

PRE-QUOTATION DISCLOSURE ANNOUNCEMENT

Adherium Limited ACN 605 352 510 (Adherium) completes IPO and ASX listing

- Adherium has successfully closed its IPO capital raising - having received applications in excess of the maximum subscription permitted under its IPO prospectus of \$35 million
- Commencement shortly of official quotation for Adherium's fully paid ordinary shares on ASX Limited (ASX).

Melbourne, 26 August 2015: Digital health company Adherium Limited (ASX:ADR) has successfully closed its capital raising under its IPO prospectus, having received applications in excess of the permitted maximum subscription level of \$35 million.

The following information is given for release to the market in connection with the commencement of official quotation of Adherium's fully paid ordinary shares on the Official List of the ASX Limited.

Unless otherwise defined in this notice, capitalised terms used in this notice have the meanings given to them in the prospectus lodged by Adherium with the Australian Securities and Investment Commission (ASIC) on 3 August 2015 (Prospectus).

1. Close of IPO Offer and issue of shares / options

Adherium confirms its IPO Offer has closed and that:

- The share swap agreement between Adherium Limited and the shareholders of Adherium (NZ) Limited has completed and the non-interest bearing Convertible Notes issued by Adherium (NZ) Limited have been converted to Adherium Limited shares – with the result that in aggregate Adherium has now issued 70 million fully paid ordinary shares to the shareholders of Adherium (NZ) Limited and the holders of the Convertible Notes (as outlined in the Prospectus);
- Adherium has also now issued 70,000,000 fully paid ordinary shares to successful IPO applicants under its Prospectus at an issue price of \$0.50 per share.

2. Options issued under Adherium's Executive Share Option Plan and adoption of Employee Share Plans

The prior options granted by Adherium (NZ) Limited have now been cancelled and in consideration Adherium has issued 9,504,382 options under its Executive Share Option Plan. A full copy of the Company's Executive Share Option Plan is contained in Annexure 1.

In addition as outlined in the Prospectus the Company has adopted two employee share plans (Australia and New Zealand). Full copies of each of the plans are also attached in Annexure 1.

3. Capital structure and escrow

With completion of the IPO allotments under the Prospectus, the Company's share capital will consist of:

- 140 million fully paid ordinary shares;

- 9,504,382 options granted under its Executive Share Option Plan; and
- 1,400,000 options to the Company's broker Bell Potter Securities Limited.

As part of the Company's sponsoring broker mandate with Bell Potter, voluntary restriction agreements have been entered into by those shareholders which have holdings constituting 2% or more of the pre IPO issued shares – pursuant to which those shareholders will hold their pre IPO ordinary shares for a period of at least 12 months from the date of admission of the Company to the ASX Official List. The aggregate number of ordinary shares which are the subject of those voluntary restrictions is 24,924,886.

Further as part of the admission of Adherium to the ASX Official List restriction agreements have been entered into by certain shareholders under which trading in the following securities is limited:

Security class	Number of securities	Restriction period
Ordinary shares held by ASX classified promoters or related parties	33,696,273	24 months from listing date
Options held by ASX classified promoters or related parties (including the Bell Potter 1,400,000 options)	5,859,371	24 months from listing date
Ordinary shares held by non-related parties	388,184	12 months from date of issue

4. Working capital / financial position

The Company confirms there has been no material change to the financial position as outlined in Prospectus (other than in the ordinary course of business) or to expenditure program as outlined in the Prospectus.

The Directors reaffirm the statement made in the Prospectus that, in the opinion of the Directors, on completion of the Adherium IPO Offer, Adherium will have sufficient working capital to carry out its objectives as stated in the Prospectus.

5. Appointment of Joint Company Secretary

Since the close of the offer under the Prospectus, the Company has appointed Mr Rob Turnbull joint company secretary.

He joins Ms Bronwyn Le Grice as joint company secretary.

6. Documents released on ASX announcements platform

The following documents have been released on the ASX announcements platform as pre-listing disclosures by Adherium:

- The Prospectus
- The Adherium Constitution
- Adherium's Corporate Governance Policy and a Corporate Governance Compliance Statement
- The Company's Security Trading Policy
- Adherium's Appendix 1A and Information Form and Checklist
- Distribution schedule on IPO allotment

- A list of the top 20 shareholders as at conclusion of the IPO allotment
- Financial accounts for Adherium (NZ) Limited for the financial years ending 31 March 2013 (unaudited), 2014 (audited) and 2015 (audited).

7. Further information

For further detail on any of the matters referred to in this notice please see the Adherium Prospectus available on the ASX website, the pre-listing disclosures made by Adherium or contact your professional adviser.



**Garth Sutherland
Group Chief Executive Officer
Adherium Limited**

Annexure 1 – Company's Executive Share Option Plan and Employee Share Plans

Executive Share Option Plan Rules

**Adherium Limited
ACN 605 352 510**

Adherium Executive Share Option Plan

1. The plan

The purpose of the Plan is to provide Eligible Employees with an incentive to remain with the Group and to improve the longer-term performance of the Company and its return to shareholders. It is intended that the Plan will enable the Group to retain and attract skilled and experienced employees and provide them with the motivation to make the Group more successful.

2. Eligibility

The Board may determine at any time that any Eligible Employee is not entitled to participate in the Plan if the Eligible Employee's participation would be unlawful.

3. Participation

3.1 Invitation to participate

Subject to these rules, the Board at its sole discretion may invite any Eligible Employee selected by it to complete an Application Form relating to a specified number of Options allocated to that Eligible Employee by the Board.

3.2 Application form

The Board must give to each Eligible Employee selected under rule 3.1 above, an Application Form together with an offer letter which sets out the following information relating to the Options proposed to be allocated to the Eligible Employee:

- (a) the date of grant or intended date of grant;
- (b) the total number of Options to be granted;
- (c) the Exercise Period;
- (d) the Exercise Price or the method of determining the Exercise Price;
- (e) the Exercise Conditions attaching to the Options (if any);
- (f) the Disposal Restrictions attaching to any Shares issued on exercise (if any);
- (g) the Forfeiture Conditions attaching to the Options (if any);
- (h) any other terms and conditions relating to the grant which, in the opinion of the Board, are fair and reasonable but not inconsistent with these rules;
- (i) in respect of the initial grant made to an Eligible Employee, a summary, or a copy of these rules; and
- (j) any other information or documents required to be notified to the Eligible Employee by the Corporations Act or the Listing Rules.

3.3 Nominee

Eligible Employees may nominate for their Options to be granted to a nominee (provided that the disclosure relief in section 708(12) of the Corporations Act would extend to that nominee) however the Board reserves the absolute discretion to refuse to issue the Options to the proposed nominee.

3.4 Participant bound by application form, rules and constitution

By completing and returning the Application Form, a Participant agrees (and if an election has been made by an Eligible Employee under rule 3.3 above, the Eligible Employee agrees) to be bound by the terms of the Application Form, these rules and the Constitution.

4. Grant of options

4.1 Grant of options

The Board may only grant Options to a Participant following receipt of a duly signed and completed Application Form from the Participant.

4.2 No payment for options

Unless otherwise determined by the Board, no payment is required for the grant of Options under the Plan.

4.3 Options non-transferable

An Option granted under the Plan is not capable of being transferred or encumbered by a Participant, unless the Board determines otherwise. The Company has no obligation to apply for quotation of the Options on the ASX.

4.4 Option certificate

The Company must issue a Certificate to a Participant in respect of the Options granted to that Participant. The Company must comply with the provisions of the Constitution, the Listing Rules and the Corporations Act relating to the issue of the Certificate.

5. Exercise of options

5.1 Manner of exercise of options

The exercise of any Option granted under the Plan may only be effected in such form and manner as the Board may prescribe which may include the automatic exercise of Options.

