

Share Appreciation Rights Plan Rules

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1 Introduction

1.1 Plan

The Plan is called the Alexium International Group Limited (“Alexium” Share Appreciation Rights Plan (“the Plan”)

1.2 Objects of Plan

The objects of the Plan are to:

- (a) provide an incentive and to reward, retain and motivate Participants;
- (b) recognise the abilities, efforts and contributions of Participants to the performance and success of the Group; and
- (c) provide Participants with the opportunity to acquire or increase their ownership interest in the Group.

1.3 Consequences

Participation in the Plan has legal, financial and tax consequences. Participants should ensure that they understand those consequences before accepting an Offer.

1.4 General Advice

Advice (if any) given by or on behalf of the Company is general advice only. Participants should obtain their own independent advice (at their own expense) on the legal, financial, taxation and other consequences to them associated with participation in the Plan.

2 Definitions and Interpretation

2.1 Definitions and Interpretation

In these Rules, unless the context otherwise requires:

“**Acceptance**” means the acceptance of an Offer by the Eligible Individual in accordance with rule 5.3.

“**Associated Body Corporate**” means each:

- (a) related body corporate of the Company, within the meaning of section 50 of the Corporations Act;
- (b) body corporate that has voting power in the Company of not less than 20%; or
- (c) body corporate in which the Company has voting power of not less than 20%,

where “voting power” has the meaning in section 610 of the Corporations Act.

“**ASX**” means the Australian Securities Exchange Limited ACN 008 624 691.

“**Bad Leaver**” is a Participant who ceases to be employed by the Group and who the Board has determined has:

- (a) committed any serious or persistent breach of any provisions of employment;
- (b) been convicted of any criminal offence which involves fraud or dishonesty;
- (c) engaged in any conduct which brings the Company into substantial disrepute;
- (d) committed any wrongful or negligent act or omission which has caused the Company substantial liability;
- (e) engaged in grave misconduct or recklessness in the discharge of the Participant’s duties;

- (f) become disqualified from managing corporations in accordance with Part 2D.6 of the Corporations Act or has committed any act that, pursuant to the Corporations Act, may result in the Participant being banned from managing a corporation; or
- (g) engaged in any other conduct which the Board reasonably considers to be analogous to, or having a substantially similar seriousness to, any of the circumstances specified in paragraphs (a) to (f) of this definition.

“Board” means the board of directors of the Company or a person or committee to whom the Board has delegated authority in accordance with Rule 17.2.

“Bonus Share” means a Share issued as a part of a pro rata bonus issue to shareholders of the Company.

“Business Day” means a day other than a Saturday, Sunday or public holiday in Melbourne.

“Capital Reconstruction” means any of the following events:

- (a) the Company issues Shares by way of capitalisation of profits or reserves;
- (b) the Company subdivides or consolidates its Shares;
- (c) the Company returns issued capital to holders of Shares;
- (d) the Company issues or cancels Shares on a pro-rata basis; or
- (e) the Company reorganises its issued capital in any other manner (other than in lieu of dividends or by way of dividend reinvestment).

“Change of Control Event” has the meaning ascribed to it in Rule 11.1

“Closing Price” means the 20-trading day volume weighted average price of a Share calculated as at the Vesting Date of the relevant SAR, or, if the Shares are not traded on ASX, the market value of a Share at that time as determined by the Board in its absolute discretion.

“Company” means Alexium International Group Limited ABN 91 064 820 408.

“Condition” means any or all Vesting Conditions and Forfeiture Conditions.

“Constitution” means the constitution of the Company.

“Control” has the meaning given to that term by section 50AA of the Corporations Act.

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

“Disposal Restriction” means the restrictions on disposal of a SAR set out in Rule 7.2 and the restrictions on disposal of a SAR Plan Share set out in Rule 7.4 (as applicable).

