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# ***Kalium Lakes Limited Management Option Plan Rules***

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# ***Kalium Lakes Limited Management Option Plan Rules***

## ***1. Definitions and interpretation***

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### **1.1 Definitions**

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

**Acquisition Price** means, in respect of an Option, the amount payable (if any) for that Option.

**Ancillary Documentation** means all documentation which the Board specifies in an Invitation that an Eligible Participant must enter into and/or provide in connection with an Application for an Option.

**Application** means, in respect of an Option, an application for that Option made by an Eligible Participant in response to an Invitation.

**Application Form** means an application form attached to, or enclosed with, an Invitation.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Class Order 14/1000** means ASIC Class Order [CO 14/1000].

**Associate** has the same meaning given to that term in section 12 of the Corporations Act.

**Associated Body Corporate** has the meaning given to that term in ASIC Class Order 14/1000.

**ASX** means ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange or the securities exchange operated by that entity, as appropriate.

**ASX Holding Lock** has the same meaning as “Holding Lock” in Chapter 19 of the Listing Rules.

**Bad Leaver** means a Participant who ceases to be an Eligible Participant and:

- (a) does not meet the Good Leaver criteria; or
- (b) establishes, or becomes employed by, an entity or business that is in direct competition with the Company or Group member in which the Participant was formerly employed.
- (c) meets the Good Leaver criteria but the Board has determined in writing that they be treated as a Bad Leaver.

**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, in respect of a particular matter, any person who is provided with delegated authority by the board of directors of the Company in respect of that particular matter from time to time.

**Bonus Issue** has the same meaning as in the Listing Rules.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**Cashless Exercise Facility** has the meaning given in clause 7.2(a).

**Certificate** means a certificate evidencing the grant of an Option.

**Change of Control Event** means:

- (a) a change in Control of the Company;
- (b) where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its Associates) owning 50% or more of the Issued Capital of the Company;
- (c) where a Takeover Bid is made to acquire 50% or more of the Issued Capital (or such lesser number of Shares that when combined with the Shares that the bidder (together with its Associates) already owns will amount to 50% or more of the Issued Capital of the Company) and the Takeover Bid becomes unconditional and the bidder (together with its Associates) has a Relevant Interest in 50% or more of the Issued Capital of the Company;
- (d) where a person (either alone or together with its Associates) becomes the legal or the beneficial owner of, or acquires a Relevant Interest in, 50% or more of the Issued Capital of the Company;
- (e) where a person (either alone or together with its Associates) becomes entitled to acquire or acquires an equitable interest in 50% or more of the Issued Capital of the Company;
- (f) a resolution is passed for the voluntary winding-up of the Company;
- (g) an order is made for the compulsory winding up of the Company; or
- (h) any other event determined by the Board in good faith to constitute a "Change of Control Event" for the purposes of these Rules,

but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Group.

**Company** means Kalium Lakes Limited (ACN 613 656 643).

**Constitution** means the constitution of the Company.

**Control** has the meaning given to that term in the Corporations Act.

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

**Eligible Participant** means a person that:

- (a) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate; and

- (b) has been determined by the Board to be eligible to participate in the Plan from time to time.

**Engagement Arrangement** means in respect of:

- (a) an employee of a member of the Group, the terms under which the relevant member of the Group has employed that person;
- (b) a director of a member of the Group that is not also an employee, the terms under which the relevant member of the Group has appointed that director to their office; or
- (c) a contractor or consultant to a member of the Group, the terms under which the relevant member of the Group has engaged that contractor or consultant.

**Expiry Date** in relation to an Option means:

- (a) the date determined by the Board and specified in an Invitation as the “expiry date”; or
- (b) if an Invitation does not specify an “expiry date”, the date which is 15 years from the Grant Date of that Option.

**Good Leaver** means a Participant who ceases to be an Eligible Participant in any of the following circumstances:

- (a) the Participant and Board have agreed in writing that the Participant has entered into bona fide retirement;
- (b) the Board has determined that the Participant is no longer able to perform their duties under their Engagement Arrangement due to poor health, injury or disability;
- (c) the Participant’s death; or
- (d) any other circumstance determined by the Board in writing.

**Grant Date** means, in relation to an Option, the date on which that Option is granted to a Participant as set out in the Certificate for that Option.