5.2 Exercise conditions

Subject to rules 5.3 and 6, an Option granted under the Plan may only be exercised:

- (a) if all the Exercise Conditions have been met;

- (b) if the Exercise Price has been paid to the Company or as the Company may direct; and
- (c) within the Exercise Period relating to the Option.

An Option granted under the Plan may not be exercised once it has lapsed.

5.3 Total Control or Control Event

Notwithstanding rule 5.2:

- (a) an Option may be exercised, whether or not any or all applicable Exercise Conditions have been met, on the occurrence of a Total Control Event; and
- (b) the Board may determine that an Option may be exercised, whether or not any or all applicable Exercise Conditions have been met, on the occurrence of a Control Event.

5.4 Issue or transfer of shares on exercise

Following exercise of an Option by a Participant, the Company must, within such time as the Board determines, allot and issue or procure the transfer to the Participant of the number of Shares in respect of which the Option has been exercised, credited as fully paid.

5.5 Shares rank equally

Subject to the satisfaction of any applicable Disposal Restrictions, Shares allotted and issued under the Plan must rank equally in all respects with all other Shares from the date of allotment and issue, including:

- (a) voting rights; and
- (b) entitlements to participate in:
 - (i) distributions and dividends; and
 - (ii) future rights issues and bonus issues,

where the record date for determining entitlements falls on or after the date of allotment and issue.

5.6 Quotation on ASX

The Company must apply for quotation on the official list of the ASX of Shares allotted and issued on the exercise of Options as soon as practicable after the allotment and issue of those Shares, so long as Shares are quoted on the official list of ASX at that time.

5.7 Financial assistance

The Company may financially assist a person to pay any Exercise Price for an Option, subject to compliance with the provisions of the Corporations Act and the Listing Rules relating to financial assistance.

5.8 Withholding

- (a) If the Company or any member of the Group has an obligation in relation to a tax liability associated with the grant or vesting of any Option (**Tax Liability**), then the Company may sell a sufficient number of Shares, post vesting or exercise of the Option, to cover the Tax Liability.
- (b) A Participant may enter into alternative arrangements, if acceptable to the Board, to settle any Tax Liability.

6. Cessation of appointment/employment and lapsing of options

6.1 Resignation and dismissal for cause or poor performance

- (a) Subject to rule 6.1(b), if a Participant ceases to be appointed as director or employed or engaged by any member of the Group due to his or her resignation, termination, dismissal for cause or poor performance or in any other circumstances determined by the Board:
 - (i) all Options granted to that Participant as at the date of cessation which are Vested Options will lapse on the date of cessation, unless the Board determines otherwise, in which event the Board will determine the period within which those other Options may be exercised following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those other Options will lapse; and
 - (ii) all other Options granted to that Participant will lapse as at the date of cessation, unless the Board determines otherwise.
- (b) The Board in its absolute discretion may determine that rule 6.1(a) will not apply to a Participant in which case rule 6.2 will apply to that Participant.
- (c) Clauses 6.1 (a) and 6.2 do not apply where the person holds Options issued under this Plan as replacement Options for options the person previously held under a share option plan operated by Nexus6 Limited (**Nexus6 ESOP**) and the options under the Nexus6 ESOP did not lapse under the Nexus6 ESOP when that person ceased to be appointed as director or employed or engaged by any member of Nexus6 Limited.

6.2 Cessation for any other reason

Subject to clause 6.1(c), if a Participant ceases to be appointed or employed by any member of the Group for any reason other than those contemplated by rule 6.1 or in any other circumstances determined by the Board:

- (a) all Options granted to that Participant as at the date of cessation which are Vested Options may be exercised by that Participant in the 90 day period following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those Vested Options will lapse; and

- (b) all other Options granted to that Participant will retain their original vesting date (subject to the satisfaction of any performance conditions), although the Board may:
 - (i) pro rata the Participant's Options at cessation to reflect the portion of the vesting period for which the Participant has been employed; or
 - (ii) accelerate the vesting of the Participant's Options, subject to any Corporations Act and Listing Rules requirements.

6.3 Liquidation

On Liquidation, all Options which are not Vested Options will lapse.

6.4 Fraud

If, in the opinion of the Board, a Participant (or, where a Participant is a person nominated by an Eligible Employee, the executive or director who nominated the Participant) has acted fraudulently or dishonestly, the Board may determine that any Option granted to that Participant should lapse, and the Option will lapse accordingly.

6.5 Forfeiture conditions

An Option will lapse on the occurrence of a Forfeiture Condition relating to that Option, unless the Board determines otherwise.

6.6 Lost Options

A Participant may submit a request to the Board that an Option granted to that Participant should lapse. On receipt of that request, the Board may determine that the Option should lapse, in which case the option will lapse accordingly.

6.7 End of exercise period

If an Option has not lapsed earlier in accordance with this rule 6, it will lapse at the end of the Exercise Period.

7. Changes in circumstances

7.1 Reconstruction

In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company, the number of Options to which each Participant is entitled and/or the Exercise Price of those Options must be reconstructed in accordance with the Listing Rules. Options must be reconstructed in a manner which will not result in any additional benefits being conferred on Participants which are not conferred on other shareholders of the Company.

7.2 Participation in new issues

Subject to the Listing Rules, a Participant is only entitled to participate (in respect of Options granted under the Plan) in a new issue of Shares to existing

shareholders generally if the Participant has validly exercised his or her Options within the relevant Exercise Period and become a Shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder.

7.3 Adjustment to exercise price - rights issues

Subject to the Listing Rules, if there is a Pro Rata Issue (except a Bonus Issue) to the holders of Shares, the Exercise Price of an Option will be reduced according to the following formula:

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

where:

- O' = the Exercise Price immediately following the adjustment;
- O = the Exercise Price immediately prior to the adjustment;
- E = the number of Shares into which one Option is exercisable;
- P = the average market price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date;
- S = the subscription price for a Share under the Pro Rata Issue;
- D = any dividend due but not yet paid on a Share (except any Share to be issued under the Pro Rata Issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

7.4 Adjustment to number of underlying securities - bonus issues

Subject to the Listing Rules, if there is a Bonus Issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the Bonus Issue.

8. Amendment

Subject to the Listing Rules, these rules may be amended or supplemented by resolution of the Board. Unless the resolution of the Board expressly states otherwise, any amendment or supplement to these rules will not apply to any Options granted under these rules which have not yet been exercised.

9. Powers of the Board

9.1 Powers of the Board

The Plan will be managed by the Board, which will have power to:

- (a) determine appropriate procedures for the administration of the Plan consistent with these rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) determine matters falling for determination under these rules in its discretion having regard to the interests of and for the benefit of the Company;
- (d) exercise the discretions conferred on it by these rules or which may otherwise be required in relation to the Plan; and
- (e) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan.

9.2 Indemnification

The Company must indemnify, and keep indemnified, to the full extent permitted by law, each person who is or has been a director or alternate director of the Company against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses which may be made, brought against, suffered or incurred by the person arising directly or indirectly out of or in connection with the administration of the Plan.

9.3 Commencement of Plan

The Plan will take effect on and from such date as the Board may resolve.

9.4 Termination or suspension of Plan

The Board may terminate or suspend the operation of the Plan at any time.

9.5 Resolution to terminate, suspend, supplement or amend

In passing a resolution to terminate or suspend the operation of the Plan or to supplement or amend these rules, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

10. Powers of the administrator

10.1 Appointment of administrator

The Board may appoint an Administrator and may determine the terms and conditions of the Administrator's appointment. The Board may remove the Administrator.

10.2 Role of administrator

The Administrator must administer the Plan in accordance with these rules and any procedures determined by the Board and agreed to as between the Board and the Administrator.

11. Contracts of employment and other employment rights

11.1 Discretion of board

It is a condition of these rules that the Plan may be terminated at any time at the discretion of the Board and that no compensation under any employment contract will arise as a result.

11.2 No right to grant of options

Participation in the Plan does not confer on any Eligible Employee any right to a grant of Options.

