

Date 12 February 2020

Control Bionics Holdings Pty Ltd Employee Share Option Plan February 2020

Plan Rules

Control Bionics Holdings Pty Ltd
ACN 115 465 462

For personal use only

Contents

- 1. Definitions and Interpretation.....1**
 - 1.1 Definitions1
 - 1.2 Interpretation4
 - 1.3 Applicable Legislation4
 - 1.4 Reference to Shares.....4
 - 1.5 References to Offers, Issues or Distributions5
 - 1.6 Rounding.....5
- 2. Purpose5**
- 3. Commencement, Termination and Suspension of the Plan.....5**
 - 3.1 Commencement5
 - 3.2 Termination and Suspension5
- 4. Number of Options to be Offered5**
 - 4.1 Number of Options5
 - 4.2 No Consideration.....5
 - 4.3 Limitation on Offers to 5%6
- 5. Offers of Options.....6**
 - 5.1 Form of Offer.....6
 - 5.2 Determination by the Board7
 - 5.3 Personal Offer7
 - 5.4 Renunciation7
 - 5.5 Time Period.....8
- 6. Grant of Options.....8**
 - 6.1 Valid Acceptance.....8
 - 6.2 Rules8
 - 6.3 No Listing8
- 7. Option Exercise Price8**
 - 7.1 Determined by the Board.....8
 - 7.2 Minimum Option Exercise Price for Quoted Shares.....8
- 8. When Options may be Exercised8**
 - 8.1 Exercise8
 - 8.2 One or Several Parcels9
 - 8.3 Accession Deed9
 - 8.4 Adjustment to Terms of Exercise9
 - 8.5 Lapsing of Options9
 - 8.6 Retirement10
 - 8.7 Death, Permanent Disability10
 - 8.8 Discretionary Exercise of Options10
 - 8.9 Notice.....11
- 9. Manner of Exercise of Options11**
 - 9.1 Delivery to Company Secretary11
 - 9.2 Issue of Shares11
 - 9.3 Death of Participant.....12
 - 9.4 Beneficial Owner of Shares12
 - 9.5 Equal Rank12
 - 9.6 Official Quotation.....12
- 10. Lapse of Options Not Exercised.....12**

11.	New issues and Adjustments for Rights Issues	12
11.1	New Issues	12
11.2	Variation of Option Exercise Price or Number of Securities	12
12.	Adjustment for Bonus Issues	13
13.	Adjustment for Reconstructions	13
13.1	Reorganisation of Issued Capital	13
13.2	New or Amended Option Certificates	13
14.	Notice of Adjustments and Cumulation of Adjustments	13
14.1	Cumulation of Adjustments	13
14.2	Notice of Adjustments	13
15.	Trigger Events	13
16.	Administration of the Plan	14
17.	Rights and Obligations of Participants	14
17.1	Rights of Participants	14
17.2	Rules	15
17.3	Offer	15
17.4	Company Reports	15
17.5	Rights of Option holders	15
17.6	Assignment of Options	15
18.	Amendment of these Rules	15
18.1	Amendments	15
18.2	No Reduction of Rights	15
18.3	Retrospectivity	16
19.	ASIC Relief	16
20.	Notices	16
21.	Governing Law	16

**Control Bionics Holdings Pty Ltd
ACN 115 465 462**

**Employee Share Option Plan February 2020
Plan Rules**

1. Definitions and Interpretation

1.1 Definitions

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

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 139GE of the *Income Tax Assessment Act 1936* (Cth).

Associated Body Corporate means:

- (a) a body corporate which is a Related Body Corporate of the Company;
- (b) a body corporate which has Voting Power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has Voting Power of not less than 20%;

Board means the board of directors of the Company from time to time.

Business Day means a day which is not a Saturday, Sunday or public holiday in New South Wales or any other day that the Financial Market declares is not a business day.

Ceasing Date has the meaning given in clause 8.8.

Ceasing Event has the meaning given in clause 8.7.

Company means Control Bionics Holdings Pty Ltd A.C.N. 115 465 462.

Constitution means the constitution of the Company as amended from time to time.