“Eligible Individual” means:

- (a) a Director (whether executive or non-executive) of any Group Company;
- (b) a full or part time employee of any Group Company;
- (c) a casual employee or contractor of a Group Company (but, if the Class Order is being relied on, only to the extent permitted by the Class Order); or
- (d) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under Rules (a), (b) or (c) above,

who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.

“Forfeiture Conditions” has the meaning given to that term in Rule 10.1.

“Good Leaver” means a Participant who ceases employment with the Group for reasons of ill-health, total and permanent disability, death, redundancy, retirement with the agreement of the Board or the sale by the Group of its interest in the Associated Body Corporate in which the Participant is employed such that it is no longer an Associated Body Corporate of the Company.

“Grant Date” means, in respect of a SAR, the date, specified in the offer pursuant to which the SAR is granted, as the date on which the SAR will be deemed to have been granted which will be, unless the Board otherwise determines, 20 trading days after the lodgement of the annual accounts of the Company with ASX.

“Group” means the Company and each Associated Body Corporate of the Company.

“Holding Lock” means a “holding lock” as defined in the Listing Rules.

“Leaver” means a Participant who ceases employment with the Group and who is not a Bad Leaver or a Good Leaver, including a Participant who ceases employment due to resignation or retirement, without the agreement of the Board.

“Listing Rules” means the official listing rules of the ASX.

“Market Value of a SAR” means the value of a SAR determined by a valuation methodology approved by the Board, having regard to the Vesting Conditions, the Opening Price, the prices at which the Company’s Shares trade on ASX and the risk and volatility of the ASX market in the Company’s Shares.

“Offer” means an offer of SARs made by the Company to an Eligible Individual under this Plan.

“Opening Price” means the 20-trading day volume weighted average price of a Share calculated as at the Grant Date, or, if the Shares are not traded on ASX, the market value of a Share at that time as determined by the Board in its absolute discretion.

“Participant” means an Eligible Individual to whom the Board has resolved to grant SARs under this Plan.

“Plan” means this Share Appreciation Rights Plan.

“Relevant Tax” has the meaning ascribed to it in Rule 21.3

“Restriction Period” means one year after the date on which a Share is issued on exercise of a SAR.

“Rules” means these rules.

“SAR” means a share appreciation right, being a right of a Participant to receive a future payment settled by issuing Shares (unless the Board in its absolute discretion otherwise determines) equal to the positive difference between the Opening Price and the Closing Price in accordance with this Plan.

“SAR Plan Share” means a Share issued on exercise of a SAR.

“Security Interest” means any mortgage, lien, encumbrance, charge, pledge, claim, trust arrangement, preferential right, right of set-off or other form of security interest or third-party interest of any kind.

“Share” means an ordinary share in the capital of the Company.

“Vesting Conditions” means a condition determined by the Board in accordance with Rule 9 and described in the Offer.

“Vesting Date” means in respect of a SAR, the date on which the last of the Vesting Conditions in respect of that SAR is satisfied, waived by the Board or is deemed to be satisfied under these Rules.

2.2 Words and expressions

In these Rules, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) words denoting any gender include all genders;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a Rule, paragraph, schedule or annexure is a reference to a Rule, paragraph, schedule or annexure to or of this document;
- (e) a reference to this document includes any schedules or annexures;
- (f) headings are for convenience and do not affect interpretation;
- (g) the introduction to these Rules is adopted as and forms part of these Rules;
- (h) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to “\$”, or “dollar” is a reference to United States currency;
- (j) a reference to a time is a reference to Australian Eastern Standard Time or Australian Eastern Daylight Time, whichever is appropriate;
- (k) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (l) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;
- (m) words and expressions denoting natural persons include bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;
- (n) a reference to any legislation or to any provision of any legislation includes:
 - (i) any modification or re-enactment of the legislation;
 - (ii) any legislative provision substituted for, and all legislation, statutory instruments and regulations issued under, the legislation or provision; and
 - (iii) where relevant, corresponding legislation in any Australian State or Territory;
- (o) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this document or any part of it; and
- (p) the words “including”, “for example”, “such as” or other similar expressions (in any form) are not words of limitation.