**Group** means the Company and each of its Associated Bodies Corporate.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it has had a controller appointed or is in liquidation, in provisional liquidation, under administration, wound up or has had a receiver appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the Company);
- (d) an application or order has been made (and in the case of the application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other

action taken, in each case in connection with that person, which is likely to result in any of (a), (b) or (c) above);

- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand);
- (f) it is subject to an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

**Invitation** means an invitation to an Eligible Participant to apply for the grant of one or more Options made in accordance with clause 3.2 of these Rules.

**Issued Capital** means issued Shares from time to time.

**Listing Rules** means the listing rules, market rules and 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.

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date, unless otherwise specified in an Invitation.

**Notice of Exercise** means a notice given by or on behalf of the Participant (in the form determined by the Board from time to time) to exercise an Option in accordance with clause 7.

**Option** means an option granted under these Rules to acquire a Share by way of transfer or issue in the discretion of the Board.

**Option Exercise Price** means, in respect of an Option, the price to be paid by the Participant when exercising that Option as specified in the relevant Invitation. For the avoidance of doubt, the Option Exercise Price for an Option may be nil.

**Option Retention Notice** means a notice from the Company in accordance with clause 9.1(a).

**Participant** means an Eligible Participant who has been granted an Option under this Plan.

**Plan** means the Kalium Lakes Limited Management Option Plan.

**Plan Shares** means all Shares issued or transferred to a Participant upon the valid exercise of an Option.

**Pro Rata Issue** has the same meaning as in the Listing Rules.

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

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

**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.

**Share Trading Policy** means any share trading policy of the Company, as amended from time to time.

**Takeover Bid** has the meaning given to that term in the Corporations Act.

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

**Vesting Condition** means, in relation to an Option, any conditions to vesting of that Option that are set out in the Invitation for that Option.

**Vesting Notice** means, in relation to an Option, the notice given by or on behalf of the Company to a Participant informing him or her that the Option has vested and may be exercised in accordance with the terms of these Rules.

## 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 a document or agreement includes that document or agreement as novated, altered, supplemented or replaced from time to time;
- (d) headings are for convenience only and do not affect the interpretation of these Rules;
- (e) a reference to any thing (including any amount) includes any part of that thing and a reference to a group of things or persons includes each thing or person in that group;
- (f) 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;
- (g) a reference to these Rules means these Rules as amended from time to time and includes all recitals, annexures, addendums and schedules to these Rules;
- (h) a reference to a person includes a reference to the person's executors, legal personal representatives, administrators, substitutes (including any person taking by way of novation) and:
  - (i) in the case of a trustee, includes any substituted or additional trustee; and
  - (ii) in the case of a Participant, includes any person to whom that Participant transfers an Option or Plan Share in accordance with the terms of an Australian court order or an injunction granted by an Australian court;
- (i) the expression "person" includes an individual, the estate of an individual, the legal personal representative of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;

- (j) any reference to include means to include without limitation;
- (k) a monetary amount is a reference to Australian Dollars;
- (l) where any word is given a defined meaning, any other part of speech or other grammatical form in respect of such word or phrase has a corresponding meaning;
- (m) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, these Rules and a reference to these Rules includes any annexure, exhibit and schedule;
- (n) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (o) a term or expression starting with a capital letter which is defined in clause 1.1 has the meaning given to it in that clause.

### 1.3 **Inconsistencies**

Notwithstanding anything to the contrary in any Engagement Arrangement with a Participant, but subject at all times to these Rules, if there is any inconsistency between these Rules and an Engagement Arrangement, these Rules prevail.

### 1.4 **Construed against a party**

No provision or expression in these Rules is to be construed against a party on the basis that the party (or its advisers) was responsible for the drafting of these Rules.

### 1.5 **Applicable Law**

These Rules, the offering and granting of any Option or Plan Share and the rights attaching to or interests in any Option or Plan Share will at all times be subject to applicable law.

### 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 Plan Share, the fraction will be eliminated by rounding to the nearest whole number.

### 1.7 **Constitution**

The entitlements of Eligible Participants under these Rules are subject to the Constitution. In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail.

## **2. *Introduction***

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### 2.1 **Purpose**

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants; and



- (b) align the interests of Eligible Participants with shareholders of the Group by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Options.