Control has the meaning given to that term in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Current Market Price means in relation to a Share:

- (a) prior to First Quotation, the price for Shares as at the end of a Financial Year, as determined by the Board once a year within 45 days after the end of the relevant Financial Year, in consultation with the Company's external accountants, based on 5 year discounted cash flow methodology of share price valuation; and

For personal use only

- (b) following First Quotation, the price published by the Financial Market as the final price for the previous day on which Shares were traded on that Financial Market.

Director means a director of a member of the Group.

Eligible Employee means a person who is, at the time of an Offer, a full-time or permanent part-time employee of the Group, or a Director, or such other person as the Board determines.

Exercise Condition means in respect of an Option any condition set out in the Offer which must be satisfied before that Option can be exercised or any other restriction on exercise of that Option specified in the Offer or in these Rules.

Financial Market has the meaning given to that term in the Corporations Act, being the relevant principal financial market on which the Shares are traded.

Financial Year means each period of 12 months commencing on 1 July and ending on 30 June and includes or such other period as the Board determines and includes:

- (a) the period commencing on the date of this Plan and ending 30 June 2010; and
- (b) the period commencing on the last 1 July before the date of termination of this Plan and ending on that date of termination.

First Quotation means the day on which Shares are first Quoted.

Group means the Company and its Subsidiaries from time to time.

Income Tax Assessment Act means the *Income Tax Assessment Act* 1936 (Cth) or the *Income Tax Assessment Act* 1997 (Cth) as appropriate.

Lapsing Date means, in respect of an Option the date which is the earlier of:

- (b) the date which is 5 years after the date on which the grant of that Option is recorded in the Company's register of options;
- (c) such other date as the Board determines in its discretion with respect to that Option at the time of the grant of that Option; or
- (d) such other date as the Board determines in accordance with clause 8.4 or clause 18.1

Life means, in relation to an Option, the period between the date of the grant of the Option and the first to occur of the date the Option lapses pursuant to clause 8.5 and the Lapsing Date.

Listing Rules means the official listing rules of the Financial Market, as amended or replaced from time to time, except to the extent of any express written waiver by the Financial Market in their application to the Company.

Marketable Parcel has the meaning given to that term in the Listing Rules.

Nominee has the meaning given in clause 5.4.

Offer means an offer made to an Eligible Employee to subscribe for one or more Options under the Plan.

Option means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

Option Exercise Price means in respect of an Option, the price per Share determined in accordance with clause 7 and specified in the Offer made in respect of that Option.

Outstanding Options means, in relation to a Participant, Options which remain unexercised from time to time and have not lapsed or been surrendered and the right to exercise that Option lost.

Participant means an Eligible Employee to whom Options have been granted under the Plan, or if clause 5.4 applies, the Nominee to whom Options have been granted under the Plan.

Permanently Disabled means, in relation to a Participant, a Participant who is deemed, at the discretion of the Board, to be totally and permanently disabled.

Plan means the Control Bionics Holdings Pty Ltd Employee Share Option Plan February 2020 established in accordance with these Rules.

Product Disclosure Statement has the meaning given to that term in Chapter 7 of the *Corporations Act*.

Quoted means official quotation of securities on the Financial Market.

Record Date has the meaning given to that term in the Listing Rules.

Related Body Corporate has the meaning given to that term in section 50 of the *Corporations Act*.

Relevant Interest has the meaning given to that term in section 608 of the *Corporations Act*.

Required Majority has the meaning giving in the Company's Shareholders Agreement

Relevant Person means:

- (e) in respect of an Eligible Employee, that person; and
- (f) in respect of a Nominee of an Eligible Employee being a permitted Nominee under clause 5.4, that Eligible Employee.

Rules means the rules of the Plan set out in this document.

Sale means the sale of all Shares to a single purchaser (or to one or more purchasers as part of a single transaction).

Share means a fully paid ordinary share in the capital of the Company or, if at any time the Company's issued ordinary share capital consists of shares of some other description by virtue of an event of a kind dealt with by clause 13.1, a share of that description.

Shareholder means a holder of a Share.

Shareholders Agreement means the shareholders agreement between the Company and each Shareholder of the Company dated on or around 30 November 2016 and as amended from time to time.

Subsidiaries has the meaning given to that term in section 46 of the *Corporations Act*.

Trading Day means a Business Day other than a day which the Financial Market declares is not a trading day, but including a day which for the purposes of settlement the Financial Market declares is a trading day, notwithstanding that there is to be no official meeting of that stock exchange or that dealings between participating organisations of that stock exchange are suspended on that day.