11.3 Calculation of employee benefits

The value of the Options do not increase a Participant's income for the purpose of calculating any employee benefits.

11.4 No right to future employment etc.

Participation in the Plan does not confer on any Participant any right to future employment and does not affect any rights which the Company may have to terminate the employment of any Participant.

11.5 Acknowledgment by Participant

It is acknowledged and accepted by each Participant that the terms of the Plan do not form part of the terms and conditions of the Participant's employment contract, nor do the terms of the Plan constitute a contract or arrangement (including any related condition or collateral arrangement) in relation to the Participant's employment contract.

12. Connection with other plans

Unless the Board otherwise determines, participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

13. Notices

Any notice or direction given under these rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or given in any reasonable manner which the Board from time to time determines.

14. General

Notwithstanding any rule, Shares may not be allotted and issued, acquired, transferred or otherwise dealt with under the Plan if to do so would contravene the Corporations Act, the Listing Rules, or any other applicable laws.

15. Plan costs

15.1 Plan Costs

Unless otherwise determined by the Board, the Company must pay all costs, charges and expenses relating to the establishment and operation of the Plan, including all costs incurred in or associated with an allotment, issue or acquisition of Shares for the purposes of enabling Participants to exercise Options granted to them under the Plan.

15.2 Reimbursement

The Company and any Associated Body Corporate of the Company may provide money to the trustee of any trust or any other person to enable them to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by the Corporations Act. In addition, the Company may require any Associated Body Corporate to enter into any other agreement or arrangement as it considers necessary to oblige that Associated Body Corporate to reimburse the Company for any amounts paid by the Company in connection with this Plan, directly or indirectly, in relation to any employee or director of that Associated Body Corporate.

16. Overseas eligible employees

The Company at the Board's discretion may:

- (a) grant options to Eligible Employees and Participants who are resident outside of Australia; and
- (b) make regulations for the operation of the Plan which are not inconsistent with these rules to apply to Eligible Employees and Participants who are resident outside of Australia.

17. Governing law

The laws of Queensland, Australia, govern these rules.

18. Definitions and interpretation

18.1 Definitions

In this document, unless the context requires otherwise:

Accounting Standards means the Australian Accounting Standards from time to time and if and to the extent that any matter is not covered by the Australian Accounting Standards means generally accepted accounting principles applied from time to time in Australia for a business similar to the Business.

Administrator means the person (if any) selected by the Board to carry out the day to day administration of the Plan as contemplated by rule 10.1.

Application Form means the form that the Board determines is to be used by an Eligible Employee to apply for Options under the Plan.

Associated Body Corporate of the Company 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 Australian Securities Exchange Limited (ACN 008 624 691).

Board means the board of directors of the Company or a committee appointed by the board of directors of the Company.

Bonus Issue means a Pro Rata Issue of Shares to holders of Shares for which no consideration is payable by them.

Certificate means, in relation to a Participant, the certificate or statement (in a form approved by the Board) issued to the Participant which discloses the number of Options entered in the register of Option holders in the name of the Participant.

Company means Adherium Limited ACN 605 352 510

Constitution means the constitution of the Company.

Control of an entity means having the right:

- (a) to vote 50% (or more) of the votes that can be cast on the election or removal of the entity’s directors;
- (b) to appoint or remove directors who possess 50% (or more) of the votes exercisable by all directors of the entity; or
- (c) to 50% (or more) of the profits or distributions of the entity or of its net liquidation proceeds.

For this definition, if the entity does not have a board of directors, ‘director’ means a member of the entity’s governing body with a role similar to a board of directors.

Control Event means any of the following:

- (a) any event that occurs which causes a change in Control of the Company; or
- (b) any other event which the Board reasonably considers should be regarded as a Control Event.

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

Disposal Restrictions means, in relation to an Option, the restrictions (if any) determined by the Board that are required to be satisfied before a Share acquired

as a result of the exercise of the Option by the Participant can be sold, transferred or otherwise dealt with by a Participant.

Eligible Employee means an employee, consultant, contractor, executive or director of any member of the Group who is determined by the Board to be an Eligible Employee for the purposes of the Plan.

Exercise Conditions means, in relation to an Option, the period of time, performance hurdles and other conditions (if any) determined by the Board that are required to be satisfied before the Option can be exercised.

Exercise Period means, in relation to an Option, the period in which the Option may be exercised specified by the Board under rule 3.2, subject to any variation under rules 5.3 and 6.

Exercise Price means:

- (a) in relation to an Option granted on or before the date of the commencement of official quotation of Shares on the ASX, an amount per Share that is [##%] higher than the IPO Price; and
- (b) in relation to an Option granted after the date of the commencement of official quotation of Shares on the ASX, the Market Price of a Share determined on the date a participant was invited to complete an Application Form relating to the Option under rule 3.1 or any other amount that is specified by the Board under rule 3.2,

subject to any adjustment under rule 7.3.

Forfeiture Conditions means, in relation to an Option, the conditions (if any) determined by the Board that will result in the Option lapsing if satisfied.

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

IPO Price means the price per Share at which Shares are offered under the prospectus issued in connection with the initial public offering of Shares in the Company.

Liquidation means the passing of a resolution for voluntary winding up, or the making of an order for the compulsory winding up of the Company.

Listing Rules means the listing rules (as defined in the Corporations Act) made or adopted by the ASX.

Market Price means, in relation to an Option, the volume weighted average market price of Shares sold on the ASX on the 5 trading days immediately before the date of determination.

Option means a right to subscribe for or acquire a Share, subject to any adjustment under rule 7.4.

Participant means an Eligible Employee who has been invited to participate in the Plan and any other person who is nominated by that Eligible Employee under

rule 3.3 and who is determined by the Board to be a Participant for the purposes of the Plan.

Plan means the Adherium Executive Share Option Plan established and operated in accordance with these rules.

Pro Rata Issue means an issue which has been offered to all holders of Shares on a pro rata basis.

Share means a fully paid ordinary share in the capital of the Company.

Total Control of an entity means where a person owns the whole of the issued ordinary share capital of the Company.

Total Control Event means where 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 Total Control of the Company.

Vested Option means an Option in respect of which all Exercise Conditions have been met or which are otherwise exercisable (including as contemplated by rules 5.3 and 6).

18.2 Interpretation

In these rules, unless the context otherwise requires:

- (a) a reference to any thing (including an amount or a provision of this document) is a reference to the whole and each part of it;
- (b) the singular includes the plural, and vice versa;
- (c) the word 'person' includes an individual, a body corporate, a firm, an unincorporated body, a society, an association and an authority;
- (d) a reference to a particular person includes their legal personal representatives, administrators, successors, substitutes and permitted assigns;
- (e) a reference to 'costs' includes charges, expenses and legal costs;
- (f) a reference to a "rule" or "these rules" is to the rule or these rules (as the case may be) as amended or replaced;
- (g) a reference to the Constitution includes a reference to any provision having substantially the same effect which is substituted for or replaces the Constitution;
- (h) where a Participant is a director, consultant or contractor of any member of the Group, but is not also an employee of any member of the Group, a reference to the employment with any member of the Group of that Participant is a reference to that Participant holding office as a director of, or acting as a consultant or contractor to, any member of the Group;

- (i) where a Participant is a person nominated by an Eligible Employee, a reference to the employment with any member of the Group of that Participant is a reference to the employment with any member of the Group of that Eligible Employee;
- (j) a Participant does not cease to be employed by any member of the Group where the Participant ceases to be employed by one member of the Group but commences employment with another member of the Group provided that the new employment commences within 60 days from the date of termination or such other period as the Board may determine by notice in writing;
- (k) a reference to 'law' means statute law, common law and equitable principles; a reference to a particular law includes that law and any subordinate legislation (such as regulations) under it, in each case as amended, replaced, re-enacted or consolidated;
- (l) a reference to an accounting term is to that term as it is used in the Accounting Standards;
- (m) a reference to 'dollars', '\$' or 'A\$' is to the lawful currency of Australia;
- (n) a time means that time in Melbourne, Australia;
- (o) a reference to a day or a month means a calendar day or calendar month;
- (p) if a period of time starts from a given day (or event), it is to be calculated exclusive of that day (or the day the event occurs);
- (q) the masculine includes the feminine, and vice versa;
- (r) the meaning of any general language is not restricted by any accompanying example and the words 'includes', 'including' 'such as' or 'for example' (or similar phrases) are not words of limitation; and
- (s) headings in this document are for convenience only and do not affect its meaning.