2.3 Other rules of interpretation

In this document, unless expressly provided otherwise:

- (a) **(Method of payment)** any payment of money by one party to another will be made in Australian currency by Bank cheque or by credit of cleared funds to a Bank account specified by the recipient;
- (b) **(Consents and approvals)** if the doing of any act, matter or thing requires the consent, approval or agreement of any party, that consent, approval or agreement may be given conditionally or unconditionally or withheld in that party’s absolute discretion; and
- (c) **(Business Day)** if:
 - (i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter, or thing will be done on the next Business Day; and

- (ii) any money falls due for payment on a date other than a Business Day, that money will be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period).

3 Duration of the Plan

- 3.1 Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Offers, the Plan will take effect when the Board decides.
- 3.2 The Board may suspend (either for a fixed period or indefinitely), end any period of suspension, terminate, or amend the Plan at any time, subject to any resolution of the Company required by the Listing Rules.
- 3.3 If the Plan terminates, is suspended, or is discontinued for any reason, the accrued rights of the Participants will not be prejudiced.

4 SARs

- 4.1 Subject to Rule 6, the Company may, at the discretion of the Board, make Offers and issue SARs to Eligible Individuals under the Plan.
- 4.2 Unless the Board otherwise determines, the number of SARs offered to an Eligible Individual will be determined as follows:

$$\frac{\text{LTI}\% \times \text{TRP}}{\text{MV}}$$

Where:

- LTI% = the percentage determined by the Board to be appropriate to provide as a long-term incentive to the Eligible Individual;
- TRP = the total fixed remuneration payable to an Eligible Individual in respect of a 12-month period; and
- MV = the Market Value of a SAR.

5 Offer to participate

- 5.1 An Offer must be made in writing and must include the following particulars:
- (a) the name of the Eligible Individual;
 - (b) the number of SARs being offered;
 - (c) the Market Value of a SAR;
 - (d) the manner in which the Opening Price and Closing Price in respect of the SARs are to be determined;
 - (e) the Grant Date;
 - (f) the Vesting Conditions applying to the SARs;
 - (g) the other Conditions (if any) applying to the SARs;
 - (h) the Disposal Restrictions applying to the SARs and the SAR Plan Shares;
 - (i) the closing date for accepting the Offer;
 - (j) any other terms and conditions the Board considers appropriate or which are required to be specified in the Offer by either the Corporations Act or the Listing Rules; and
 - (k) unless the tax laws applicable to the Plan have been changed, a statement that the SARs issued pursuant to the Offer, and in accordance with these Rules, are subject to deferred taxation pursuant to sub-division 83A-C of the *Income Tax Assessment Act 1997* (Cth).
- 5.2 An Offer is not transferable by an Eligible Individual.

- 5.3 If the Eligible Individual wishes to participate in the Plan, he or she must, on or before the closing date for accepting the Offer stated in the Offer (or any other date that the Company may allow either generally or in a particular case) do what is specified in the Offer in order to accept it.
- 5.4 An Offer lapses if it is not accepted by the Eligible Individual to whom the Offer is made as required under Rule 5.3.
- 5.5 An Eligible Individual may accept an Offer in whole or in part.
- 5.6 Upon receiving an Acceptance from an Eligible Individual, the Offer and Acceptance will become binding on the Grant Date and the Board will issue the relevant SARs to the Participant.
- 5.7 An Eligible Individual is not required to pay anything for the grant of SARs and is not entitled to any payment in respect of any part of an Offer which is not accepted.

