

Employee share ownership plan 2018

Pacific Current Group Limited
ACN 006 708 792

Approved by shareholders on
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Piper Alderman
Lawyers

Level 23
459 Collins Street
Melbourne Vic 3000
Australia

t +61 3 8665 5555
f +61 3 8665 5500
www.piperalderman.com.au

Melbourne • Sydney • Brisbane • Adelaide

Contents		page
1.	Preliminary	1
1.1	Plan	1
1.2	Definitions	1
1.3	Interpretation	2
1.4	Application of the Corporations Act	3
1.5	ASX Listing Rules compliance	3
1.6	Offers and invitations both covered	3
1.7	Plan intended to be binding	3
1.8	No contract of employment	4
1.9	Application of subdivision 83A-C	4
2.	Participation	4
2.1	Eligibility	4
2.2	Offers	4
2.3	Acceptances	4
2.4	Nomination	5
3.	Securities	5
3.1	Acquisition	5
3.2	Consideration	5
3.3	Restrictions on dealing	5
3.4	ASX quotation	6
3.5	Terms of Options	6
4.	Financial assistance and taking security	7
4.1	Financial assistance	7
4.2	Maximum financial accommodation	8
4.3	Taking security over Shares and Options	8
5.	General	8
5.1	Governing law and jurisdiction	8
5.2	Amendment	8
5.3	Waiver	8
5.4	Discretion	8
5.5	Notices	9
5.6	Administration	9
5.7	Dispute resolution	9
5.8	Termination and suspension	9
	Schedule - Employee option terms	10

Pacific Current Group Limited
ACN 006 708 792
(Company)

Employee share ownership plan 2018

1. Preliminary

1.1 Plan

- (a) This plan is called the Pacific Current employee share ownership plan 2018.
- (b) The plan was established by the Company to facilitate the acquisition of Shares and Options by personnel employed or otherwise engaged by, or holding a position or office in, the Group.
- (c) The objectives of the plan are:
 - (1) to motivate and retain the Group's personnel;
 - (2) to attract quality personnel to the Group;
 - (3) to create commonality of purpose between the Group's personnel and the Group; and
 - (4) to add wealth for all shareholders of the Company through the motivation of the Group's personnel;by allowing the Group's personnel to share the rewards of the success of the Group through the acquisition of, or entitlements to, Shares and Options.

1.2 Definitions

In this plan, unless the context otherwise requires:

ASIC means Australian Securities and Investments Commission;

ASX means ASX Limited;

ASX Listing Rules means the listing rules (as defined in chapter 7 of the Corporations Act) of the Australian Securities Exchange which are known as the ASX Listing Rules;

Australian Securities Exchange means the financial market (as defined in chapter 7 of the Corporations Act) operated by ASX which is known as the Australian Securities Exchange;

Board means the board of directors of the Company;

Corporations Act means the Corporations Act 2001 (Cth);

Eligible Person means:

- (a) an employee of a Group Entity; or

- (b) a director of a Group Entity who holds a salaried employment or office in the Group Entity;

Group means the Company and all other Group Entities;

Group Entity means the Company or a subsidiary of the Company;

Option means an option to acquire a Share;

Security means a Share or Option, an interest in a Share or Option, whether legal or equitable, or a right to acquire or which may convert to a Share or Option;

Share means an ordinary share in the Company;

Tax Act means the Income Tax Assessment Act 1997 (Cth).

1.3 Interpretation

In this plan headings and bold typing are included for convenience only and do not affect interpretation and, unless the context otherwise requires:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a gender includes any gender;
- (c) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) a term which refers to a person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture, a sovereign state, a government or a government department or agency;
- (e) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (f) a reference to a recital, clause, paragraph, schedule, annexure or other part is a reference to an item of that type in this plan;
- (g) a reference to the Company or a person who is offered, issued or provided Securities or financial accommodation under this plan includes a reference to that person's successors and permitted assigns;
- (h) a reference to a statute or regulation or a provision of a statute or regulation is a reference to that statute, regulation or provision as amended or a statute, regulation or provision replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws made or issued under that statute;
- (i) a reference to a document is a reference to a document of any kind including but not limited to an agreement in writing, a certificate, a notice, or an instrument;
- (j) a monetary reference is a reference to Australian currency;
- (k) a reference to an entity, other than the Company or a person who is offered, issued or provided Securities or financial accommodation under this plan, which ceases to exist

or whose powers or functions are transferred to another entity, is a reference to the entity which replaces it or which substantially succeeds to its powers or functions;

- (l) the term 'including', 'e.g.', 'such as', 'particularly' or any similar expression is not used as, nor is intended to be interpreted as, a term of limitation; and
- (m) a reference to Securities acquired under this plan include:
 - (1) Securities acquired under an offer of Securities made under or in accordance with this plan;
 - (2) Securities acquired in consequence of the exercise or other conversion of any other Securities acquired under this plan; and
 - (3) Securities that are derived from any other Securities acquired under this plan through a bonus issue or conversion into a larger or smaller number.