If (but for this rule) a provision of this document would be illegal, void or unenforceable or contravene the law, this document is to be interpreted as if the provision was omitted.

ADHERIUM EMPLOYEE SHARE PLAN (NEW ZEALAND) RULES



Barristers & Solicitors

Auckland, Wellington & Christchurch

New Zealand

www.simpsongrierson.com

ADHERIUM EMPLOYEE SHARE PLAN (NEW ZEALAND)

CONTENTS

CLAUSE	PAGE
1. INTRODUCTION.....	1
2. DEFINITIONS AND INTERPRETATION	1
3. INVITATION, APPLICATION AND ACCEPTANCE	4
4. ADMINISTRATION OF PLAN	5
5. AMENDMENT OF THE PLAN	6
6. TERMINATION OF THE PLAN	7
7. CAPITAL REORGANISATION.....	7
8. MISCELLANEOUS PROVISIONS.....	8

ADHERIUM EMPLOYEE SHARE PLAN (NEW ZEALAND)

RULES

GENERAL TERMS

1. INTRODUCTION

- 1.1 **Purpose:** The purpose of the Plan is to enable certain employees of the Group to participate in the long term success of the Group.
- 1.2 **Commencement:** The Plan will commence on the date determined by the Board.
- 1.3 **Rules are binding:** The Company, each Participating Company and each Participant are bound by these rules.

2. DEFINITIONS AND INTERPRETATION

- 2.1 **Definitions:** The following words and expressions have the following meanings in these rules and associated schedules unless the contrary intention appears:

Acquisition Date means the date designated in the Invitation for:

- (a) the issue of the relevant Incentive Instrument; or
- (b) the acquisition of the relevant Incentive Instrument,

(or such other date on which the issue or the acquisition of the relevant Incentive Instruments takes place);

Acquisition Price means:

- (a) in respect of Incentive Instruments to be issued by the Company, the price specified in the Invitation to be paid to the Company in return for the issue of the relevant Incentive Instruments; and
- (b) in respect of Incentive Instruments to be acquired by the Trustee for the benefit of a Participant, the price specified in the Invitation to be paid by the Trustee to acquire the relevant Incentive Instruments;

Application Form means an application form attached to an Invitation;

ASX Listing Rules means the Australian Securities Exchange Listing Rules;

Board means all or some of the Directors acting as a board of the Company or, if the relevant powers or discretions have been delegated by the Board, the committee or individuals acting as delegates of the Board;

Business Day means a day other than a Saturday, Sunday or public holiday in Auckland, New Zealand;

Companies Act means the Companies Act 1993;

Company means Adherium Limited (ACN 605 352 510);

Corporations Act means the Corporations Act 2001 (Cth);

Director means a director of the Company;

Employee means a person who is resident in New Zealand and is in the full time or part time employment of a Group Company or is a consultant or contractor to a Group Company, and includes directors of any Group Company;

Employer means any Group Company and, in relation to any particular Participant, means the Group Company by which that Participant is, for the time being, employed;

FMC Act means the Financial Markets Conduct Act 2013;

Group means the Company and each of its Subsidiaries (from time to time);

Group Company means the Company or any of its Subsidiaries (from time to time);

Incentive Instrument means an instrument (being a beneficial right to Shares) awarded to a Participant under the terms of an Invitation;

Invitation means an invitation to apply for Incentive Instruments under the Plan given in accordance with clause 3.2;

Liquidity Event means:

- (a) a sale of all or substantially all of the Group's assets to one or more third parties, on an arm's length basis; or
- (b) a person (excluding any Group Company) or a group of associated persons (excluding any persons associated merely by virtue of their shareholding in the Company) acquiring a beneficial (or legal and beneficial) interest in securities attaching 100% of the voting rights in the Company;

Participant means an Employee to whom an Incentive Instrument has been granted and/or offered under the Plan and who has not ceased to be a Participant;

Participating Company means each Group Company to which the Board resolves that the Plan extends;

Plan means the Adherium Employee Share Plan, the rules of which are set out in this document (including schedule 1);

Reorganisation means, in relation to the Company:

- (a) every consolidation or sub-division, reduction of capital, capital dividend or other adjustment relating to the equity share capital (or any shares or other securities derived from it); and
- (b) any amalgamation, arrangement or reconstruction affecting the equity share capital (or any shares or securities derived from it);

Share means a fully paid ordinary share in the capital of the Company;

Subsidiary has the same meaning as in section 5 of the Companies Act;

Tax Act means the Income Tax Act 2007;

Trustee means Adherium ESP Trustee Limited;

Vesting Conditions means, in respect of a given Participant, the vesting conditions set out in the Invitation issued to that Participant and/or as otherwise determined and advised by the Board to that Participant from time to time; and

Vesting Date means, in respect of a particular Incentive Instrument, the date on which the last of the Vesting Conditions relating to that Incentive Instrument is satisfied.

2.2 Interpretation: In these rules, unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of these rules;
- (b) words importing the singular include the plural and vice versa;
- (c) a reference to "these rules" is a reference to: (i) these rules; and (ii) the terms of the schedule;
- (d) references to a particular paragraph or clause, unless otherwise stated, refers to a paragraph or clause in these rules;
- (e) when used in the schedule, a defined term that is not defined in the schedule, will have the meaning given in clause 2.1;
- (f) references to a statute or other law include regulations and other instruments made under it and consolidations, amendments, re-enactments or replacements of any of them;
- (g) the words "include", "including" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and when introducing a list of items do not exclude a reference to other items whether of the same class or genus or not;
- (h) law means common law, principles of equity, and laws made by parliament;

- (i) a reference to a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (j) if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (k) if an act under this agreement to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day.

3. INVITATION, APPLICATION AND ACCEPTANCE

3.1 Eligibility: The Board may determine the Employees who are eligible to participate in the Plan from time to time.

3.2 Invitation may be made: From time to time the Board may give an Invitation to participate in the Plan to an Employee who is eligible to participate in the Plan in accordance with clause 3.1. Every Invitation shall:

- (a) set out:
 - (i) the number of Incentive Instruments offered to that Employee;
 - (ii) any Vesting Conditions attaching to the award; and
 - (iii) any other information required by the schedule;
- (b) attach an Application Form in such form as the Board shall determine; and
- (c) set out an address to which, and a time by which, the Application Form must be returned in order to be valid.

3.3 Acceptance: In order to accept the award set out in the Invitation, the Employee must return the duly completed Application Form to the Company to such address and within such time limit as are set out in the Invitation.

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

- (a) the terms of the Invitation and Application Form;
- (b) the provisions of these rules, as amended from time to time; and
- (c) the constitution of the Company, as amended from time to time.

3.5 When Application Forms will not be accepted: An Application Form will not be accepted in respect of any potential Participant if, as at the final date for acceptance as set out in the Invitation:

- (a) he or she is not an Employee;
- (b) he or she has given his or her Employer notice of his or her resignation as an Employee; or
- (c) he or she has been given notice of termination of employment as an Employee.

In addition, the Board may determine (in its sole discretion) that a duly completed Application Form will not be accepted.