6 Issue limitations

- 6.1 An Offer must not be made if the total number of Shares to be issued to Eligible Individuals pursuant to the following would exceed 5% of the number of Shares on issue at the time of the Offer:
- (a) the maximum number of Shares which would be issued on exercise of SARs which are the subject of the proposed Offer;
 - (b) the total maximum number of Shares which would be issued on exercise of SARs which are the subject of any outstanding Offers under this Plan or any other employee share plan of the Company; but
 - (c) the total number of new Shares issued in the previous three years pursuant to this Plan or any other employee share plan of the Company (adjusted if necessary in each case for Capital Reconstruction),
- excluding any offer made or SARs granted or Shares issued by way of or as a result of:
- (i) an offer made under a disclosure document as defined in the Corporations Act; and
 - (ii) the total number of SARs granted or Shares issued pursuant to this Plan that have subsequently been forfeited.
- 6.2 No Offer will be made to the extent that any such Offer would contravene the Constitution, the Listing Rules, the Corporations Act or any other applicable law.
- 6.3 An Offer must not be made to an Eligible Individual if the maximum number of Shares which would be issued to the Eligible Individual on exercise of the SARs would result in the Eligible Individual:
- (a) holding a beneficial interest in more than 10% of the Company; and
 - (b) being in a position to cast, or to control the casting of, more than 10% of the maximum votes that might be cast at a general meeting of the Company

7 Disposal restrictions

- 7.1 SARs and SAR Plan Shares are subject to Disposal Restrictions.

- 7.2 A Participant must not sell, transfer, grant a Security Interest over, or otherwise dispose of a SAR, or agree to do any of those things, without the consent of the Board or as expressly permitted under the terms of the Plan.
- 7.3 If a Participant purports to deal with a SAR in breach of Rule 7.2, the SAR will immediately lapse, unless the Board otherwise determines.
- 7.4 SAR Plan Shares are subject to the following restrictions for the Restriction Period:
- (a) a Participant must not sell, transfer, grant a Security Interest over, or otherwise dispose of any such Shares, or agree to do any of those things, without the consent of the Board or as expressly permitted under the terms of the Plan; and
 - (b) the Company may implement any procedures it considers appropriate to ensure that such Shares are not sold, transferred or otherwise disposed of in breach of Rule 7.4(a), including applying a Holding Lock in respect of those Shares.
- 7.5 After the Restriction Period has expired in respect of a SAR Plan Share, that share will cease to be a SAR Plan Share.

8 Conditions generally

- 8.1 The Board may determine that SARs offered will be subject to such Conditions as are detailed in the Offer.
- 8.2 The Board may determine at any time that any or all of the Conditions and Disposal Restrictions applicable to any or all of a Participant's SARs or have been removed or, in the case of Vesting Conditions, have been deemed satisfied.

9 Vesting Conditions

- 9.1 The Board may determine and impose conditions on a SAR that relate to the continuing employment of the Participant at the end of a specified time period and which must be satisfied or waived before a SAR may be exercised under the Rules.
- 9.2 The Board may apply different Vesting Conditions to one or more SARs granted to a Participant.
- 9.3 Any Vesting Conditions applicable to a SAR must be specified in the relevant Offer made to an Eligible Individual.

10 Forfeiture Conditions

- 10.1 Unless determined otherwise by the Board, while SARs are held by a Participant, they are subject to forfeiture if any of the following conditions (**Forfeiture Conditions**) are satisfied:
- (a) if the Participant is determined by the Board to be a Bad Leaver, on the cessation of their employment all rights, entitlements and interests in any SARs held by the Participant will be forfeited;
 - (b) if the Participant is determined by the Board to be a Leaver, on the cessation of their employment, all rights, entitlements, and interests in any SARs held by the Participant will normally be forfeited, subject to the Board's discretion to permit some or all of those SARs to vest having regard to the Board's assessment of the circumstances in which the Participant has ceased employment; and
 - (c) if the Participant is determined by the Board to be a Good Leaver, on the cessation of their employment, SARs will vest pro rata to the proportion of the period from the Grant Date to the date the Vesting Conditions are required to be satisfied that has elapsed as at that date, and all rights, entitlements and interests in any remaining unvested SARs held by the Participant will normally be forfeited, subject to the Board's discretion to permit some or all of those SARs to vest having regard to the Board's assessment of the circumstances in which the Participant has ceased employment; and

- (d) if, in the opinion of the Board, any of the Vesting Conditions have not been or cannot be satisfied for any reason, all of the Participant's SARs which are subject to those Vesting Conditions will be forfeited.