1.4 Application of the Corporations Act

- (a) This plan is subject to the Corporations Act.
- (b) In this plan, unless the context otherwise requires:
 - (1) a term in a clause about a matter dealt with by a provision of the Corporations Act has the same meaning as in that provision of the Corporations Act; and
 - (2) a term in a clause that is defined in section 9 of the Corporations Act has the same meaning as in that section.

1.5 ASX Listing Rules compliance

If the Company is admitted to the official list of ASX, the following applies:

- (a) This plan is subject to the ASX Listing Rules.
- (b) Nothing contained in this plan prevents an act being done that the ASX Listing Rules require to be done.
- (c) In this plan, unless the context otherwise requires, a term used in a clause about a matter dealt with by a provision of the ASX Listing Rules has the same meaning as in that provision.

1.6 Offers and invitations both covered

For the purposes of this plan, offering Securities for acquisition (whether by issue, transfer or otherwise) includes inviting applications or offers for the acquisition of the Securities.

1.7 Plan intended to be binding

This plan is intended to be binding on the Company and persons who are offered or provided, or otherwise acquire, Securities or financial accommodation under this plan, and every offer under this plan is made on and subject to the condition that a person who accepts the offer or applies for any Securities or financial accommodation under this plan will be taken to agree to be bound by the terms of this plan.

1.8 No contract of employment

This plan does not form part of any contract of employment or service with any Eligible Person, holder of Securities or other person who is offered or provided, or otherwise acquires, Securities or financial accommodation under this plan, and will not confer directly or indirectly on any such person any legal or equitable rights whatsoever, other than rights as a holder of Securities or as a party to an agreement to acquire Securities or for the provision of financial accommodation formed under or in connection with this plan.

1.9 Application of subdivision 83A-C

For the purposes of sections 83A-105(4)(b)(iii) and 83A-105(6)(b)(ii) of the Tax Act, subdivision 83A-C applies to this plan (subject to the requirements of the Tax Act).

2. Participation

2.1 Eligibility

- (a) Only a person who is, or has been made an offer to become, an Eligible Person may be invited to participate in this plan. Participation is only by invitation authorised by the Board.
- (b) Securities may only be acquired under this plan by or for the benefit of a person who is an Eligible Person at the time of acquisition.
- (c) All offers of Securities under this plan are subject to satisfaction of the eligibility conditions set out in this clause 2.1. If a condition is not satisfied, any acquisition of, or agreement to acquire, any of the Securities the subject of the offer will be of no effect, unless the Company waives the condition in writing.

2.2 Offers

- (a) The Company may from time to time invite any person to participate in this plan who is, or has been made an offer to become, an Eligible Person, by offering to the person any Securities for acquisition on such terms as the Board may determine in accordance with this plan.
- (b) The offer must be in writing, but otherwise may be in such form as the Company decides.

2.3 Acceptances

- (a) Subject to clause 2.3(b), a person may accept an offer of Securities for acquisition made to the person under this plan by delivering to the Company the acceptance or application form and/or any other required document provided with the offer duly completed and signed, together with any consideration required for the acquisition of the Securities in cleared funds, in accordance with the instructions contained in the offer, or in any other way accepted by the Company.
- (b) Where the Company has offered to provide a loan or other financial accommodation to a person to fund all or any of the consideration required for the acquisition of any Securities by or for the benefit of the person under this plan, the person will not be required to deliver to the Company payment of consideration in cleared funds equal to

the amount of offered financial accommodation if the person accepts the offer, or applies, for the financial accommodation and by delivering instead to the Company the written instrument or instruments setting out the terms of the financial accommodation and any security duly completed and signed in accordance with the instructions contained in the offer, or in any other way accepted by the Company.

2.4 Nomination

Where the Company makes an offer of Securities under this plan to a person, it may permit the person to nominate an associate (as defined in the Tax Act) to be issued or otherwise acquire the Securities in his or her place (e.g. a spouse or family company or trust) by delivering to the Company a written nomination in a form acceptable to the Company duly completed and signed in accordance with the instructions contained in the offer, or any other way accepted by the Company. No Securities will be issued to or otherwise acquired by a nominee unless the nominee is approved by the Company.

3. Securities

3.1 Acquisition

- (a) Securities may be acquired under the plan by or for the benefit of a person by way of issue of new Shares or Options, purchase of existing Shares or Options (whether on or off market), creation of rights to or interests in Shares or Options, transfer of Securities or otherwise, and on such terms, as the Board may determine.
- (b) Without limiting the generality of clause 3.1(a):
 - (1) Securities may be acquired under the plan for the benefit of a person by a trustee acquiring the Securities on trust for the person on such terms as the Board may determine, and the Company may do all things necessary for the establishment, administration, operation and funding of the trust; and
 - (2) Securities may be acquired under the plan subject to a requirement that they may be bought back by the Company or cancelled on such terms as the Board may determine at or before the time of acquisition of the Securities including that the Securities may be bought back or cancelled for cash or non-cash consideration (whether specified or to be determined), nil consideration or otherwise.