## 2.2 Commencement

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

## 2.3 Rules are binding

The Company and each Participant are bound by these Rules.

# 3. *Eligibility, Invitation and Application*

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## 3.1 Eligibility

The Board may from time to time determine that an Eligible Participant may participate in the Plan.

## 3.2 Invitation

- (a) Following determination that an Eligible Participant may participate in the Plan, the Board may make an Invitation to the Eligible Participant on any number of occasions.
- (b) An Invitation to an Eligible Participant to apply for Options may be made on such terms and conditions as the Board decides from time to time, including as to:
  - (i) the number of Options for which that Eligible Participant may apply;
  - (ii) the Grant Date;
  - (iii) the Acquisition Price (if any) or how such price is to be calculated, and how it is to be paid by that Eligible Participant;
  - (iv) the Option Exercise Price (if any);
  - (v) the Vesting Conditions (if any);
  - (vi) whether cashless exercise of the Options is permitted under clause 7.2 using the Cashless Exercise Facility;
  - (vii) the forfeiture of the Options;
  - (viii) the disposal restrictions attaching to the Plan Shares (if any); and
  - (ix) any other supplementary terms and conditions.

## 3.3 Form of Application

An Invitation to an Eligible Participant must be accompanied by an Application Form and the Ancillary Documentation (if any).

### 3.4 **Eligible Participant agrees to be bound**

Each Eligible Participant is, by submitting a completed Application Form, deemed to have agreed to be bound by:

- (a) the terms of the Invitation and the Application Form;
- (b) the Ancillary Documentation (if any);
- (c) these Rules; and
- (d) the Constitution.

### 3.5 **Who may apply**

On receipt of an Invitation, an Eligible Participant may apply for the Options the subject of the Invitation by sending the completed Application Form together with payment of the Application Price (if any) to the Company (or its designated officer as set out in the Application Form) by the time and date specified in the Invitation, unless otherwise determined by the Board.

### 3.6 **Acceptance of Application**

- (a) The Board may accept an Application from an Eligible Participant in whole or in part.
- (b) The Company may not grant an Option to an Eligible Participant unless it has received a duly signed and completed Application Form together with all applicable Ancillary Documentation from that Eligible Participant. The Application Form and, where applicable, the Ancillary Documentation must be in the form included with the Invitation, and may not be made on the basis that it is subject to any terms and conditions other than those specified in the Invitation.

### 3.7 **When applications will not be accepted**

Unless otherwise determined by the Board, an Application will not be accepted, unless otherwise determined by the Board, if at the time the Company received the duly signed and completed Application Form together with all Ancillary Documentation:

- (a) the applicant is not an Eligible Participant;
- (b) notice of termination of the applicant's Engagement Arrangement has been given (whether by the applicant or by one or more members of the Group); or
- (c) the Board has determined that the applicant is no longer eligible to participate in the Plan.

### 3.8 **Right to nominate**

- (a) Unless otherwise expressly permitted in an Invitation, an Eligible Participant may only submit an Application in the Eligible Participant's name and not on behalf of any other person. If an Eligible Participant is permitted in an Invitation, the Eligible Participant may nominate another person to be granted the Options the subject of their Invitation and/or the Plan Shares in relation to such Options. If nomination is not permitted in the Invitation, the Board may reject an Application submitted in the name of a nominee for the Eligible Participant. The nominee must execute any documents required by the Company in order to receive the grant.

- (b) If Options and/or Plan Shares (as the case may be) are granted to a person nominated by an Eligible Participant, then the Eligible Participant and their nominee must execute any documents required by the Company in order to receive the grant and to the extent necessary to give effect to the intent of these Rules, the Eligible Participant will continue to be treated as the Participant.

### 3.9 Multiple Invitations

The Board may invite an Eligible Participant to apply for any number of Options, notwithstanding that the Eligible Participant has previously been invited to apply for Options.

## 4. *Grant of Options*

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### 4.1 Company to grant Options

Following receipt of a duly completed and signed Application Form together with payment of the Acquisition Price (if any) and all applicable Ancillary Documentation, the Company will, to the extent that it has accepted such Application, grant the Participant the relevant number of Options, subject to the terms and conditions set out in the Invitation, these Rules and the Ancillary Documentation.