10.2 The Board may waive any or all of the Forfeiture Conditions.

10.3 A Participant will not be entitled to any compensation, damage, or other amounts in respect of SARs which have been forfeited.

11 Change of Control

11.1 A "**Change of Control Event**" occurs in the following circumstances:

- (a) an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Control of the Company;
- (b) the Court sanctions a compromise or arrangement relating to the Company for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (c) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation;
- (d) any other reorganisation of the Group which results in a Participant ceasing to be an Eligible Individual; or
- (e) any other event which the Board reasonably considers should be regarded as a Change of Control Event.

11.2 If the Company becomes, or in the opinion of the Board is likely to become, subject to a Change of Control Event, all unvested SARs will vest, whether or not any or all applicable Vesting Conditions have been met, on the occurrence of a Change of Control Event so that the Participant may participate in the Change of Control Event.

12 Cancellation, Buyback and Lapsing of SARs

12.1 Notwithstanding any other provisions of these Rules and subject to the Listing Rules, if a Participant and the Board agree that some or all SARs granted to that Participant may be cancelled on a specified date or on the occurrence of a specified event, the Board may cancel those SARs on the relevant date or on the occurrence of the relevant event (as the case may be) for no consideration. The Participant will do all such things as the Board reasonably requires giving effect to any such cancellation.

12.2 Subject to the Listing Rules and compliance with all application laws, the Company may buy-back SARs for an amount agreed with the Participant at any time (which, if the Shares are listed on ASX, must not exceed the price at which shares last traded on ASX on the trading day immediately prior to the date of the agreement with the Participant). The Participant will do all such things as the Board reasonably requires giving effect to any such buy-back.

12.3 Unless the Board otherwise determines, a SAR in respect of which the Vesting Conditions are not satisfied, waived by the Board, or deemed by these Rules to have been satisfied as at the relevant date for such satisfaction will lapse automatically at 5.00pm (Melbourne time) on the relevant date for such satisfaction.

12.4 A Participant will not be entitled to any compensation, damage or other amounts in respect of SARs which have lapsed.

13 Exercise and settlement of SARs

- 13.1 A SAR will vest if and when any Vesting Conditions applicable to that SAR have been satisfied, waived by the Board, or are deemed to have been satisfied under these Rules.
- 13.2 A SAR will be deemed to have been exercised at 5.00pm (Melbourne time) on the Vesting Date of that SAR, or on such other date as the Board may agree.
- 13.3 Where required by the Company in accordance with Rule 21.3, the Participant will make payment in full of the Relevant Tax the Company is required to remit because of the exercise of the SAR. The payment received by the Company will be held on behalf of the Participant and remitted to the appropriate taxing authority by the Company on behalf of the Participant.
- 13.4 Upon exercise of SARs in accordance with Rule 13.2, the Board will determine whether the Company will:
- (a) allot and issue the number of SAR Plan Shares for which the Participant is entitled to acquire through the exercise of the SARs and/or
 - (b) make a cash payment to the Participant of all or part of the amount which would otherwise be settled by the issue of SAR Plan Shares.

The outcome of the Board's determination under this Rule 13.4 will be communicated to the Participant in writing before the completion of the exercise of SARs.

- 13.5 On completion of the exercise of SARs:
- (a) the SARs will automatically lapse;
 - (b) the Company will within 10 Business Days of completing the calculations in accordance with Rules 13.6 or 13.7:
 - (i) allot and issue the relevant SAR Plan Shares in accordance with Rule 13.4(a); and/or
 - (ii) make the cash payment to or on behalf of the Participant in respect of the SARs in accordance with Rule 13.4(b);
 - (c) the Company will issue a substitute Certificate for any remaining SARs.