Trigger Event means an event or transaction description in clause 15 as a Trigger Event.

Voting Power has the meaning given to that term in Section 610 of the Corporations Act.

1.2 Interpretation

In these Rules (unless the context otherwise requires),

- 1.2.1 headings are for convenience only and do not affect interpretation;
- 1.2.2 the expression '**person**' includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- 1.2.3 a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- 1.2.4 a reference to any document (including these Rules) is to that document as varied, novated, ratified or replaced from time to time;
- 1.2.5 a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- 1.2.6 words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- 1.2.7 references to parties, rules, clauses, schedules, exhibits or annexures are references to parties, rules, clauses, schedules, exhibits and annexures to or of these Rules, and a reference to these Rules includes any schedule, exhibit or annexure to these Rules;
- 1.2.8 where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- 1.2.9 the word 'includes' in any form is not a word of limitation; and
- 1.2.10 a reference to '\$' or 'dollar' is to Australian currency.

1.3 Applicable Legislation

These Rules, the offering and granting of any Options, the rights attaching to the Options granted and the issue of any Shares pursuant to the exercise of Options will at all times be subject to the Corporations Act, the Income Tax Assessment Act and any other applicable legislation from time to time and, if the Company is Quoted, the Listing Rules.

1.4 Reference to Shares

A reference to a Share comprised in an Option is a reference to the Share for which the Participant has, for the time being, an Option to subscribe by reason of the grant to him or

her of that Option, including any Share resulting from an adjustment made pursuant to these Rules.

1.5 **References to Offers, Issues or Distributions**

A reference to an offer, issue or distribution to the Company's shareholders generally is a reference to an offer, issue or distribution to the generality of the holders for the time being of Shares, whether or not including holders of other securities issued by the Company and whether or not including persons in particular places outside Australia or other sub-groups who may for a particular reason be excluded from participation.

1.6 **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 or a fraction of a Share, the fraction will be eliminated by rounding to the nearest whole number.

2. Purpose

The purpose of the Plan is to:

- 2.1 encourage participation by Eligible Employees in the future growth of the Company through Share ownership;
- 2.2 provide additional incentives for employees to increase profitability and returns to shareholders of the Company; and
- 2.3 attract, motivate and retain Eligible Employees.

3. Commencement, Termination and Suspension of the Plan

3.1 **Commencement**

The Plan will commence on the date determined by the Board by a Required Majority.

3.2 **Termination and Suspension**

The Plan may be terminated or suspended at any time by resolution of the Board by a Required Majority. Termination or suspension of the Plan will not affect the rights of Participants who were granted Options prior to that termination or suspension.

4. Number of Options to be Offered

4.1 **Number of Options**

Subject to clause 4.3, the number of Options (if any) to be offered to an Eligible Employee from time to time will be determined by the Board, by a Required Majority, and in its discretion and in accordance with the Rules and applicable law. The number of such Options (if any) will be set out in the Offer.

4.2 **No Consideration**

Options issued under the Plan will be issued for no consideration.

4.3 **Limitation on Offers to 5%**

If the Company offers or issues an invitation to subscribe for any Options under the Plan to an Eligible Employee, the Company must take reasonable steps to ensure that the total number of Shares the subject of the Offer or to be received if those Options were exercised, when aggregated with:

- 4.3.1 the number of Shares which would be issued if each outstanding offer with respect to Shares, units of Shares and options to acquire unissued Shares (including Options), under an employee share scheme were accepted or exercised; and
- 4.3.2 the number of Shares issued, during the 3 years prior to the time of the Offer, whether issued pursuant to the Plan or any other employee share scheme extended only to Eligible Employees,

but disregarding any offer made, or option acquired or Share issued by way of or as a result of:

- 4.3.3 an offer to a person situated at the time of receipt of the offer outside Australia; or
 - 4.3.4 an offer that was an excluded offer or invitation within the meaning of the Corporations Law as in force before the commencement of Schedule 1 to the *Corporate Law Economic Reform Program Act 1999*; or
 - 4.3.5 an offer that did not need disclosure to investors because of section 708 of the *Corporations Act*;
 - 4.3.6 an offer that did not require the giving of a Product Disclosure Statement because of section 1012D of the Corporations Act; or
 - 4.3.7 an offer made under a disclosure document or Product Disclosure Statement,
- must not exceed 5% of the total number of issued Shares as at the time of the Offer.