### 4.2 Certificate

Following the grant of an Option, the Company must issue a Certificate to the Participant.

## 5. *Terms of Options*

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### 5.1 Participant's rights

Prior to an Option being exercised in accordance with clause 7:

- (a) a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Option other than those expressly set out in these Rules; and
- (b) a Participant is not entitled to:
- (i) notice of, or to vote or attend at, a meeting of the shareholders of the Company; and
  - (ii) receive any dividends declared by the Company,
- by virtue of holding an Option.

### 5.2 Restriction of dealing

A Participant may not sell, assign, transfer, grant a Security Interest over or otherwise deal with an Option that has been granted to them unless the relevant dealing is approved by the Board in its absolute discretion or the relevant dealing is effected by force of law on death or legal incapacity to the Participant's legal personal representative. The Company may require that an Option be forfeited if a sale, assignment, transfer, dealing or grant of a Security Interest occurs or is purported to occur other than in accordance with these Rules.

### 5.3 **Prohibition on hedging**

A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to an Option that has been granted to them.

### 5.4 **Register of Options**

Each Option granted under these Rules must be registered in the appropriate register of the Company.

### 5.5 **Listing**

Unless determined otherwise by the Board in its absolute discretion, an Option granted under the Plan will not be quoted on the ASX or any other recognised exchange.

## **6. *Vesting of Options***

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### 6.1 **Vesting**

- (a) An Option that is granted subject to Vesting Conditions vests when both of the following have occurred:
  - (i) the Vesting Conditions applicable to that Option have been determined by the Board (acting reasonably) to be satisfied, are waived by the Board, or are deemed to have been satisfied under these Rules; and
  - (ii) the Company has issued a Vesting Notice to the Participant informing him or her that the Option has vested.
- (b) An Option that is granted without Vesting Conditions vests on the Grant Date.

### 6.2 **Waiver of Vesting Conditions**

A Vesting Condition may, subject to the Corporations Act, the Listing Rules (where applicable) and any other applicable laws and regulations, be waived by the Board by written notice to the relevant Participant and on such terms and conditions as determined by the Board and set out in that notice.

## **7. *Exercise of Options***

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### 7.1 **Exercise of Options**

- (a) An Option may not be exercised unless and until that Option has vested in accordance with clause 6, or such earlier date on which the Participant is entitled to exercise that Option in accordance with these Rules.
- (b) To exercise an Option, a Participant must:
  - (i) deliver a duly executed Notice of Exercise to or as directed by the Company;
  - (ii) deliver the Certificate for that Option to or as directed by the Company;
  - (iii) comply with any other terms and conditions specified in the Participants' Invitation; and

(iv) either:

- (A) pay the Option Exercise Price (if any) to or as directed by the Company; or
- (B) where permitted in the Participant's Invitation, confirm that the Participant will use the Cashless Exercise Facility,

at any time prior to the Expiry Date for that Option.

- (c) If the Participant does not deliver a duly executed Notice of Exercise and pay the Option Exercise Price to or as directed by the Company in relation to an Option by the relevant date determined in accordance with clause 7(b), that Option will automatically be forfeited.

## 7.2 Cashless exercise

- (a) Subject to clause 7.2(c), an Invitation may specify that a holder of Options may at the time of exercise of those Options that are the subject of that Invitation, elect to pay the Option Exercise Price per Option by setting off the total Option Exercise Price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**).
- (b) Where a Participant is permitted in an Invitation and elects to use the Cashless Exercise Facility to exercise Options, the Participant will only be issued or transferred that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Option Exercise Price otherwise payable to or as directed by the Company to exercise those Options and the then Market Value of the Shares at the time of exercise calculated in accordance with the following formula:

$$S = \frac{O \times (MV - OEP)}{MV}$$

where:

S = the number of Shares to be issued or transferred to the Participant on exercise of Options using the Cashless Exercise Facility

O = the number of Options exercised by the Participant using the Cashless Exercise Facility

MV = the Market Value of a Share at the time of exercise using the Cashless Exercise Facility

OEP = the Option Exercise Price per Option of the Options exercised using the Cashless Exercise Facility

- (c) The Cashless Exercise Facility may only be used by a Participant if the difference between the Option Exercise Price per Option and the Market Value per Share at the time of exercise is greater than zero.]