3.2 Consideration

Securities may be offered for acquisition and acquired by or for the benefit of a person under this plan for no consideration or at such price or for such other consideration to be paid or otherwise provided at such times and on such terms as the Board may determine at or before the time of acquisition of the Securities. For example, the Board may allow any consideration to be provided by way of salary sacrifice or sacrifice of cash bonuses or other equivalent entitlements or in return for a reduction in salary or wages or as part of the person's remuneration package.

3.3 Restrictions on dealing

- (a) Subject to clause 3.3(c), the Company may require that any Securities to be acquired under this plan are acquired on and/or subject to such additional restrictions and other

terms as to their sale, transfer or other disposal, or mortgage, charge or other encumbrance as the Board may determine at or before the time of acquisition.

- (b) Where any Securities under this plan are acquired on and/or subject to restrictions as to their disposal or encumbrance, the Company may:
- (1) retain any certificate in respect of the Securities;
 - (2) place the Securities in a sub-position in the register of holders of the relevant class of Securities or in a sub-register or separate register which restricts dealings in the Securities or otherwise identify the Securities in the register as having restrictions on their disposal or encumbrance;
 - (3) seek to have a holding lock applied to the Securities; or
 - (4) do anything else;

if the Company considers it necessary or desirable to prevent the disposal or encumbrance of the Securities in accordance with those restrictions.

- (c) A condition or restriction as to the disposal of any Securities will cease to apply where there is a takeover or restructure of the Company and as a result of the takeover or restructure the holder of the Securities ceases to hold them and acquires securities in another company and these securities, because of section 83A-130 of the Tax Act, are treated, for the purposes of division 83A of the Tax Act, as if they were a continuation of the Securities.

3.4 ASX quotation

- (a) Subject to clause 3.4(b), if Shares are quoted on the financial market of ASX, the Company must apply for quotation on the financial market of ASX of all Shares issued under this plan within the time limit prescribed by the ASX Listing Rules.
- (b) Where quotation of any Shares issued under this plan is not required under the ASX Listing Rules, the Company will not need to apply for quotation of those Shares until quotation is required.

3.5 Terms of Options

- (a) The exercise price of any Options offered or issued under this plan (i.e. the price payable to exercise the Options), any restrictions as to the exercise of any Options, any restrictions as to the disposal or encumbrance of any Options or Shares acquired as a result of exercising any Options, and the expiry date of the Options (i.e. the last date on which they can be exercised) may be determined by the Board at or before the time of issue of the Options.
- (b) All other terms of any Options offered or issued under this plan will be as set out in the schedule, subject to any modification or addition to those terms as may be determined by the Board at or before the time of issue of the Options.

4. Financial assistance and taking security

4.1 Financial assistance

- (a) Where any Securities are offered for acquisition or acquired under this plan by or for the benefit of a person, the Company may offer or provide to the person a loan or other form of financial accommodation to fund payment of all or any of the consideration payable for the Securities or, in the case of Options, all or any of the exercise price payable to exercise the Options, on such terms as the Board may determine in accordance with this plan.
- (b) A loan or other financial accommodation offered or provided by the Company to a person under this plan may be on such terms as the Board may determine at or before the time the loan is provided including, without limitation, terms that:
- (1) are interest free or require interest at such fixed or variable rate (including without limitation, interest limited to dividends or distributions on Securities in respect of which the financial accommodation was provided or any other Securities acquired by or for the benefit of the person under this plan) to be paid at such times and on such terms as the Board may determine;
 - (2) require repayment by instalments or in one lump sum and at such times or on the happening of such events as the Board may determine;
 - (3) are non-recourse or limited recourse restricting the Company's right to recover repayment or payment of the financial accommodation and any interest from the proceeds of sale of the Securities in respect of which financial accommodation was provided or any other Securities acquired by or for the benefit of the person under this plan;
 - (4) restrict the sale, transfer or other disposal or mortgage, charge or other encumbrance of the Securities in respect of which the financial accommodation was provided or any other Securities acquired by or for the benefit of the person under this plan;
 - (5) permit repayment or payment of any of the financial accommodation or any interest to be satisfied by the payment to the Company or its nominee of the proceeds of sale of any Securities in respect of which the financial accommodation was provided or any other Securities acquired by or for the benefit of the person under this plan;
 - (6) grant to the Company a power to offer for sale, sell and/or transfer any of the Securities in respect of which the financial accommodation was provided or any other Securities acquired by or for the benefit of the person under this plan in such circumstances and manner as the Board may determine; and/or
 - (7) are unsecured or require security to secure the repayment or payment of the financial accommodation and/or any interest, on such terms and in such manner as the Board may determine.
- (c) The amount and all other terms of the financial accommodation to be provided by the Company to a person under this plan must be set out in a written instrument in a form determined by the Company.

4.2 Maximum financial accommodation

The Company may only provide a loan or other financial accommodation to a person under this plan to fund payment of all or any of the consideration payable for Securities to be acquired by or for the benefit of the person or, in the case of Options, all or any of the exercise price payable to exercise the Options acquired by or for the benefit of the person under this plan, and the maximum amount of financial accommodation will be the total consideration payable for the Securities or to exercise the Options, as the case may be.