5. Offers of Options

5.1 Form of Offer

Each Offer must be in writing and:

- 5.1.1 specify the name and address of the Eligible Employee to whom the Offer is made;
- 5.1.2 specify the number of Options being offered;
- 5.1.3 specify the Option Exercise Price;
- 5.1.4 state that no amount is payable on the issue of any Option;
- 5.1.5 specify the date of the Offer;
- 5.1.6 specify the period of the offer and the date, being no more than 10 Business Days after the date of the Offer, by which the Offer must be accepted and the manner of acceptance of the Offer;
- 5.1.7 include an undertaking that, and an explanation of the way in which the Company will, during any period or periods during which the Participant may acquire the Shares the subject of the Option, within a reasonable period of the Participant so

requesting, make available to the Participant information on the Current Market Price of the Shares, and such other undertakings as may be required by law or any requirement, policy or practice of ASIC;

- 5.1.8 disclose the conditions, obligations and risks associated with any loan or financial assistance offered by the Company or any Associated Body Corporate for the purpose of acquiring Options under the Plan (if any);
- 5.1.9 specify terms and conditions and/or any restrictions (including performance hurdles) on a Participant's right to exercise Options;
- 5.1.10 be accompanied by a copy of these Rules; and
- 5.1.11 otherwise be on terms which the Board may, in its discretion from time to time, determine.

5.2 **Determination by the Board**

The Board, acting in its absolute discretion and by a Required Majority vote may:

- 5.2.1 offer Options to any Eligible Employee from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:
 - (a) the Eligible Employee's length of service with the Group;
 - (b) the contribution made by the Eligible Employee to the Group;
 - (c) the potential contribution of the Eligible Employee to the Group; or
 - (d) any other matter the Board considers relevant;
- 5.2.2 impose Exercise Conditions on the right of a Participant to exercise any Option granted, including without limitation performance-related conditions, which may reflect, but are not limited to, the following:
 - (a) profitability levels;
 - (b) increases or decreases in sales; or
 - (c) any other related matters that the Board considers relevant; and
- 5.2.3 from time to time but subject to the Listing Rules, amend any performance-related conditions referred to in clause 5.2.2 in a manner favourable to the Eligible Employee.

5.3 **Personal Offer**

Subject to clause 5.4, an Offer is personal and is not assignable.

5.4 **Renunciation**

Upon receipt of an Offer, an Eligible Employee may, by notice in writing to the Board, nominate an Associate of that Eligible Employee (**Nominee**) in whose favour the Eligible Employee wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision. If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Employee will procure that the permitted Nominee accepts the Offer made to that

Eligible Employee and that both the Eligible Employee and the Nominee agree to be bound by the Rules.

5.5 **Time Period**

An Eligible Employee (or permitted Nominee) may only accept an Offer within the time period, being no more than **14 days** after the date of the Offer, specified in the Offer.

6. Grant of Options

6.1 **Valid Acceptance**

Where the Company receives a valid acceptance of an Offer under the Rules, it will grant the Options to the Participant within 10 Business Days of receipt of the valid acceptance and will issue to the Participant a certificate in respect of the Options granted (including on the certificate a notice of exercise of Options).

6.2 **Rules**

Options must be issued in accordance with the Rules and each Participant to whom Options are granted will be taken to have agreed to be bound by the Rules and the terms upon which those Options were granted.

6.3 **No Listing**

The Options will not be listed on any stock exchange.

7. Option Exercise Price

7.1 **Determined by the Board**

In respect of any proposed Offer, the Board may determine the Option Exercise Price for that Offer in its absolute discretion.

7.2 **Minimum Option Exercise Price for Quoted Shares**

If the Shares are Quoted, the Option Exercise Price must not be less than any minimum price for the exercise of securities or options such as the Options specified by the Listing Rules.

8. When Options may be Exercised

8.1 **Exercise**

8.1.1 Subject to clauses 8.2 and 8.5, a Participant will be entitled to exercise Options granted as a result of an Offer in respect of which all Exercise Conditions have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.

8.1.2 Once an Option is capable of exercise in accordance with clause 8.1.1, it may be exercised at any time up until 5.00 pm in Sydney on the Lapsing Date.