## 8. Delivery of Shares on exercise of Options

### 8.1 Issue or transfer

As soon as practicable after the valid exercise of an Option by a Participant in accordance with clause

7, the Company must:

- (a) issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled through the exercise of that Option (the number of which is to be determined in accordance with these Rules and the Invitation); and
- (b) issue a substitute Certificate for any remaining Options held by that Participant.

## 8.2 Shares to rank *pari passu*

All Plan Shares will rank *pari passu* in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the issue or transfer of the Plan Shares.

## 8.3 Listing

If Plan Shares are in the same class as Shares which are listed on the ASX, the Company will apply for quotation of the Plan Shares issued (or any unquoted Plan Shares transferred) within the time required by the Listing Rules after the date of issue or transfer.

# 9. *Forfeiture of Options*

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## 9.1 Good Leaver

- (a) Unless an Invitation provides otherwise, within 20 Business Days of a Participant becoming a Good Leaver, the Board shall issue a written notice to the Participant (**Option Retention Notice**) notifying the Participant that the following Options shall not be forfeited:
  - (i) those vested but unexercised Options held by the Participant; and
  - (ii) those unvested Options held by the Participant to the extent determined by the Board in its absolute discretion.
- (b) All Options held by a Participant that is a Good Leaver other than those the subject of the Option Retention Notice will be forfeited immediately on the date of the Option Retention Notice.
- (c) Subject to the Corporations Act, the Listing Rules (where applicable) and any other applicable laws and regulations, the Board may determine in its discretion that some or all of the Options retained by a Good Leaver are deemed to have vested.

## 9.2 Bad Leaver

Unless otherwise stated in the Invitation or determined by the Board in its discretion, all unvested Options held by a Participant will be forfeited on the date determined by the Board where that Participant becomes a Bad Leaver.

## 9.3 Failure to satisfy Vesting Conditions

Unless otherwise stated in the Invitation or determined by the Board in its absolute discretion, an Option which has not yet vested will be forfeited immediately on the date that the Board determines

(acting reasonably and in good faith) that any applicable Vesting Conditions have not been met or cannot be met by the relevant date.

#### 9.4 **Fraudulent or dishonest actions**

Unless an Invitation provides otherwise, where the Board determines that a Participant has:

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

the Board may in its discretion determine that some or all of the vested (but not yet exercised) and/or unvested Options held by that Participant will be forfeited on a date determined by the Board.

#### 9.5 **Insolvency**

Unless otherwise stated in an Invitation or determined by the Board in its discretion, a Participant that has become Insolvent must forfeit all of their unvested Options on a date determined by the Board.

#### 9.6 **Other forfeiture events**

Unless otherwise stated in the Invitation or unless the Board otherwise determines in its discretion, or as otherwise set out in these Rules:

- (a) an Option which has not yet vested or been exercised will be automatically forfeited on the Expiry Date of that Option; and
- (b) an Option will be forfeited in any other circumstances expressly set out in the Participant's Invitation Letter.

#### 9.7 **Discretion to determine that Options are not forfeited**

- (a) Notwithstanding clauses 9.1 to 9.6 (inclusive), the Board may decide (on any conditions which it thinks fit) that some or all of a Participant's Options will not be forfeited in the relevant circumstances.
- (b) The Board may elect to disapply any of clauses 9.1 to 9.6 (inclusive), or add any further forfeiture terms, to a particular grant of Options provided that such election is expressly set out in the Invitation relating to that grant.

#### 9.8 **Voluntary forfeiture**

A Participant may by written notice to the Company voluntarily forfeit their Options for no consideration.

#### 9.9 **Application of Part 2D.2 Division 2 of the Corporations Act**

- (a) This clause 9.9 applies to all termination payments to which Part 2D.2 Division 2 of the Corporations Act applies.
- (b) Notwithstanding any other provision of these Rules, in the absence of shareholder approval, the Company is not required to provide, or procure the provision, of any benefit under these Rules

which is not permitted by Part 2D.2 Division 2 of the Corporations Act.

- (c) Any benefits required to be provided to a Participant in accordance with these Rules will, by operation of this clause, be reduced to ensure compliance with Part 2D.2 of the Corporations Act and the provision of such reduced benefit shall constitute full satisfaction of the obligations of each member of the Group. In the event of overpayment to a Participant, the Participant must, on receiving written notice from the Board, immediately repay any monies or benefits specified in such notice to ensure compliance with Part 2D.2 of the Corporations Act.
- (d) Where clause 9.9 (b) applies, the Company may seek or not seek shareholder approval in its discretion.