4.3 Taking security over Shares and Options

- (a) Without limiting clause 4.1(b)(7), where the Company has offered or agreed to provide or provided to a person a loan or other form of financial accommodation to fund payment of all or any of the consideration payable for Securities to be acquired by or for the benefit of the person or, in the case of Options, all or any of the exercise price payable to exercise the Options acquired by or for the benefit of the person under this plan, the Company may require to be given as a condition of the provision, or continuing provision, of the financial accommodation, or may otherwise take, a mortgage, charge or other form of security over the Securities in respect of which the financial accommodation was provided or any other Securities acquired by or for the benefit of the person under this plan to secure the repayment or payment of the financial accommodation and/or any interest, on such terms and in such manner as the Board may determine.
- (b) The terms of the security to be taken by the Company from a person under this plan must be set out in a written instrument in a form determined by the Company.

5. General

5.1 Governing law and jurisdiction

This plan is governed by the laws of Victoria.

5.2 Amendment

The Company may amend this plan at any time and in any manner, subject to complying with any requirements of the Corporations Act and, if the Company is admitted to the official list of ASX at the time of the amendment, the ASX Listing Rules which may apply in relation to the amendment.

5.3 Waiver

A provision of this plan or a right created under it may be waived by the Company at any time.

5.4 Discretion

Subject to an express provision in this plan, the Company or the Board may in its absolute discretion make a decision or give its consent or approval under or in connection with this plan conditionally or unconditionally, or withhold making a decision or giving its consent or approval.

5.5 Notices

Notices under or in connection with this plan may be given in any manner determined by the Company from time to time.

5.6 Administration

This plan will be administered by the Company, and the Company may adopt any administrative procedure it thinks appropriate in relation to the plan.

5.7 Dispute resolution

The Board may settle or resolve any difficulties, anomalies or disputes which may arise under or in connection with the operation of this plan, whether generally or in relation to any person or class of persons, offer, acceptance or Securities and the decision of the Board will be conclusive and binding on all persons offered, issued or provided Securities or financial accommodation under the plan.

5.8 Termination and suspension

The Company may suspend or terminate this plan at any time. Suspension or termination will not prejudice the existing rights of any person previously issued Securities or provided financial accommodation under this plan.

Schedule- Employee option terms

1. Definitions and interpretation

1.1 Definitions

In these terms, unless the context otherwise requires:

ASIC means Australian Securities and Investments Commission;

ASX means ASX Limited;

ASX Listing Rules means the listing rules (as defined in chapter 7 of the Corporations Act) of the Australian Securities Exchange which are known as the ASX Listing Rules;

ASX Operating Rules means the operating rules (as defined in chapter 7 of the Corporations Act) of the Australian Securities Exchange which are known as the ASX Operating Rules;

Australian Securities Exchange means the financial market (as defined in chapter 7 of the Corporations Act) operated by ASX which is known as the Australian Securities Exchange;

Bonus Issue means a Pro Rata Issue to holders of Shares where no consideration is payable by them for the securities offered or issued under the Pro Rata Issue;

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general banking business in Melbourne;

Company means Pacific Current Group Limited ACN 006 708 792;

Corporations Act means the Corporations Act 2001 (Cth);

Eligible Person means:

- (a) an employee of a Group Entity; or
- (b) a director of a Group Entity who holds a salaried employment or office in the Group Entity;

Encumbrance means an encumbrance or security interest including but not limited to a mortgage, fixed charge, floating charge, pledge, lien, conditional sale agreement, hire or hire purchase agreement, option, restriction as to transfer, use or possession, easement or a subordination to a right of a person or an adverse or competing interest of another person;

Expiry Date means, with respect to any Options, the last date on which they can be exercised, being the expiry date for the Options determined by the Company at or before their issue and set out in any certificate for the Options issued by the Company or otherwise notified by the Company to the holder of the Options;

Exercise Price means, with respect to any Options, the price payable to exercise them, being the exercise price for each of the Options determined by the Company at or before their issue and set out in any certificate for the Options issued by the Company or otherwise notified by

the Company to the holder of the Options, subject to any adjustments made under clause 4 or 5;

Group Entity means the Company or a subsidiary of the Company;

Market Price means, with respect to any securities granted official quotation by ASX, the closing price of the securities on a Trading Platform (as defined in the ASX Operating Rules), excluding special crossings, overnight sales and exchange traded option exercises;

Option means an option to acquire a Share which is issued by the Company on and subject to these terms;

Permitted Transfer means a permitted transfer of an Option as set out in any certificate for the Options issued by the Company or otherwise notified by the Company to the holder of the Options;

Pro Rata Issue means an issue of the securities which has been offered or made to all holders of securities in a class with registered addresses in Australia or New Zealand, or in any other place where the offer or issue is made, on a pro rata basis, but does not include an issue of securities in lieu or in satisfaction of dividends or by way of dividend reinvestment;

