

Service Rights Conditions Term Sheet

1. Offer Conditions:

Grant Date	14 th November 2014
Number of Service Rights	As Outlined in Appendix 1
Exercise Price	\$Nil
Vesting Date	Vesting of Service Rights to be in two (2) tranches at the first and second anniversary of the Grant Date
Vesting Percentage	66.67% on the first anniversary of the Grant Date 33.33% on the second anniversary of the Grant Date
Service Vesting Condition	Service Rights to vest and become available for exercise depend on you meeting the Service Vesting Condition. For the 2014 IPO Invitation for Service Rights that condition is continuous employment with Simonds Group Limited from Grant Date to the relevant Vesting Date (for each Tranche) for the Service Rights (of each Tranche) unless your employment is terminated due to:
	Death or permanent disability: All unvested Service Rights immediately vest.
	Redundancy: All unvested Service Rights immediately vest.
	Resignation or Retirement: All unvested Service Rights immediately lapse, unless the Board determines otherwise.
	Cause: All unvested Service Rights immediately lapse, unless the Board determines otherwise.
	In order for the Service Rights to vest and become available for exercise is dependent on you meeting the Service Vesting Condition.
Other Conditions	This Offer is subject to the acceptance of your 2014/15 STIP .
Expiry Date	30 days after the Vesting Date, unless lapsed earlier

2. Exercise of Service Rights and shares in the SGL Employee Share Trust:

Your Service Rights will be available for exercise once the Vesting Conditions have been met.

On completion of the exercise of Service Rights:

- your Service Rights will lapse; and
- the Board will instruct the Trustee of the SGL Employee Share Trust (EST Trustee) to **acquire** the number of Simonds Group Limited shares which you are entitled to through the exercise of the Service Rights, and the EST Trustee will hold those Shares on your behalf.

While the shares are held by the EST Trustee on your behalf, if the Board determines that you:

- have committed an act of fraud;
- are ineligible to hold your office for the purposes of Part 2D.6 of the Corporations Act; or
- are found to have acted in a manner that the Board considers to be gross misconduct,

you will forfeit any right or interest in the Shares and the Board will notify the EST Trustee accordingly.

3. Other Conditions

3.1 This offer should be read in conjunction with the:

- Simonds Group Employee Share Plan Rules;
- IPO Offer of Service Rights Participant Guide; and
- SGL Employee Share Trust Deed.

3.2 Unvested Service Rights may in certain circumstances vest early, in accordance with the terms of the Simonds Group Employee Share Plan Rules and your Employment Agreement that may apply from time to time, as approved by the Board.

3.3 All unvested Service Rights lapse immediately.

3.4 Dealing in Shares is subject to the constraints of Australian insider trading laws and the Simonds Group Share Trading Policy. Participants are required to contact **Simonds Group Human Resources** if they have any questions about how these constraints apply.

3.5 Participants are specifically prohibited from hedging their Simonds Group Limited share price exposure in respect of their Service Rights during the vesting period.

3.6 If, in the Board's opinion, you have acted fraudulently or dishonestly or are in breach of your material obligations to Simonds Group Limited, the Board may determine that any or all of your Service Rights which have not yet vested, lapse.

For the purposes of the Rules:

Simonds Group Limited or SGL means Simonds Group Limited or any related entity (as defined in the *Corporations Act 2001* (Cth) and “**Simonds Group Company**” means any of them.

“**Board**” means the Board of Simonds Group Limited.

Rules

1. Who is eligible?

Only invited senior executives of Simonds Group Companies who meet the Board’s criteria (which it may determine from time to time in its sole discretion) are eligible to participate in the **IPO Offer of Service Rights**.

2. Service Conditions

Subject to the provisions dealing with Change of Control and termination of employment set out below, to be eligible for a Payment under the **IPO Offer of Service Rights** you must be employed by a Simonds Group Company at time of vesting of **Service Rights**.

3. Conditions and IPO Offer of Service Rights

The IPO Offer of Service Rights is subject to the conditions set out in the attached **Service Rights Conditions Term Sheet Appendix A**.

4. What happens if my employment with a Simonds Group Company is terminated?

The Simonds Group Employment Agreement will apply.

Participation in the **IPO Offer of Service Rights** is dependent on you accepting these conditions of offer.