- 3.6 Cessation of membership: A person ceases to be a Participant when all property or moneys to which the Participant is entitled under the Plan have been transferred or paid in accordance with these rules.**

4. ADMINISTRATION OF PLAN

- 4.1 Board to administer Plan: The Plan is to be administered by the Board in accordance with these rules. The Board may make further provisions for the operation of the Plan which are consistent with these rules.**

- 4.2 Board powers and discretions: Any power or discretion which is conferred on the Board by these rules must be exercised by the Board in the interests, or for the benefit, of the Company, and the Board is not, in exercising any power or discretion, under any fiduciary or other obligation to any other person.**

- 4.3 Delegation of Board powers and discretions: Any power or discretion which is conferred on the Board by these rules including the power to invite Employees to participate in the Plan and to determine the terms and conditions of a Participant's Incentive Instruments may be delegated by the Board to:**

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

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

- 4.4 Documents: The Board may, from time to time, require a Participant (or potential Participant) to complete and return such other documents as may be required by law to be completed by that Participant (or potential Participant), or such other documents which the Board considers should, for legal, taxation or administrative reasons, be completed by that Participant.**

- 4.5 Board decision final and conclusive:** The decision of the Board as to the interpretation, effect or application of these rules and all calculations and determinations made by the Board under these rules are final, conclusive and binding in the absence of manifest error.
- 4.6 Suspension of Plan:** The Board may, from time to time, suspend the operation of the Plan and may, at any time, cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights (if any) of Participants.
- 4.7 Compliance with Laws:** Despite any other provision of these rules or any term or condition of the participation of any Participant in the Plan, no Incentive Instrument may vest or be offered, granted or exercised, if to do so would contravene the Companies Act, FMC Act, the Corporations Act, any rules or regulations made under any such Act, or the ASX Listing Rules.
- 4.8 Participants may not claim against the Board:** Under no circumstances will a Participant be entitled to make any claim, or be entitled to any remedy of any nature, against the Board or any member of the Board in respect of anything done or omitted to be done by the Board or any member of it in relation to the Plan.

5. AMENDMENT OF THE PLAN

- 5.1 Board may amend:** Subject to clause 5.2 and 5.3, the Board may, at any time, by written instrument, amend all or any of the provisions of these rules, including this clause 5.
- 5.2 No reduction of existing rights:** Any amendment to the provisions of these rules must not materially reduce the rights of any Participant as they existed before the date of the amendment, unless the amendment is introduced primarily:
- (a)** for the purpose of complying with, or conforming to, present or future legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (b)** to correct any manifest error or mistake;
 - (c)** to enable contributions or other amounts paid by a member of the Group to the Plan to qualify as income tax deductions for that member or another member of the Group;
 - (d)** to enable any Employer to reduce the amount of fringe benefit tax under the Tax Act, the amount of tax under the Tax Act, or the amount of any other tax or impost that would otherwise be payable by the Employer in relation to the Plan;

- (e) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (f) to enable the Plan or any Group Company to comply with the Companies Act, FMC Act, the Corporations Act, any related rules or regulations, its constitution, or the ASX Listing Rules.

5.3 Retrospective amendment possible: Subject to clause 5.2, any amendment made under clause 5.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

6. TERMINATION OF THE PLAN

6.1 Termination: The Plan terminates and is to be wound up on the occurrence of any of the following events:

- (a) if an order is made or resolution is passed for the winding up of the Company other than for the purpose of solvent amalgamation or reconstruction; or
- (b) if the Board determines that the Plan is to be wound up in accordance with clause 4.6.

6.2 Effect of Termination: If the Board terminates the Plan pursuant to clause 6.1 above, then the Board will not make any further grants, or issue any further Invitations, but (to the extent legally possible):

- (a) the Plan will be deemed to continue in respect of any Shares held by the Trustee on the date on which the Plan is terminated; and
- (b) such Shares will continue to be held by the Trustee subject to the Plan and will be sold or transferred by the Trustee in accordance with the Plan.

For the avoidance of doubt, any such termination or winding up shall be without prejudice to the rights of existing Participants.

7. CAPITAL REORGANISATION

7.1 Reorganisation: If any Reorganisation takes place during the period between the grant of any Incentive Instrument and the relevant Vesting Date, the Board may make, and cause or require the Company and/or the Trustee (as the case maybe) to make, notwithstanding anything in these rules, such arrangements, or adjustments to the rights of Participants as, in the opinion of the Board, are necessary to ensure that Participants are treated fairly, and (so far as possible after the occurrence of any Reorganisation) to ensure that the Participants, the Company and other shareholders of the Company are left in the same overall economic position as if the Reorganisation had not occurred.

8. MISCELLANEOUS PROVISIONS

8.1 **Rights of Participants: By returning an Application Form, each Employee acknowledges that nothing in these rules:**

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Employee the right to be invited to apply for, to be offered or to receive any Incentive Instrument;
- (c) confers on any Participant the right to continue as an employee of any Employer;
- (d) affects the terms of any Participant's employment;
- (e) affects any rights which any Employer may have to terminate the employment of any Employee; or
- (f) may be used to increase damages in any action brought against any Employer in respect of any termination of employment.

No person, whether a Participant or otherwise, has any claim, right or interest in respect of the Plan or other property of the Plan, whether against the Company or any other person, as a consequence of termination of that person's employment or appointment or otherwise, except under and in accordance with these rules.

8.2 **Instructions by Participants: For the purposes of these rules, the Company, the Board and any Employer is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal representative of a Participant) as valid, whether given orally or in writing.**

8.3 **Notices: Any notice, certificate, consent, approval, waiver or other communications given by a Participant, the Board, the Company or an Employer is deemed to have been duly given if:**

- (a) sent by electronic mail or delivered by hand; or
- (b) sent by ordinary prepaid mail,

and is deemed to have been served:

- (c) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or
- (d) if posted, three Business Days (or, if posted to an address outside New Zealand, seven Business Days) after the date of posting.

Delivery, transmission and postage will:

- (e) if to the Company, the Board or an Employer, be to the following address:

Post: 8 Commerce Street, Suite 205, Auckland 1010, New Zealand;
Attention: Garth Sutherland

Email: garths@smartinhaler.com; and

(f) if to the Participant, be to the physical and electronic address set out in the Application Form.

- 8.4 **Governing law:** These rules are governed by New Zealand law and are to be construed and take effect in accordance with that law.
- 8.5 **Payments net of tax:** If, the Company or a Subsidiary makes or is deemed to make a payment to a Participant under these rules and the Company or a Subsidiary (as applicable) is obliged to deduct or withhold any amount of tax or other government levy or impost, the payment to the Participant is to be made net of the deduction or withholding.
- 8.6 **Rounding:** Any calculation of a number of Incentive Instruments under the Plan is to be rounded down to the nearest whole number.
- 8.7 **No waiver:** No failure, delay or indulgence by the Board in exercising any power or right conferred on it under the Plan will operate as a waiver of that power or right, nor will a single exercise of a power or right preclude further exercises, or the exercise of any other power or right, under the Plan.
- 8.8 **No assignment:** Except as expressly permitted by these rules, no Participant may assign or transfer any of his or her rights or obligations under the Plan.

SCHEDULE 1

BORROW TO BUY

1. INTRODUCTION

- 1.1 Purpose:** This schedule provides for the issue, acquisition, or allocation, of Shares (with the Acquisition Price to be provided by the Employer in the form of a Loan) to be held on trust for Participants subject to certain Vesting Conditions (Borrow to Buy Scheme). The purpose of this Borrow to Buy Scheme is to enable Employees of the Group to participate in the success of the Group.