Share means an ordinary share in the Company;

Special Resolution means a resolution that has been passed by at least 75% of the votes cast by the holders of Options entitled to vote on the resolution;

Tax Act means the Income Tax Assessment Act 1997 (Cth);

Transmission Event means:

- (a) for an individual:
 - (1) the death of the individual;
 - (2) the individual becoming of unsound mind; or
 - (3) the individual becoming a person who is or whose estate is, liable to be dealt with under a law about mental health; and
- (b) for a body corporate:
 - (1) the dissolution of the body corporate; or
 - (2) the succession by another body corporate to the assets and liabilities of the body corporate;

Vesting Condition means, with respect to any Options, a condition that needs to be met (including, without limitation, a requirement that something continues, or does not happen by a particular date) before the holder can exercise them in accordance with clause 2.1, being a vesting condition for the Options determined by the Company at or before their issue and set out in any certificate for the Options issued by the Company or otherwise notified by the Company to holder of the Options **provided that** each such condition will cease to apply if:

- (a) a person makes a takeover bid under chapter 6 of the Corporations Act for all of the issued Shares;
- (b) a scheme of arrangement between the Company and its shareholders under part 5.1 of the Corporations Act for the merger of the Company with another entity or the acquisition of all of the issued Shares or the whole or a substantial part of the business or property of the Company by another entity is approved by the shareholders of the Company under section 411(4)(a)(ii) of the Corporations Act;
- (c) the Company disposes, or agrees to dispose, of the whole or a substantial part of its business or property; or
- (d) the voting power of a person in the Company increases after the Options are issued from 50% or below to more than 50%;

subject to clause 9.3.

1.2 Interpretation

In these terms headings and bold typing are included for convenience only and do not affect interpretation and, unless the context otherwise requires:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a gender includes any gender;
- (c) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) a term which refers to a person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture, a sovereign state, a government or a government department or agency;
- (e) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (f) a reference to a recital, clause, paragraph, schedule, annexure or other part is a reference to an item of that type in these terms;
- (g) a reference to a party is a reference to the Company or a holder of Options and includes a reference to that party's successors and permitted assigns;
- (h) a reference to a statute or regulation or a provision of a statute or regulation is a reference to that statute, regulation or provision as amended or a statute, regulation or provision replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws made or issued under that statute;
- (i) a reference to a document is a reference to a document of any kind including but not limited to an agreement in writing, a certificate, a notice, or an instrument;
- (j) no provision of these terms will be construed adversely to the Company solely on the ground that it was responsible for the preparation of these terms or that provision;
- (k) a reference to time is a reference to Melbourne time;

- (l) a monetary reference is a reference to Australian currency;
- (m) a reference to an entity, other than the Company or a holder of Options, which ceases to exist or whose powers or functions are transferred to another entity, is a reference to the entity which replaces it or which substantially succeeds to its powers or functions; and
- (n) a word or term defined in the Corporations Act has the same meaning in these terms.

1.3 Terms binding on the Company and holder of Options

- (a) These terms set out the terms of the Options and binds the Company for the benefit of the holder of the Options and any person claiming through a holder of Options as if each such person were a party to these terms, whether or not the person is in existence at the time of issue of the Options.
- (b) The rights and benefits of a holder of Options under these terms are subject to the holder complying with the provisions of these terms which are, or are intended to be, binding on the holder.

1.4 No contract of employment

These terms, and any Options issued under them, will not form part of any contract of employment or service with any holder of Options, any person who nominated a holder to be issued Options or any other person associated with a holder, and will not confer directly or indirectly on any such person any legal or equitable rights whatsoever, other than rights as the holder of Options.

2. Exercise

2.1 Notice of exercise

Subject to this clause 2, an exercise of any Options may only be effected:

- (a) by the holder of the Options completing a notice of exercise of the Options in the form, or substantially in the form, of the notice of exercise prepared by or on behalf of the Company for this purpose or in such other form approved by the Company from time to time and giving the notice to the Company together with payment of the Exercise Price for each Option exercised in accordance with the instructions for exercise set out in the notice of exercise; or
- (b) by following any other instructions for exercise set out in the notice of exercise;

and, unless otherwise agreed by the Company, only upon receipt by the Company of that notice and payment or upon completion of any other instructions for exercise will the Options be taken to have been duly exercised.

2.2 Exercise Price

Payment of the Exercise Price of any Options by cheque or draft will be deemed to have been received by the Company at the time the cheque or draft is received if and only if the amount of the cheque or draft is in Australian currency and is subsequently paid by the payer's bank or other financial institution to or for the account of the Company as cleared funds.

2.3 No exercise before Vesting Conditions met

No Options may be exercised, and the Company is not required to issue or procure the transfer of any Shares underlying any Options, unless and until the Vesting Condition for the Options has been met to the Company's satisfaction.