- 13.6 The number of SAR Plan Shares to be provided to a Participant on exercise of a SAR in accordance with Rule 13.4(a) will be calculated as follows (fractions of a Share being disregarded):

$$\frac{CP - OP}{CP} \times N$$

Where:

- CP = the Closing Price of the SAR;
- OP = the Opening Price of the SAR; and
- N = the total number of vested and exercised SARs in respect of which SAR Plan Shares are to be issued in accordance with Rule 13.4(a).

- 13.7 Where a cash payment is to be made in respect of vested and exercised SARs in accordance with Rule 13.4(b), the cash payment to be made to a Participant will be calculated as follows:

$$(CP - OP) \times N$$

Where:

- CP = the Closing Price of the SAR;
- OP = the Opening Price of the SAR; and
- N = the total number of vested and exercised SARs in respect of which a cash payment is to be made in accordance with Rule 13.4(b).

The resulting value will be paid in cash to the Participant less any Tax, or superannuation required to be withheld to meet the minimum amount required to be contributed by the Company or any company in the Group under Federal superannuation laws to avoid the imposition of a

superannuation guarantee charge. Any superannuation contributions deducted from all or part of any cash payment will be paid into an eligible choice fund of a Participant's choice or the Company's default fund where a Participant has not nominated an eligible choice fund.

- 13.8 For the avoidance of doubt, if, at the date of exercise of a SAR, the Closing Price in respect of the SAR is equal to or less than the Opening Price of the SAR, no allotment and issue or payment of cash will be made or due under the Plan in respect of the SARs so exercised and those SARs will lapse in accordance with Rule 12.

14 Rights attaching to SAR Plan Shares

- 14.1 Subject to Rule 14.2, a Participant is entitled to any rights which accrue to SAR Plan Shares held by the Participant and may deal with those rights in accordance with the terms of these Rules and the Offer.
- 14.2 SAR Plan Shares acquired under the Plan rank equally in all respects with all Shares of the same class which have a record date for determining entitlements on or after the date of issue of the SAR Plan Shares.
- 14.3 Subject to Rule 14.4, a Participant is entitled to any Bonus Shares which accrue to any SAR Plan Shares held by the Participant.
- 14.4 Upon issue of Bonus Shares to a Participant, the Bonus Shares are deemed, for the purposes of the Plan, to be Shares which were issued to the Participant at the time the SAR Plan Shares to which the Bonus Shares accrued were issued to the Participant and are therefore bound by the same terms and conditions applicable to those SAR Plan Shares including Disposal Restrictions.
- 14.5 A Participant may exercise any voting rights attaching to SAR Plan Shares registered in the Participant's name.

15 Capital Reconstruction

- 15.1 If a Capital Reconstruction occurs, the Board may adjust the number of SARs to which a Participant is entitled and/or the Opening Price of the SAR in a similar manner to that required for options under the Listing Rules.
- 15.2 In the application of this Rule 15 and subject to the Listing Rules, 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.

16 Listing

- 16.1 Unless otherwise determined by the Board, SARs granted under the Plan will not be quoted on ASX or any other stock exchange.
- 16.2 If the Company is listed on ASX, as soon as practicable after the date of issue of SAR Plan Shares, the Company will, unless the Board otherwise resolves, apply for official quotation of those SAR Plan Shares on the ASX.
- 16.3 The Company may use a Holding Lock (or any other mechanism that it deems appropriate), to enforce the terms and conditions of the SAR Plan Shares.
- 16.4 The provisions of the Listing Rules apply to the Plan, and to the extent that the Plan and the Rules are inconsistent, the Listing Rules apply.