8.2 **One or Several Parcels**

Options may be exercised in one parcel equal to the total number of Options which are then exercisable, or in several parcels which, when aggregated, equal the total number of Options which are then exercisable, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel.

8.3 **Accession Deed**

As a condition to issuance of Shares pursuant to the exercise of the Options, the Participant whom is exercising their Options must join the Shareholders Agreement in the form current as of the date of such issuance (a copy of the Shareholders Agreement will be made available to the Participant by the Company upon request, provided, however, that the Participant is responsible for requesting the most current version at such time of issuance) by executing and delivering to the Company a Deed of Accession to the Shareholders Agreement in a form satisfactory to the Company.

8.4 **Adjustment to Terms of Exercise**

8.4.1 The Board, by a Required Majority Vote, will have the power to make adjustments to or vary the terms of exercise of an Option subject to any requirements of the Listing Rules.

8.4.2 Subject to clause 8.3.3, no adjustment or variation of the terms of exercise of an Option will be made without the consent of the Participant who holds the relevant Option if such adjustment or variation would have a materially prejudicial effect upon the Participant in respect of his or her Outstanding Options.

8.4.3 The Board may adjust or vary the terms of exercise of any Option without the consent of the Participant who holds the relevant Option if the adjustment or variation is introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake; or
- (c) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.

8.5 **Lapsing of Options**

Subject to the terms of the Offer made to a Participant, and unless one of clauses 8.6, 8.7 or 8.8 applies, the Participant's Options will lapse and all rights in respect of those Options will thereupon be lost:

8.5.1 on the date which is 30 days after, the Relevant Person ceases to be a Director or an employee of, or to render services to, a member of the Group by reason of resignation, redundancy or termination other than for cause;

8.5.2 immediately, if in respect of a Participant, the Relevant Person ceases to be a Director or an employee of, or to render services to, a member of the Group by reason of dismissal or termination for cause; or

8.5.3 immediately, if the Board determines that the Participant has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or any other member of the Group.

8.6 Retirement

If in respect of a Participant, the Relevant Person resigns employment on the basis of retirement from the workforce, the Participant's Options will lapse and all rights in respect of those Options will thereupon be lost on the date which is 3 months after the date of such retirement, unless the Board, by a Required Majority vote, in its absolute discretion determines otherwise.

8.7 Death, Permanent Disability

8.7.1 If in respect of a Participant, the Relevant Person dies or becomes Permanently Disabled during the Life of any Options granted to that Participant (**Ceasing Event**):

- (a) the Participant or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
 - (i) have become exercisable;
 - (ii) have not already been exercised; and
 - (iii) have not lapsed,in accordance with clause 8.7.2;
- (b) at the absolute discretion of the Board, the Board may resolve that the Participant, or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
 - (i) have not become exercisable; and
 - (ii) have not lapsed,in accordance with clause 8.7.2 and, if the Board exercises that discretion, those unexercisable Options will not lapse other than as provided in clause 8.7.2 and clause 10.

8.7.2 The Participant or the Participant's legal personal representative (as the case may be) must exercise the Options referred to in clause 8.7.1(a) and, where permitted, clause 8.7.1(b), not later than the first to occur of:

- (a) the Lapsing Date of the Options in question; and
- (b) the date which is 6 months after the Ceasing Event provided that in the case of Options referred to in clause 8.7.1(b), all Exercise Conditions have been met at that time (unless the Board decides to waive any relevant Exercise Conditions, in its absolute discretion).

8.7.3 Options which have not been exercised by the end of the period specified in clauses 8.7.2(a) and 8.7.2(b) lapse immediately at the end of that period and all rights in respect of those Options will thereupon be lost.

8.8 Discretionary Exercise of Options

Where, in respect of a Participant, the Relevant Person ceases to be an employee or director of, or to render services to, a member of the Group, for any reason, prior to the date on which Options become exercisable (**Ceasing Date**) the Board may, in its absolute discretion, and by Required Majority vote, determine that some or all of the Options held by

that Participant do not lapse and may be exercised by the Participant, if otherwise permitted under the Rules, no later than the date which is 6 months after the Ceasing Date. Options which have not been exercised by the end of that period lapse immediately and all rights in respect of these Options will thereupon be lost.