3. Acquisition of Shares

3.1 Issue

Subject to this clause 3, if any Options are duly exercised, the Company must issue to the holder of the Options one fully paid Share for each Option exercised within 15 Business Days from the date of receipt by the Company of payment of the Exercise Price in cleared funds and completion of the other requirements (if any) for exercise.

3.2 Ranking

Shares issued pursuant to the exercise of Options will rank for dividend from the date they are issued and will otherwise rank pari passu with all other Shares then on issue.

3.3 ASX quotation

- (a) Subject to clause 3.3(b), if Shares are granted official quotation by ASX, the Company must apply for official quotation by ASX of all Shares issued pursuant to the exercise of Options as soon as reasonably practicable after their issue, but in any case within the time limit prescribed by the ASX Listing Rules.
- (b) Where any financial accommodation or security is or is to be provided or taken under an employee share ownership plan in respect of any Shares issued pursuant to the exercise of Options and quotation of those Shares is not required under the ASX Listing Rules, the Company will not need to apply for quotation of those Shares until quotation is required.

3.4 Restrictions on issue

- (a) It is hereby declared and acknowledged that the Company will not be issuing any Shares pursuant to the exercise of any Options, with the purpose of the holder of the Options selling or transferring the Shares, or granting, issuing or transferring interests in, or options over, them, and that it is the Company's preference that such Shares be acquired as an investment to be held for at least the medium term (i.e. longer than 12 months).
- (b) The Company is not required to issue any Shares underlying any Options following exercise of the Options unless:
 - (1) a determination under section 708A(2) of the Corporations Act will not be in force in relation to the Company at the time of issue of the Shares and the requirements of section 708A(5) of the Corporations Act can be satisfied in relation to the issue of the Shares so that an offer of the Shares for sale within 12 months after their issue will not need disclosure to investors under part 6D.2 of the Corporations Act; or
 - (2) the holder of the Options provides to the Company before the Shares are issued a written acknowledgement that it is the present intention of the holder

to be an investor in the Shares and to remain so for at least the medium term (i.e. longer than 12 months) (which acknowledgment is understood to be a statement by the holder of present intention only but not an undertaking not to sell, particularly where the holder's investment objectives or market conditions change) and that the holder does not and will not acquire the Shares, with the purpose of selling or transferring them, or granting, issuing or transferring interests in, or options over, them.

3.5 Transfer

- (a) Where, but for this clause 3.5, the Company would be required to issue any Shares under this clause 3 as a result of the exercise of any Options, the Company may instead of issuing some or all of those Shares procure a transfer to the holder of the Options of a number of issued fully paid Shares equal to the number of Shares not issued.
- (b) Where the Company elects to procure a transfer of Shares, clauses 3.2 to 3.4 will apply so far as they are capable of application (and with all necessary changes) to the Shares to be transferred as though the date of transfer were the date of issue.

4. Participation in new issues

4.1 Bonus Issue

If at any time after the issue of Options there is a Bonus Issue and if after that time a holder of Options duly exercises any of the holder's Options, the Company must issue to the holder at the same time the holder acquires under clause 3 the Shares the subject of the exercised Options, the number of bonus securities which the holder would have received if before the record date for determining entitlements in relation to the Bonus Issue the holder held the securities the holder would have been entitled to in consequence of duly exercising the exercised Options.

4.2 Other Pro Rata Issue

If at any time after the issue of Options there is a Pro Rata Issue (except a Bonus Issue) of Shares offered or made to the holders of Shares, the Exercise Price of each Option existing on the record date for determining entitlements in relation to the Pro Rata Issue will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

where:

O' is the new Exercise Price of the Option;

O is the old Exercise Price of the Option;

E is one or such other number of Shares into which the Option is exercisable;

P is the average Market Price per Share (weighted by reference to volume) of the Shares during the 5 trading days ending on the day before the 'ex rights date' or 'ex entitlements date' in relation to the Pro Rata Issue or, if at the time for determining entitlements under the Pro

Rata Issue Shares have not been granted official quotation by ASX or official quotation of Shares has been suspended or has ended, the market price per Share of the Shares as determined by the board of directors of the Company acting reasonably;

S is the subscription price for a Share under the Pro Rata Issue;

D is the dividend (if any) due by the Company but not yet paid on the existing Shares (except those to be issued under the Pro Rata Issue); and

N is the number of Shares with rights or entitlements that must be held to receive a right to one new Share pursuant to the Pro Rata Issue.

4.3 No other issues

Except as set out in this clause 4, Options will not entitle their holder to participate in any issue of securities in or in respect of the Company other than the Shares to be acquired in consequence of the exercise of the Options in accordance with these terms.