## ***10. Effect of forfeiture of Options***

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Where an Option has been forfeited in accordance with these Rules:

- (a) the Option will automatically lapse;
- (b) the Participant or the Participant's agent or attorney must sign any documents required by the Company to effect the forfeiture of that Option; and
- (c) the Company will not be liable for any damages or other amounts to the Participant in respect of that Option.

## ***11. Change of Control Event***

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Unless otherwise stated in the Invitation, notwithstanding any other provision of these Rules, if a Change of Control Event occurs, or the Board determines such event is likely to occur, the Board may in its absolute discretion determine the manner in which any or all of the Participant's Options (whether vested or unvested) will be dealt with including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

## ***12. Disposal Restrictions applicable to Plan Shares***

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### **12.1 Disposal restriction**

If the Invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for the period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction, including but not limited to imposing or procuring the share registry to impose an ASX Holding Lock (where applicable) on the Plan Shares or using an employee share trust to hold the Plan Shares during the relevant restriction period.

### **12.2 Participant's undertaking**

For so long as a Plan Share is subject to any disposal restrictions under this Plan, the Participant must not without the prior written consent of the Board:

- (a) transfer, encumber or otherwise dispose of, or have a Security Interest granted over that Plan Share; or



- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Board.

### 12.3 **Expiry of restriction**

Subject at all times to the Share Trading Policy and applicable law, upon the expiry of any disposal restriction over a Plan Share, the Company will take all action necessary to ensure that the Participant can deal with that Plan Share.

### 12.4 **Share entitlements**

For the avoidance of doubt, the imposition of a disposal restriction on a Plan Share held by a Participant 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, and to receive any dividends declared by the Company during the relevant disposal restriction period on that Plan Share in accordance with the rights attaching to the Plan Shares. If an employee share trust arrangement is implemented in respect of this Plan, the Board may implement such procedures it deems appropriate to give effect to the intent of this clause 12.4.

## ***13. Irrevocable Power of Attorney***

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In order to ensure compliance with these Rules, each Participant must grant an irrevocable power of attorney (in the form set out in the Invitation or such other form determined by the Board) to any person nominated from time to time by the Board.

## ***14. Adjustment of Options***

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### 14.1 **Reorganisation**

If there is a reorganisation of the capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such capital of the Company), the rights of each Participant holding Options will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

### 14.2 **Bonus Issue**

- (a) If Shares are issued by the Company pro rata to shareholders generally by way of Bonus Issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Options is entitled, upon exercise of the Options, to receive, in addition to the Shares in respect of which the Options are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a shareholder who, on the date for determining entitlements under the Bonus Issue, held Shares equal in number to the Shares in respect of which the Options are exercised.
- (b) Additional Shares to which the holder of Options becomes so entitled will, as from the time Shares are issued pursuant to the Bonus Issue and until those additional Shares are allotted, be regarded as Shares in respect of which the Options are exercised for the purposes of subsequent applications of clause 14.2(a), and any adjustments which, after the time just mentioned, are made under clause 14.1 to the number of Shares will also be made to the additional Shares.

### 14.3 Pro Rata Issue

Unless otherwise stated in an Invitation, if there is a Pro Rata Issue (except a Bonus Issue) to the holders of Shares, the Option Exercise Price (if any) of each Option will be reduced according to the following formula:

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

where:

O' = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

*[Note: terms used in the above formula have the same meaning as in the Listing Rules, where relevant.]*

### 14.4 No other participation

Subject to clauses 14.1 to 14.3 (inclusive), during the currency of any Options and prior to their exercise, the holders of Options are not entitled to participate in any new issue of Shares of the Company as a result of their holding of Options.

### 14.5 Application of adjustment

- (a) In the application of this clause 14, 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 and other applicable laws.
- (b) Unless otherwise provided in these Rules, a Participant has no right to:
  - (i) change the Option Exercise Price; or
  - (ii) change the number of Shares over which the Option can be exercised.