17 Administration of the Plan

- 17.1 In administering the Plan:

- (a) the Board will comply with these Rules, the Constitution and any applicable laws;
- (b) no act will be done or determination made in accordance with these Rules where to do so would be a breach of any applicable laws, Listing Rules, or the constituent documents of the Company and where any such act is done or determination made, it will be considered voidable and to the extent possible be unwound and of no effect in respect of the SARs or SAR Plan Shares (as applicable);
- (c) every exercise of a power or discretion by the Company or the Board and any decision by the Company or the Board regarding the interpretation, effect or application of these Rules:
 - (i) is made at its absolute and sole discretion;
 - (ii) may be made at any time; and
 - (iii) is final, conclusive and binding; and
- (d) the Board may exercise any power or discretion conferred on them by these Rules in the interest of, or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

17.2 The Board may delegate some or all of its powers and functions under the Plan to a person or to a committee of two or more persons. Where the Board has delegated a power or function to a person or to a committee, references in this Plan to the Company or Board in relation to that power or function will be read as references to that person or committee.

17.3 Any communication received by the Company from a Participant's duly appointed legal representative will be deemed a communication from the Participant. The Board reserves the right to make any inquiries or investigations that are necessary to satisfy itself, should there be any doubt, that the representative has been properly appointed.

17.4 Nothing in these Rules:

- (a) confers on a Participant the right to receive any SAR Plan Shares;
- (b) confers on a Participant the right to continue as an Eligible Individual;
- (c) affects any rights which the Company may have to terminate the employment of any Eligible Individual; or may be used to increase damages in any action brought against the Company in respect of any such termination.

17.5 These Rules, any determination of the Board made pursuant to the Rules, and the terms and conditions of any SARs or SAR Plan Shares granted under the Plan will be deemed to form a contract between the Company and the Participant in a court of competent jurisdiction. Each party will in addition to damages be able to seek specific performance of the contract between them as far as specific performance is applicable under a court of competent jurisdiction.

17.6 The Participant irrevocably appoints the person who from time to time occupies the position of secretary of the Company (or the secretary's authorised delegate) as his or her attorney to complete and execute any documents including share transfers and to do all acts or things in his or her name on his or her behalf which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules.

17.7 The Participant covenants that the Participant will ratify and confirm any act, or thing done, pursuant to power granted to the attorney (or the attorney's duly authorised delegate) under Rule 17.6 and will indemnify the attorney (or his duly authorised delegate) in respect of any or act, or thing done, by the attorney in exercising the power.

17.8 Where a grant of SARs is made under this Plan to an Eligible Individual who does not reside in Australia, the Rules of the Plan apply subject to any alterations or additions as the Board sees fit having regard to any applicable laws, matters of convenience or similar factors which may have application to the Eligible Individual or to the Company in relation to the grant.

18 Alteration of the Plan

- 18.1 Subject to Rule 18.2 and any restrictions imposed under the Listing Rules, the Board may at any time and from time to time amend or vary these Rules and all or any rights or obligations of the Participants or any of them provided that, subject to the other provisions of the Plan.
- 18.2 No addition, repeal, amendment, alteration or variation of these terms and conditions will:
- (a) without the Participant's consent in writing, materially reduce the Participant's accrued benefits or entitlements as they existed before the date of the amendment;
 - (b) without the Participant's consent in writing, impose additional obligations on the Participant in respect of his or her SARs or SAR Plan Shares; or
 - (c) repeal, amend, alter or vary this Rule 18.2, unless the addition, repeal, amendment, alteration or variation is introduced primarily:
 - (d) for the purpose of complying with or conforming to present or future laws or regulating the maintenance or operation of the Plan or like plans;
 - (e) to correct any manifest error or mistake; or
 - (f) to enable the Plan or the Company to comply with the Corporations Act, the Listing Rules or its Constitution.
- 18.3 Any amendment made pursuant to Rule 18.1 may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

19 Other schemes

- 19.1 The Company and Group are not restricted to using the Plan as the only method of providing incentive rewards to Eligible Individuals and may approve other incentive schemes.
- 19.2 Participation in the Plan does not affect, and is not affected by, participation in any other incentive scheme of the Company or Group unless the terms of that incentive scheme provide otherwise and unless participation in any other incentive scheme of the Company or Group would have the effect of exceeding the issue limitations set out in Rule 6.1.