5. Reorganisation of Options

If at any time after the issue of Options:

- (a) the Shares are converted into a larger or smaller number of shares, the number of Options immediately prior to such conversion will be converted in the same ratio as the Shares and the Exercise Price will be adjusted in inverse proportion to that ratio;
- (b) the Company reduces its share capital by a return of capital to the holders of Shares, the number of Options will remain the same but the Exercise Price will be reduced by the same amount as the return of capital on each Share;
- (c) the Company reduces its share capital by a cancellation of capital that is either lost or not represented by available assets where no Shares are cancelled, the number of Options and the Exercise Price will remain unaltered;
- (d) there is pro rata cancellation of Shares, the number of Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; or
- (e) there is any other reconstruction or reorganisation of the Company's share capital, the number of Options or the Exercise Price or both will be reorganised in such manner as the board of directors of the Company consider necessary so that the holders of the Options will not receive a benefit that the holders of Shares do not receive in connection with the reconstruction or reorganisation;

provided that all entitlements will be rounded in such manner as may be approved at the meeting of holders of Shares approving the reconstruction or reorganisation of the Company's share capital or, if there is no such approval, in the same manner as entitlements under the reconstruction or reorganisation of the Company's share capital are rounded (and if rounded down fractional entitlements will be disregarded) and in all other respects these terms will remain unchanged as a consequence of any reconstruction or reorganisation.

6. Transfer and transmission of Options

6.1 Transfer of Options

- (a) Subject to clauses 6.2 and 6.3, a holder of Options may transfer each of them by:
- (1) an instrument in writing in any usual form or in a form approved by the Company which is signed by or on behalf of both the transferor and the transferee; and
 - (2) sending the completed transfer to the Company for registration accompanied by any evidence the Company requires to prove the title of the transferor or the transferor's right to the Options and any other evidence the Company requires to prove the right of the transferee to be registered as the owner of the Options.
- (b) A transferor of Options remains the holder of the Options transferred until:
- (1) the transfer is registered; and
 - (2) the name of the transferee is entered in the register of holders of Options for the Options transferred.
- (c) The Company may retain any registered instrument of transfer for the period that the Company thinks fit.
- (d) Except in the case of fraud, the Company must return any instrument of transfer which the Company declines to register, to the person who sent it to the Company together with any documents which accompanied the transfer.
- (e) To the extent permitted by law, the Company may waive all or any of the requirements of this clause 6.1 which are to be satisfied by the transferor or transferee.

6.2 Restrictions on sales and transfers

Subject to the Corporations Act and the ASX Listing Rules;

- (a) despite anything else contained in these terms, no Options may be offered for sale, sold, transferred, made the subject of a declaration of trust or otherwise disposed of or Encumbered unless and until each Vesting Condition (if any) for the Options has been met to the Company's satisfaction;
- (b) no Options may be transferred other than under a Permitted Transfer; and
- (c) the Company may decline to register any transfer of Options.

6.3 Power to suspend registration of transfers

The Company may at any time suspend the registration of a transfer of Options for any period not exceeding 30 days in a year.

6.4 Transmission of Options

- (a) If an Option holder dies, the only persons the Company recognises as having any title to the holder's Options or any benefits accruing in respect of those Options are:
 - (1) the legal personal representative of the deceased, if the deceased was a sole holder; and
 - (2) the survivor or survivors, if the deceased was a joint holder.
- (b) Nothing in clause 6.4(a) releases the estate of a deceased Option holder from liability in respect of an Option, whether the deceased held that Option solely or jointly.
- (c) A person who becomes entitled to Options because of a Transmission Event may:
 - (1) sign a written notice stating that the person wishes to register as the holder of the Options and serve it on the Company; or
 - (2) execute a transfer of the Options to another person;subject to proving that person's entitlement by producing any evidence that the Company requires.
- (d) The rules about transferring Options apply with the necessary changes to a transfer under clause 6.4(c)(2) as if:
 - (1) the relevant Transmission Event had not occurred; and
 - (2) the person entitled to the Options because of the Transmission Event were the registered holder of the Options.
- (e) If 2 or more persons are jointly entitled to Options because of a Transmission Event, then upon being registered, they hold the Options as joint tenants with rights of survivorship.
- (f) Despite clause 6.4(a), the Company may register a transfer of Options which the holder of the Options signs prior to a Transmission Event, even though the Company has notice of the Transmission Event.

7. Certificates

7.1 Application

This clause 7 only applies to Options for which a certificate was issued by the Company following the issue of the Options.

7.2 Loss or destruction

- (a) Subject to this clause 7.2, if the original certificate, or a duplicate certificate issued under this clause 7.2, for any Options is lost or destroyed and the holder of the Options applies to the Company for a duplicate certificate for the Options, the Company must issue the duplicate certificate within 21 days after the application is made.

- (b) The application must be accompanied by:
 - (1) a statement in writing that the certificate has been lost or destroyed and has not been pledged, sold or otherwise disposed of;
 - (2) if the certificate has been lost, a statement in writing that proper searches have been made; and
 - (3) an undertaking in writing that if the certificate is found or received by the holder of the Options it will be returned to the Company.
- (c) The Company may, before accepting an application for the issue of a duplicate certificate, require the applicant to:
 - (1) place an advertisement in a daily newspaper circulating in a place specified by the Company stating that the certificate has been lost or destroyed and that the holder intends, after the end of 14 days after the publication of the advertisement, to apply to the Company for a duplicate certificate; or
 - (2) give a bond for an amount equal to at least the current market value of the Options indemnifying the Company against loss following the production of the original certificate;or both.