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## **15. Administration of the Plan**

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### **15.1 Board administration**

The Plan will be administered by the Board. For the avoidance of doubt, the Board may make further provisions for the operation of the Plan which are consistent with these Rules, including but not limited to, engaging a third party to administer and manage the Plan in accordance with these Rules.

### **15.2 Board powers and discretions**

Any power or discretion which is conferred on the Board by these Rules may be exercised in its sole and absolute discretion. The Board does not, in exercising any power or discretion under these Rules, owe any fiduciary or other obligations to any Eligible Participant or Participant.

### **15.3 Delegation of Board powers and discretions**

Any power or discretion which is conferred on the Board by these Rules (including, without limitation, the power to invite Eligible Participants to participate in the Plan and to determine the terms and conditions of the Options) may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers or employees of the Group, or any combination of such persons as the Board thinks fit;
- (b) a member of the Group; or
- (c) a third party,

for such periods and on such conditions as the Board thinks fit.

### **15.4 Documents**

The Company may from time to time require an Eligible Participant invited to participate in the Plan or a Participant or a person nominated by an Eligible Participant under clause 3.8 to complete and return such other documents as may be required by law to be completed by that person or entity, or such other documents which the Company considers should, for legal, taxation and/or administrative reasons, be completed by that Eligible Participant, Participant or person in order to give effect to the intent of the Plan.

### **15.5 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 and all calculations and determination made by the Board under these Rules are final, conclusive and binding in the absence of manifest error.

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## **16. Trust**

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The Board may, in its discretion, use an employee share trust or other mechanism for the purposes of holding Shares and Plan Shares before or after the exercise of an Option or delivering any Plan Shares arising from exercise of an Option under these Rules on such terms and conditions as determined by the Board. For the avoidance of doubt, the Board may do all things necessary for the establishment,

administration, operation and funding of an employee share trust.

## ***17. Restrictions on and amendments to the Plan***

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### **17.1 Compliance with applicable laws and regulations**

Notwithstanding these Rules or any terms of an Option, no Option may be offered, granted, vested or exercised, and no Plan Share may be issued or transferred, if to do so would contravene any applicable laws or regulations.

### **17.2 Amendment of Plan**

- (a) Subject to clause 17.2(b), the Board may:
  - (i) at any time amend any provisions of these Rules, including (without limitation) the terms and conditions upon which any Options have been granted under the Plan; and
  - (ii) determine that any amendments to these Rules be given retrospective effect, immediate effect or future effect.
- (b) No amendment to any provision of these Rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment:
  - (i) 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 an employee share trust arrangement pursuant to clause 16;
    - (D) to enable the Plan or any member of the Group to comply with its constituent documents, and any other applicable laws and regulations; 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) agreed to in writing by all Participants adversely affected by the amendment.
- (c) As soon as reasonably practicable after making any amendment to any provision of these Rules, the Board will give notice of the amendment to each 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.

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## **18. Duration**

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### **18.1 Termination**

The Plan continues in operation until the Board decides to end it.

### **18.2 Suspension**

The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension.

### **18.3 Effect of termination / suspension**

If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

### **18.4 Cancellation of Options**

Notwithstanding any other provisions of these Rules, but subject at all times to any applicable laws and regulations, if a Participant and the Company (acting by the Board) agree in writing that some or all of the Options granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Options may be cancelled in the manner agreed between the Company and the Participant.

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## **19. Miscellaneous**

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### **19.1 Rights of Participants**

Nothing in these Rules:

- (a) confers on any person any right or expectation to become a Participant, or the right to be invited to apply for, or be offered or to receive any Options;
- (b) confers on any person the right to continue as an employee or officer of any member of the Group (as the case may be);
- (c) affects the rights of any member of the Group to terminate the Engagement Arrangement of an Eligible Participant;
- (d) forms part of any contract of service between an Eligible Participant and any member of the Group;
- (e) may be used to increase rights of compensation or damages in any action brought against a member of the Group in respect of any termination of an Engagement Arrangement;
- (f) confers any legal or equitable right on an Eligible Participant whatsoever to take action against any member of the Group in respect of their Engagement Arrangement; or
- (g) confers on an Eligible Participant any rights to compensation or damages in consequence of the termination of their Engagement Arrangement by any member of the Group for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

## 19.2 Non-exclusivity

- (a) This Plan is not the sole means by which all members of the Group intend to provide incentives to Eligible Participants. Nothing in this Plan is intended to restrict any member of the Group from remunerating or otherwise rewarding employees or directors of any member of the Group outside the Plan.
- (b) Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by any member of the Group unless the terms of that other scheme provide otherwise.

