or Performance Right granted under the Plan, will be deemed to form a contract between the Company and the Participant.

25.3 Governing law

This Plan and any Option and/or Performance Right granted under it will be governed by, and must be construed according to, the laws of the Victoria.