2. DEFINITIONS AND interpretation

- 2.1 Definitions:** Terms defined in the body of this schedule shall have those meanings throughout and the following terms shall have the meanings given:

Allocated Shares means any Shares held by the Trustee from time to time under the provisions of the Trust Deed that are, at that time, being held on trust for the benefit of a particular Participant;

Related Party in respect of a Participant (or potential Participant) means:

- (a)** a trustee of a trust of which that Participant (or potential Participant) is a beneficiary (which trust is to hold the Incentive Instruments for the benefit of that Participant)); or
- (b)** a company that is controlled by that Participant (or potential Participant) (a company is controlled by a person if (i) the person has the power, directly or indirectly, to exercise, or control the exercise of, the rights to vote attached to more than 50% of the voting securities of the company, or (ii) the person controls the composition of the board of the company (within the meaning of section 7 of the Companies Act));

Trust means the Adherium Employee Share Plan Trust;

Trust Deed means the deed pursuant to which the Trust was established; and

Unallocated Shares means any Shares held by the Trustee from time to time under the provisions of the Trust Deed that are not Allocated Shares.

3. employees invited to participate

- 3.1 Information to be included:** Without prejudice to clause 3.2 of the rules, any Invitation to participate in the Borrow to Buy Scheme will include the following information:

- (a)** the number of Shares which the potential Participant is entitled to acquire or a formula to calculate such number (as determined by the Board);

- (b) the proposed Acquisition Date;
- (c) the Acquisition Price or a formula to calculate the Acquisition Price; and
- (d) any other terms and conditions (including, without limitation, the applicable Vesting Conditions and Vesting Date).

4. SUBSCRIPTION for AND ACQUISITION of shares

4.1 **Subscription for and acquisition of Shares: If an Employee accepts the offer set out in an Invitation and returns a duly completed Application Form, on the Acquisition Date:**

- (a) **Participant to Subscribe for Shares:** the Participant will subscribe for the beneficial interest in the number of Shares set out in the Invitation;
- (b) **Trustee and Company to ensure sufficient number of Shares:** at the Trustee's option, either:
 - (i) the Trustee will acquire, on market; or
 - (ii) the Company will issue to the Trustee,

a sufficient number of Shares to allow the Trustee to allocate the relevant number of Shares to that Participant;
- (c) **Trustee to Hold Shares:** subject to compliance by the Participant with subclause (a) above and by the Company with subclause (b)(ii) above (if relevant), the Trustee will hold on behalf, and for the benefit, of that Participant, a number of Shares equal to the number as set out in the Invitation, and those Shares will be treated as "Allocated Shares" for the purposes of this schedule; and
- (d) **Payment for Shares:**
 - (i) the Employer will extend a loan to the relevant Participant in an amount equal to the New Zealand dollar equivalent of the aggregate Acquisition Price of the Shares (the New Zealand dollar equivalent as calculated using the Employer's bank's spot rate of exchange at or about 11am on the Acquisition Date) held for that Participant by the Trustee under clause 4.1(c) (**Loan**);

- (ii) the relevant Participant, by returning its completed Application Form, instructs the Employer, to advance the Loan to the Trustee (as its agent); and
- (iii) the Trustee will apply the amount advanced in satisfaction of the Acquisition Price for the Shares (by payment either to the market counterparty (in the case of a market acquisition) or the Company (in the case of an issue)).

The Loan will be advanced by the Employer to the Participant on the terms set out in clause 8.

4.2 Interdependence: The requirements of clause 4.1 are interdependent, and will be carried out contemporaneously.

5. ALLOCATED SHARES

5.1 Trustee will hold Shares: The Trustee will hold each Participant's Allocated Shares on behalf, and for the benefit, of that Participant.

5.2 Specific obligations of the Trustee in respect of Allocated Shares: When holding Allocated Shares on behalf of a Participant, the Trustee will:

- (a) **Distributions:** in respect of all distributions (net of any tax) on Shares made prior to the applicable Vesting Date, on behalf of the relevant Participant, apply the New Zealand dollar equivalent of the distribution (the New Zealand dollar equivalent as calculated using the Employer's bank's spot rate of exchange at or about 11am on the date the distribution is paid) against the outstanding principal amount of the Loan on the distribution date. In the event there is no principal amount of the Loan outstanding at the time of a distribution, all distributions are to be transferred to the relevant Participant;
- (b) **Voting:** not exercise the power to vote attached to the Allocated Shares on any matter unless in accordance with a written direction from the Participant;
- (c) **Discretion:** without limiting clause 3 of the Trust Deed, exercise all other powers or discretions attaching to the Shares at the absolute discretion of the Trustee; and
- (d) **Transfer:** on the applicable Vesting Date, transfer, to the Participant's order, legal title to the Shares.

5.3 No transfer of Shares before Vesting Date: Until Shares are transferred on the applicable Vesting Date:

- (a) **Legal Interest:** a Participant may not request, and the Trustee is not required to, transfer the legal interest in any Shares; and

- (b) **Beneficial Interest:** a Participant may not deal with his or her beneficial interest (or any other right or entitlement) in any Shares whether by way of assignment, transfer, mortgage, pledge, lien or otherwise, provided that if the prior written consent of the Employer is obtained a Participant may transfer its beneficial interest to a Related Party, on terms which will enable the Participant to obtain the immediate re-transfer of the beneficial interest if the transferee ceases to be a Related Party and, if that happens, the Participant will take all necessary steps to obtain the immediate re-transfer of the beneficial interest. Notwithstanding any transfer under this clause, a Participant will at all times remain liable for its obligations under this clause and shall procure performance by the Related Party as if the Related Party were named as the Participant.

6. unallocated shares

6.1 **General: Any Unallocated Shares from time to time held by the Trustee under the provisions of the Trust Deed and/or this schedule may be:**

- (a) retained by the Trustee to satisfy acceptances, by Employees, of Invitations subsequently issued by the Board;
- (b) sold by the Trustee in the market (if the Trustee determines that such a sufficient market exists); or
- (c) sold by the Trustee to the Company in accordance with clause 6.2.

6.2 **Trustee Put Option: The Company irrevocably grants to the Trustee an option (the Trustee Put Option) which, if exercised and subject to the Company being solvent and meeting all necessary corporate requirements, will require the Company to repurchase certain specified Unallocated Shares on the following terms:**

- (a) the Trustee Put Option may be exercised by written notice (**Trustee Put Exercise Notice**) from the Trustee to the Company;
- (b) the Trustee Put Exercise Notice must specify:
 - (i) the Unallocated Shares to which the Trustee Put Exercise Notice relates (the **Specified Repurchase Shares**);
 - (ii) the consideration to be paid by the Company to the Trustee for the repurchase of the Specified Repurchase Shares, being an amount, in New Zealand dollars, equal to the outstanding balance of the Loan (the **Repurchase Consideration**); and

- (iii) the date (which shall be a date not less than 5 Business Days from the date of the notice) on which the Specified Repurchase Shares will be transferred (**Date of Repurchase**); and

(c) on the Date of Repurchase:

- (i) the Trustee will transfer the Specified Repurchase Shares to the Company with full title and free of any encumbrances; and
- (ii) the Company will pay the Repurchase Consideration to the Trustee; and
- (iii) the Trustee will apply the Repurchase Consideration to the repayment of the Loan.

6.3 Unallocated Share rights: While the Trustee holds any Unallocated Shares and until such Unallocated Shares are allocated for the benefit of a Participant:

- (a) **Dividends:** where the Trustee is entitled to any dividends, distributions or other cash benefits ("**dividends**") in respect of any Unallocated Shares held by it, the Trustee hereby waives, irrevocably, its entitlement to the same; and
- (b) **Voting Rights:** the Trustee will not exercise the power to vote that is attached to the Unallocated Shares.

6.4 Additional Shares: Any additional fully paid Shares issued to the Trustee by virtue of its holding of Unallocated Shares shall be retained by the Trustee upon the same terms and conditions as the Unallocated Shares from which the entitlement to such additional Shares arose and this clause 6 shall apply accordingly.

7. VESTING OF SHARES

7.1 Vesting of Shares: Subject to clauses 7.2 and 7.3, Shares will vest (i.e. the Trustee will transfer legal title in those Allocated Shares to the relevant Participant) on the later of:

- (a) the applicable Vesting Date; and
- (b) re-payment of the Vesting Date Loan Balance in accordance with clause 8.3 below.