8.9 Notice

The Company will send a notice addressed to the Participant (or where the Participant is not the Relevant Person, to the Relevant Person) setting out the number of Options which can be exercised by the Participant and the period(s) during which the Participant may exercise those Options not later than 14 days before the first day of the relevant exercise period of any of the Options granted to a Participant together with such other information as is required by the *Corporations Act*, the *Income Tax Assessment Act*, and any other applicable legislation from time to time and the Listing Rules.

9. Manner of Exercise of Options

9.1 Delivery to Company Secretary

Options granted to a Participant may only be exercised by delivery to the Company's secretary (at a time when the Options may be exercised) of:

- 9.1.1 the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
- 9.1.2 a notice addressed to the Company and signed by the Participant:
 - (a) stating that the Participant exercises the Options and specifying the number of Options which are exercised; and
 - (b) specifying the register or subregister of the Company in which the Shares referred to in clause 9.2.1 are to be recorded; and
- 9.1.3 payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised.

9.2 Issue of Shares

If the items specified in clause 9.1 are delivered in accordance with that Rule, the Company will, subject to the Listing Rules:

- 9.2.1 within 10 Business Days of delivery of the documents referred to in clause 9.1 issue to the Participant the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under clauses 11 and 12 in consequence of the exercise of the Options; and
- 9.2.2 cancel the certificate delivered pursuant to clause 9.1.1 and, if any Options which have not lapsed remain unexercised, deliver to the Participant a replacement certificate reflecting the number of those Options which remain unexercised.

9.3 **Death of Participant**

If the Participant has died, the Participant's legal personal representative will stand in the place of the Participant for the purposes of clauses 9.1 and 9.2 subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of Shares held by the Participant.

9.4 **Beneficial Owner of Shares**

From and including the date of issue to a Participant of any Shares in accordance with these Rules, the Participant will:

9.4.1 be the beneficial owner of those Shares; and

9.4.2 subject to clause 9.6, the Corporations Act, the Constitution and the Listing Rules, be entitled to deal with those Shares as beneficial owner.

9.5 **Equal Rank**

A Share issued on exercise of an Option will rank equally in all respects with Shares already on issue on the date of exercise of the Option, except for entitlements which had a Record Date before the date of issue of that Share.

9.6 **Official Quotation**

After the First Quotation, the Company will make application for official quotation of the Shares which are issued after that time pursuant to clause 9.2 to be Quoted in accordance with the Listing Rules.

10. **Lapse of Options Not Exercised**

If an Option has not been exercised on or before the Lapsing Date, the Option lapses and all rights in respect of that Option will thereupon be lost.

11. **New issues and Adjustments for Rights Issues**

11.1 **New Issues**

11.1.1 Subject to the Listing Rules (where relevant), a Participant may only participate in respect of an Option in a new issue of Shares or other securities to holders of Shares if the Option has been exercised in accordance with its terms on or before the Record Date for determining entitlements to the issue.

11.1.2 The Company will ensure that for the purposes of determining entitlements to any such issue, the Record Date will be at least 7 Business Days after the issue is announced.

11.2 **Variation of Option Exercise Price or Number of Securities**

The Company may vary the Option Exercise Price or the number of underlying securities over which the Option can be exercised, in its discretion.

A Participant has no entitlement or right to any variation in the Option Exercise Price or the number of underlying securities over which the Option can be exercised unless the Company varies that price or that number of securities in accordance with this Rule 11.2.

12. Adjustment for Bonus Issues

If, during the Life of any Option, Shares are issued pro rata to the Company's shareholders for which no consideration is payable by those shareholders, the Participant may be entitled, upon later exercise of that Option, to receive in addition to the Share comprised in the Option an issue of so many additional Shares which the Participant would have received if the Option had been exercised before the Record Date.

13. Adjustment for Reconstructions

13.1 Reorganisation of Issued Capital

In the event of any reorganisation of the issued capital of the Company other than a bonus issue of the type described in clause 12, the rights of Participants will be changed so that the Participants will not receive a benefit that holders of ordinary Shares do not receive..

13.2 New or Amended Option Certificates

After each reorganisation of the issued capital of the Company, upon the return by the Participant of the original Option certificate to the Company, that Option certificate will be amended or a new Option Certificate will be issued to reflect either or both the adjusted number of Shares that may be taken up upon the exercise of that Option and the adjusted Option Exercise Price (as the case may be).