20 Effect of participation

- 20.1 Nothing in these Rules:
- (a) confers on any Participant the right to continue to be engaged as an employee of the Company or any member of the Group;
 - (b) affects any rights which the Company or any member of the Group may have to terminate the employment of any employee; or
 - (c) may be used to increase damages in any action brought against the Company in respect of any such termination.
- 20.2 Participants issued SARs and SAR Plan Shares under this Plan are bound by these Rules and by the Constitution of the Company.

21 Transaction costs and taxation

- 21.1 The Company may, but is not required to, bear all brokerage, commission, or other transaction costs (if any) payable by a Participant in relation to acquisition of Shares under the Plan.
- 21.2 Neither the Company nor its directors, officers, employees, representatives, or agents take any responsibility or assume any liability for the taxation liabilities of Participants.
- 21.3 Upon the exercise or buy-back of a SAR, the Participant must make arrangements satisfactory to the Company regarding payment of any applicable taxation liabilities of the Participant in

connection with the exercise or buy-back of the SAR. If the Company is required to remit an amount to a taxation authority on account of taxes payable by or on behalf of the Participant in respect of the exercise or buy-back of the SAR (**Relevant Tax**), the Board may, in its discretion, do any of the following:

- (a) retain and withhold amounts from any amount or amounts owing to the Participant, whether under this Plan or otherwise;
- (b) require the Participant to pay to the Company the Relevant Tax as a condition of exercise of the SAR by the Participant, with the payment received by the Company will be held on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant; and/or
- (c) withhold from the SAR Plan Shares otherwise deliverable to the Participant on exercise of the SAR such number of Shares as have a market value not less than the Relevant Tax and cause such withheld Shares to be sold on the Participant's behalf to fund the Relevant Tax, in which case:
 - (i) the Company will not be responsible for obtaining any particular price for the Shares;
 - (ii) the proceeds of any Shares sold will be held by the Company on behalf of the Participant and remitted to the appropriate taxing authority by the Company on behalf of the Participant; and
 - (iii) any proceeds from that sale in excess of the Relevant Tax will be promptly paid to the Participant.

22 Notices

22.1 All notices or other communications required to be given by a party must be

- (a) in writing;
- (b) signed by a person duly authorised by the sender or, where transmitted by e-mail, sent by a person duly authorised by the sender;
- (c) directed to the intended recipient's address; and
- (d) hand delivered, sent by prepaid post or transmitted by e-mail or facsimile to that address.

22.2 A notice given in accordance with this Rule 22 is taken as having been given and received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, either:
 - (i) on the day on which the relevant postal service estimates delivery will occur, or
 - (ii) on the first day of the period during which the relevant postal service estimates delivery will occur,based on the most recent estimate published by the relevant postal service as at the date on which the notice is sent;
- (c) if transmitted by e-mail, on transmission; or
- (d) if transmitted by facsimile, at the time recorded on the transmission report indicating successful transmission of the entire notice,

but if the delivery or transmission is not on a Business Day or is after 5.00pm (recipient's time) on a Business Day, the notice is taken to be received at 9.00am (recipient's time) on the next Business Day.

22.3 Any notice given under or for the purposes of these terms and conditions will be given in writing, signed, and addressed to:

- (a) in the case of the Company — a director or secretary of the Company at such address as is nominated by the Company; or

- (b) in the case of an Eligible Individual or Participant — the Eligible Individual or the Participant at the address nominated by the Eligible Individual or the Participant.

23 Governing law

The Plan, the Rules and the operation of the Plan shall be governed by the laws of the State of Victoria and the Company, each Eligible Individual and each Participant submits to the non-exclusive jurisdiction of the courts of that State.