7.2 Transfer of Shares at Board's discretion: The Board may, in its absolute discretion (and on whatever terms it sees fit, notwithstanding anything in this schedule), elect either to:

- (a) direct the Trustee to transfer any Allocated Shares held by the Trustee on behalf of a Participant to that Participant (or its personal representative) before or after the applicable Vesting Date; or
- (b) permit a Participant or a Participant's personal representatives to remain in the Plan, and to retain rights under the Plan,

if, prior to the relevant Vesting Date, a Participant has ceased to be an Employee by reason of redundancy, retirement, illness or death, or if (in the Board's view) is suffering unusual hardship or for any other similar reason in the Board's discretion.

- 7.3 Acceleration: Prior to completion of a Liquidity Event, the Board may amend the Vesting Conditions attaching to any Incentive Instruments in such manner as the board shall in its absolute discretion deem fit.**

8. Loan TO PAY ACQUISITION PRICE

- 8.1 Purpose of the Loan: The sole purpose of the Loan is to enable the Participant (via the Trustee acting as its agent) to satisfy its obligations in respect of payment of the Acquisition Price.**
- 8.2 Interest: No interest will be payable on the Loan.**
- 8.3 Loan Repayment: In accordance with clause 7.1 or 7.3, the Loan must be repaid prior to the vesting of any Shares to which it relates. Subject to clause 8.4 below, on the Vesting Date, a portion of the Loan (equal to the portion of those Shares held for the relevant Participant which are vesting) (Vesting Date Loan Balance) will become due and payable by the Participant to the Employer. If the Vesting Date Loan Balance is not repaid within 20 Business Days of the applicable Vesting Date, clause 10 below will apply.**
- 8.4 Limited Recourse Arrangements: Each Loan is made to the Participant (via the Trustee acting as its agent) on a limited recourse basis so that any liability of the Participant to repay the Vesting Date Loan Balance will be limited to (and, in claiming any repayment of the Vesting Date Loan Balance, the Employer will only have recourse to) an amount equal to the current market value of the relevant Shares (at the time of recourse) net of any distributions applied to the Loan pursuant to clause 5.2(a).**
- 8.5 Security Interest: In respect of each Loan, a security interest is granted by the Participant and the Trustee in favour of the Employer**

(within the meaning, and for the purposes of, the Personal Property Securities Act 1999) over the Shares held by the Trustee to which that Loan relates.

9. Cash bonus

- 9.1 Cash Bonus:** At the discretion of the Board, a Participant may be entitled to receive a bonus payment from the Employer that, net of all applicable withholding tax and other amounts required to be withheld by law, is equal to the outstanding Loan balance and payable on the applicable Vesting Date (Bonus). The Bonus is to be applied to repayment of the Loan.

10. FAILURE TO MEET VESTING CONDITIONS

10.1 **Failure to meet Vesting Conditions: Subject to clauses 7.2 and 7.3, if a Participant fails to meet the Vesting Conditions, then:**

- (a) **Company to Notify Participant:** the Company will written give notice (Default Notice) to the Participant confirming that:
 - (i) the Vesting Conditions have not been meet; and
 - (ii) notwithstanding that fact, if the Participant repays the outstanding balance of the relevant portion of the Loan, the relevant Allocated Shares will, nonetheless, vest and legal title in those Allocated Shares will be transferred to the Participant as soon as reasonably practicable following such repayment;
- (b) **Participant to Notify Company:** the Participant has 2 Business Days from the date of the Default Notice to give written notice to the Company that he or she intends to repay the outstanding balance of the relevant portion of the Loan;
- (c) **Failure to Notify:** where the Participant fails to give the notice referenced in clause 10.1(b) above, clauses 10.2 to 10.5 will apply;
- (d) **Repayment of Loan:** where the Participant gives notice that he or she intends to repay the outstanding balance of the relevant portion of the Loan in accordance with clause 10.1(b), the Participant must pay the relevant amount to the Employer within 5 Business Days. On repayment of the outstanding balance of the Loan, the Trustee will, as soon as reasonably practicable, transfer legal title to the Shares to the Participant; and
- (e) **Failure to Repay:** in the event that the Participant fails to make the payment to the Employer in accordance with clause 10.1(d), clauses 10.2 to 10.5 apply.

10.2 **Grant of Call Option: In consideration of the Trustee granting to each of the Participants the Put Option, each Participant irrevocably grants to the Trustee an option (Call Option) which, if exercised, will**

require each Participant to transfer all of its beneficial interest in its Allocated Shares to the Trustee (or its nominee) on the following terms:

- (a) The Call Option may be exercised by notice in writing (**Call Exercise Notice**) from the Trustee to the relevant Participant if:
 - (i) subject to clause 10.1, any Allocated Shares held for the Participant do not vest as the Participant has failed to meet the relevant Vesting Conditions;
 - (ii) the Vesting Date Loan Balance is not repaid in accordance with clause 8.3; or
 - (iii) any Allocated Shares held for the Participant are forfeited in accordance with clause 7.3 above.

- (b) The Call Exercise Notice must specify:
 - (i) the Allocated Shares to which the Call Exercise Notice relates (the **Specified Call Shares**);
 - (ii) the consideration to be paid by the Trustee to the Participant for the transfer of the beneficial interest in the Specified Call Shares, being an amount, in New Zealand dollars, equal to the outstanding balance of the relevant portion of the Loan (the **Call Consideration**); and
 - (iii) the date (which shall be a date not less than 5 Business Days from the date of the notice) on which the beneficial interest in the Specified Call Shares will be transferred (**Date of Call**); and

- (c) On the Date of Call:
 - (i) the Participant will transfer the beneficial interest in the Specified Call Shares to the Trustee with full title and free of any encumbrances in consideration for the payment, by the Trustee to the Participant of a cash amount equal to the Call Consideration;
 - (ii) the Participant will novate and transfer to the Trustee its liability under the relevant portion of the Loan in consideration for the payment, by the Participant to the Trustee, of an amount equal to the outstanding balance of the relevant portion of the Loan (and the Trustee will indemnify the Participant in relation to, its obligations in respect of any outstanding Loan balance);

- (iii) the cash amounts that are due under subclauses (i) and (ii) above will be set-off against each other; and
- (iv) the Specified Call Shares shall become "Unallocated Shares" for the purposes of this schedule.

10.3 Call Option Power of Attorney: The Participant grants to the Trustee an irrevocable power of attorney in the Participant's name and on its behalf to complete and execute and otherwise sign such documents and do all other acts and things which the Participant is obliged to do under clause 10.2 or which the attorney may consider necessary or desirable to give effect to clause 10.2.

10.4 Grant of Put Option: In consideration of each of the Participants granting to the Trustee the Call Option, the Trustee irrevocably grants to each Participant an option (Put Option) which, if exercised, will require the Trustee (or its nominee) to acquire, or arrange for the acquisition of, all of the Participant's beneficial interest in his or her Allocated Shares on the following terms:

- (a) The Put Option may be exercised by notice in writing (**Put Exercise Notice**) from the relevant Participant to the Trustee if:
 - (i) subject to clause 10.1, any Allocated Shares held for the Participant do not vest as the Participant has failed to meet the relevant Vesting Conditions; or
 - (ii) any Allocated Shares held for the Participant are forfeited in accordance with clause 7.3 above.
- (b) The Put Exercise Notice must specify:
 - (i) the Allocated Shares to which the Put Exercise Notice relates (the **Specified Put Shares**);
 - (ii) the consideration to be paid by the Trustee to the Participant for the transfer of the beneficial interest in the Specified Put Shares, being an amount, in New Zealand dollars, equal to the outstanding balance of the relevant portion of the Loan (the **Put Consideration**); and
 - (iii) the date (which shall be a date not less than 5 Business Days from the date of the notice) on which the beneficial interest in the Specified Put Shares will be transferred (**Date of Put**); and
- (c) On the Date of Put:

- (i) the Participant will transfer the beneficial interest in the Specified Put Shares to the Trustee with full title and free of any encumbrances in consideration for the payment, by the Trustee to the Participant, of a cash amount equal to the Put Consideration;
- (ii) the Participant will novate and transfer to the Trustee its liability under the relevant portion of the Loan in return for a cash payment, by the Participant to the Trustee, equal to the outstanding balance of the relevant portion of the Loan, (and the Trustee will indemnify the Participant in relation to, its obligations in respect of any outstanding Loan balance);
- (iii) the cash amounts that are due under subclauses (i) and (ii) above will be set-off against each other; and
- (iv) the Specified Put Shares shall become "Unallocated Shares" for the purposes of this schedule.