14. Notice of Adjustments and Cumulation of Adjustments

14.1 Cumulation of Adjustments

Effect will be given to clauses 12 and 13 in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.

14.2 Notice of Adjustments

Whenever the number of Shares comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and the Financial Market together with calculations on which the adjustment is based.

15. Trigger Events

15.1 If there is a Trigger Event, the Board may, at its absolute discretion, and by Required Majority Vote, resolve that the Company notify each Participant in writing that all or some of that Participant's unexercised Options (whether exercisable or not) will be exercisable from the date of such notification until a date determined by the Board during the Life of an Option.

15.2 For the purposes of this clause 15, a Trigger Event means any of the following:

15.2.1 a Shareholder, not being an existing Shareholder, acquires Control of the Company; or

15.2.2 the First Quotation.

15.3 Upon receipt of the notice referred to in clause 15.1, each Participant will be entitled to exercise all or any of his or her unexercised Options in accordance with the notice. If the Options are not exercised within the period of time specified in the notice, the Options will lapse immediately and all rights in respect of those Options will thereupon be lost.

16. Administration of the Plan

16.1 The Plan will be administered by the Board in accordance with these Rules and will have power to:

16.1.1 determine appropriate procedures for administration of the Plan consistent with the Rules; and

16.1.2 resolve conclusively all questions of fact or interpretation in connection with the Plan.

16.2 The Board may make regulations for the operation of the Plan which are consistent with these Rules.

16.3 Any power or direction which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

16.4 Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and upon such conditions as the Board may determine to:

16.4.1 a committee consisting of such Directors as the Board determines; or

16.4.2 any one or more persons selected by the Board.

16.5 Every exercise of discretion by the Board (or its delegate) under these Rules will be in the sole and absolute discretion of the Board and every decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive, and binding upon the Participants.

17. Rights and Obligations of Participants

17.1 Rights of Participants

Nothing in these Rules:

17.1.1 confers on an Eligible Employee the right to receive any Shares other than upon exercise of Options granted to that person in accordance with these Rules which are capable of exercise;

17.1.2 confers on a Relevant Person the right to continue as an employee of the Group;

17.1.3 affects any rights which any member of the Group may have to terminate the employment of any employee; or

17.1.4 may be used to increase damages in any action brought against any member of the Group in respect of any such termination.

17.2 Rules

All Participants will be entitled to the benefit of and will be bound by the terms and conditions of the Rules and any amendments thereto.

17.3 Offer

The Plan will not form part of any contract between any member of the Group and any Participant and will not confer directly or indirectly on any Participant any legal or equitable rights whatsoever against any such corporation (other than rights as a Participant under the Plan against the Company).

17.4 Company Reports

Every report and other document sent by the Company to its shareholders generally will, during the Life of any Option, be sent also to the holders of any Options.

17.5 Rights of Option holders

A grant of an Option does not confer on a Participant any right to receive notice of, or to vote at, a meeting of members of the Company or any right to receive a dividend, before the Option is exercised.

17.6 Assignment of Options

Subject to the Board's consent (which may be given in the Board's absolute discretion), Options granted cannot be assigned (other than to the legal personal representative of the Participant as contemplated in clause 8.7).

18. Amendment of these Rules

18.1 Amendments

Subject to the Listing Rules and clause 18.2, the Company may at any time by written instrument or by resolution of the Board and by Required Majority Vote, amend all or any of the provisions of these Rules (including this Rule 18).

18.2 No Reduction of Rights

The Company may amend all or any of the provisions of these Rules provided such amendment would not materially prejudice the rights of any Participant in respect of that Participant's Outstanding Options, other than an amendment introduced primarily:

18.2.1 for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;

18.2.2 to correct any manifest error or mistake; or

18.2.3 to enable a member of the Group to comply with the *Corporations Act*, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.

18.3 **Retrospectivity**

Subject to clauses 18.1 and 18.2, any amendment made pursuant to clause 18 may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

19. ASIC 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 pursuant to its 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 Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

20. Notices

Any notice to Participants may be given in such manner as the Board determines.

21. Governing Law

These Rules are governed by and shall be construed and take effect in accordance with the laws of New South Wales, Australia.