7.3 Exercise or transfer of Options

- (a) Within 2 months after Shares are acquired by the holder of Options in consequence of the exercise of only some of the Options held by the holder, the Company must complete and have ready for delivery to the holder a certificate for the remaining Options held by the holder and, unless otherwise instructed by the holder, send or deliver the completed certificate to the holder.
- (b) Within 1 month after a transfer of Options is registered by the Company, the Company must:
 - (1) complete and have ready for delivery to the transferee a certificate for the transferred Options and, unless otherwise instructed by the transferee, send or deliver the completed certificate to the transferee; and
 - (2) if following registration of the transfer the transferor holds any remaining Options, complete and have ready for delivery to the transferor a certificate for the remaining Options and, unless otherwise instructed by the transferor, send or deliver the completed certificate to the transferor.

7.4 Form of certificate

The Company must ensure that an original or duplicate certificate for Options issued in accordance with this clause 7 specifies the Options held by the holder of the Options and is otherwise substantially in the form of the original certificate provided when the Options were issued.

8. Termination

8.1 Expiry Date

All Options remaining unexercised by 11.59 pm on the Expiry Date for those Options will lapse and terminate immediately after that time.

8.2 Termination in certain circumstances before Vesting Conditions met

Whilst any Vesting Condition for any Options has not been met to the Company's satisfaction, the Options will terminate:

- (a) if the Options or any of them are offered for sale or purportedly sold, transferred, made the subject of a declaration of trust or otherwise disposed of or Encumbered by the holder of them, on that happening; or
- (b) on the happening of any other event or in any other circumstance described in the Vesting Condition as resulting in termination of the Options.

8.3 Termination where Vesting Condition not met

If any Vesting Condition for any Options is not or cannot be met to the Company's satisfaction, the Options will terminate.

9. General

9.1 Governing law

These terms are governed by the laws of Victoria.

9.2 Amendment

The Company may by written instrument amend these terms in relation to any Options if:

- (a) the Company reasonably considers the amendment to be necessary in order to comply with:
 - (1) the ASX Listing Rules applying to a reorganisation of capital or any other ASX Listing Rules (if the Company is admitted to the official list of ASX or has applied or is intending to apply for admission at the time of the amendment); or
 - (2) any law;
- (b) the Company reasonably considers the amendment will not materially adversely affect the rights of the holders of the Options; or
- (c) in any other case, if the holders of Options approve the amendment in writing or at a meeting of the holders of Options by Special Resolution;

subject to any requirements of the ASX Listing Rules which may apply in relation to the amendment (if the Company is admitted to the official list of ASX at the time of the amendment).

9.3 Waiver of Vesting Conditions

Despite anything else contained in these terms:

- (a) the Company may waive any Vesting Condition for any Options (even after the Vesting Condition has not been or cannot be met) either unconditionally or, with the approval of the holder of the Options, on any conditions the Company decides (including, without limitation, the substitution of another condition in place of the Vesting Condition), in which case, the Options will be taken never to have been subject to that Vesting Condition and will not terminate, or be taken to have terminated, due to that Vesting Condition not being met; and
- (b) where a Vesting Condition for any Options requires the holder or person who nominated the holder to be issued the Options to remain a director or employee of the Group Entity until a particular time, and the person ceases to be an employee or director of the Group Entity before that time due to his or her death, injury, illness or retrenchment, the Company may postpone termination of the Options for a period of up to 3 months (but not beyond the Expiry Date) and allow exercise of the Options in that period, in which case the Options will not terminate until the end of that period and the holder or the holder's legal personal representative may exercise any of the Options before they terminate;

subject to any requirements of the ASX Listing Rules which may apply in relation to the waiver or postponement (if the Company is admitted to the official list of ASX at the time of the waiver or postponement).

9.4 Meeting of holders of Options

If at any time a meeting of holders of Options is required or proposed, the rules applicable to the convening and holding of, and voting at, a general meeting of the Company (e.g. rules 6.1 to 6.9 of the constitution of the Company) will apply so far as they are capable of application (and with all necessary changes) to that meeting on the basis that on a poll a holder is entitled to 1 vote for each Option held.

9.5 Notices

- (a) The Company may send a notice in connection with these terms by hand delivery, pre-paid post, facsimile transmission or email to a holder of Options at the holder's address details as shown in the register of holders of Options or other address details the holder has supplied.
- (b) A holder of Options may send a notice in connection with these terms by hand delivery, pre-paid post or facsimile transmission to the Company at its registered office or in such other way as the Company may have last notified the holder in writing.
- (c) A notice sent by the Company to a holder of Options is deemed to be received:
 - (1) if sent by pre-paid post, on the second Business Day after the date of posting;
 - (2) if sent by facsimile transmission, on the next Business Day after the date the facsimile was sent in its entirety as shown by the transmission report produced by the sending machine; or

- (3) if sent by email, on the next Business Day after the sender receives an acknowledgement of receipt from the computer system hosting the applicable email address.