## 19.3 Notice

- (a) Any notice or other communication under or concerning the Plan is validly given:
  - (i) to a Participant, if delivered personally to the addressee or sent by prepaid post to the Participant's last known residential address, or sent to the Participant by facsimile or email at the Participant's place of work; and
  - (ii) to the Company, if delivered or sent by prepaid post addressed to the company secretary at the Company's registered office (or any other address the Board specifies), or as otherwise notified by the Company from time to time.

- (b) Delivery of notices

Subject to clause 19.3(a), a notice or other communication will be deemed to have been served:

- (i) if delivered by hand, at the time of delivery;
- (ii) if sent by facsimile or electronic mail, on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery; or
- (iii) if posted, and provided it is properly addressed and stamped, 48 hours after mailing in Australia and 7 days after mailing outside Australia.

## 19.4 Further assurances

Each party must do all things reasonably necessary to give full effect to this Plan and the transactions contemplated by this Plan.

## 19.5 Duties and taxes

- (a) The Company will be responsible for all brokerage costs payable in relation to the issue or transfer of a Plan Share upon the exercise of the Option to each Participant. Each Participant will be responsible for all costs associated with the disposal of a Plan Share by that Participant.
- (b) Subject to clause 19.5(a), the Company:
  - (i) is not responsible for any duties, taxes or other government levy or impost which are or may become payable by any person other than the Company on:

- (A) the acquisition and issue of an Option;
  - (B) the acquisition, issue or transfer of a Plan Share or the payment of any cash on the exercise of the Option; or
  - (C) any other dealings with a Plan Share; and
- (ii) may make any withholding or payment which it is required by law to make in connection with the Plan or the grant, issue or transfer of an Option and/or a Plan Share; and
  - (iii) when transferring or issuing a Plan Share to a Participant under the Plan, may require the Participant to provide the Company with an amount of money which the Board estimates is necessary to meet the Participant's liability (if any) to pay stamp duty or other taxes in respect of the transfer. Where the Company is provided with funds for that purpose, it must apply the funds in payment of the stamp duty or other tax, arrange for registration of the transfer on the Participant's behalf and return any excess funds to the Participant.

#### 19.6 No representation or warranty

- (a) The Company makes no representation or warranty as to the value of Option or any Plan Shares or with respect to any tax matters affecting any Eligible Participant or Participant in connection with the Plan.
- (b) Neither the Company, nor any of its directors, officers or employees are liable for anything done or omitted to be done by such person or any other person with respect to price, time, quantity or other conditions and circumstances of the issue or acquisition of Shares hereunder, with respect of any fluctuations in the market price of Shares, or in any other manner related to the Plan.

#### 19.7 Data protection

By participating in the Plan, the Participant consents to the holding and processing of personal data provided by the Participant for the purposes of the Plan. These purposes include, but are not limited to:

- (a) administering and maintaining employee and Participant records;
- (b) providing information to members of the Group, registrars, brokers or third party administrators of the Plan (if any) or advisers of the Board; and
- (c) providing information to corporate advisers or potential future third party purchasers in connection with a sale of shares in a member of the Group, or the business and assets of a member of the Group.

#### 19.8 Governing law

- (a) This Plan is governed by the laws of Western Australia, Australia.
- (b) Each Participant submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought in connection with these Rules.

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**19.9 Waiver of rights**

- (a) A waiver of any right, power, authority, discretion or remedy arising upon a breach of or default under these Rules must be in writing and signed by the party granting the waiver, and may be subject to such terms and conditions as determined by the party granting the waiver.
- (b) A failure or delay in the exercise, or partial exercise, of a right, power, authority, discretion or remedy arising from a breach of or default under these Rules, does not prevent the exercise of or result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of these Rules or default under these Rules as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to the exercise of a right, power, authority, discretion or remedy by that other party.
- (e) A waiver is only effective in the specific instance and for the specific purpose for which it is given and subject to any specific terms and conditions as specified in the waiver.
- (f) This clause may not itself be waived except in writing.