10.5 Put Option Power of Attorney: The Participant grants to the Trustee an irrevocable power of attorney in the Participant's name and on its behalf to complete and execute and otherwise sign such documents and do all other acts and things which the Participant is obliged to do under clause 10.4 or which the attorney may consider necessary or desirable to give effect to clause 10.4.

10.6 Warranty: As at the transfer of the Participant's interest in the Allocated Shares on the Date of Call or Date of Put (as the case maybe), the Participant warrants that it is the beneficial owner of the Allocated Shares and has not granted any mortgages, liens, charges, encumbrances, pledges, options or adverse equities or interests of any kind in the Allocated Shares to any person or entered into any agreement to sell or transfer the Allocated Shares.

Adherium Employee Share Plan Rules

Adherium Limited

ACN 605 352 510

K&L Gates

Melbourne office

Ref: GAFFNEA:

Table of Contents

1.	Introduction	4
1.1	Purpose	4
1.2	Commencement	4
1.3	Rules are binding	4
2.	Definitions and interpretation	4
2.1	Definitions	4
2.2	Interpretation	6
3.	Invitation, application and acceptance	7
3.1	Eligibility	7
3.2	Participation	7
3.3	Acceptance	7
3.4	Participant bound by Application Form, Plan and Constitution	8
3.5	When Application Forms will not be accepted	8
3.6	Cessation of membership	8
4.	Administration of the Plan	8
4.1	Board to administer the Plan	8
4.2	Delegation of Board powers and discretions	8
4.3	Documents	9
4.4	Board decision final and conclusive	9
4.5	Suspension of Plan	9
4.6	Compliance with Laws	9
4.7	Participants may not claim against the Board	9
5.	Amendment of the Plan	9
5.1	Board may amend	9
5.2	No reduction of existing rights	9
5.3	Retrospective amendment possible	10
6.	Termination of the Plan	10
6.1	Termination or suspension of Plan	10
6.2	Connection with other plans	10
7.	Allocation of Shares	10
7.1	Allocation of Shares	10
7.2	Method of consideration	10
7.3	Holding Statements	10
8.	Issue of Shares	10
9.	Nature of Shares	11
9.1	General	11
9.2	Ranking	11
9.3	Voting	11
9.4	Entitlement to dividends	11
10.	Attorney	11
11.	Miscellaneous Provisions	11
11.1	Rights of Participants	11
11.2	Instructions by Participants	12
11.3	Notices	12

11.4	Severability	13
11.5	Consents and approvals	13
11.6	Governing law and jurisdiction	13
11.7	Payments net of tax	13
11.8	Rounding	13
11.9	No waiver	13
11.10	No assignment	13
11.11	Conflicting provisions	13
Schedule 1: Application Form		15

Adherium Employee Share Plan Rules

Date adopted:

19. Introduction

19.1 Purpose

The purpose of this Plan is to provide "Employees" (who may be an employee of, consultant to, or Director of, the Company) with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. It is intended that this Plan will enable the Company to retain and attract skilled and experienced staff and provide them with the motivation to make the Company more successful.

19.2 Commencement

This Plan will take effect on and from such date as the Board may resolve.

19.3 Rules are binding

The Company, each Participating Company and each Participant are bound by these rules.

20. Definitions and interpretation

20.1 Definitions

In this Plan:

Acquisition Price means the issue price per Share as determined by the Board (in its discretion) which equates to an arm's length market price, who will take into account amongst other factors when determining the issue price per Share:

- (a) the time available within which to obtain a sale of the Shares;
- (b) the prospects of the business;
- (c) the estimated future maintainable earnings of the Company; and
- (d) the net tangible assets, earnings before interest and tax and cash flow of the Company as disclosed in the last audited financial statements for the last preceding financial year, or to the extent that no audited financial statements of the Company are available, as disclosed in the latest management accounts of the Company,

provided that where the Company is admitted to a recognised exchange (such as the ASX), the Board is to have regard to an appropriate volume weighted share price as indicative of market price;

Application Form means the form that the Board determines is to be used by an Employee to apply for Shares under this Plan as set out in Schedule 1 and attached to the Invitation;

ASX means the Australian Securities Exchange;

ASX Listing Rules means the Australian Securities Exchange Listing Rules;

Board means all or some of the Directors acting as a board of the Company or, if the relevant powers or discretions have been delegated by the Board, the committee or individuals acting as delegates of the Board;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Victoria;

Company means **Adherium Limited** ACN 605 352 510;

Constitution means the constitution of the Company as may be amended from time to time;

Companies Act means the *Companies Act 1993*;

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

Directors means the directors of the Company;

Employee means an employee of, consultant to, or a Director or any member of, any Group Company;

Employee Share Scheme has the meaning provided under the Corporations Act;

Employer means any Group Company and, in relation to any particular Participant, means the Group Company by which that Participant is, for the time being, employed;

FMC Act means the *Financial Markets Conduct Act 2013*;

Group Company means the Company or any of its Subsidiaries (from time to time);

Incentive Instruments means an instrument (being a beneficial right to Shares) awarded to a Participant under the terms of an Invitation;

Invitation means an invitation to apply for Incentive Instruments under the plan in accordance with clause 3.1;

Loan means a loan made by the Company to an Employee in for the purposes of the acquisition of Loan Shares by a Participant;

Loan Agreement means any loan agreement between the Company and the Employee evidencing the terms and conditions of the Loan;

Loan Share means a Share acquired with a Loan which has not been repaid in full in accordance with the terms of the Loan Agreement;

Participant means an Employee (who may be an employee of, consultant to, or a director of, the Company) who has been invited to participate in this Plan and any other person who is nominated by that Employee and who is determined by the Board to be a Participant for the purposes of this Plan;

Participating Company means each Group Company to which the Board resolves that the Plan extends;

Plan means this plan including the background, any schedules and any annexures;

Related Body Corporate has the meaning given to that term in the Corporations Act;

Share means a fully paid ordinary share in the capital of the Company or any other securities issued in accordance with this Plan; and

Subsidiary has the same meaning as in section 9 of the Corporations Act.

20.2 Interpretation

In this Plan, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes the other genders;
- (c) the headings are used for convenience only and do not affect the interpretation of this Plan;
- (d) other grammatical forms of defined words or expressions have corresponding meanings;
- (e) a reference to a document includes the document as modified from time to time and any document replacing it;
- (f) a reference to a party is to a party to this Plan and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (g) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;
- (h) the word "person" includes a natural person, partnership, body corporate, association, governmental or local authority, agency and any body or entity whether incorporated or not;
- (i) the word "month" means calendar month and the word "year" means 12 months;
- (j) the words "in writing" include any communication sent by letter, facsimile transmission or email or any other form of communication capable of being read by the recipient;
- (k) a reference to a thing includes a part of that thing;
- (l) a reference to all or any part of a statute, rule, regulation or ordinance (**statute**) includes that statute as amended, consolidated, re-enacted or replaced from time to time;
- (m) wherever "include", "for example" or any form of those words or similar expressions is used, it must be construed as if it were followed by "(without being limited to)";
- (n) money amounts are stated in Australian currency unless otherwise specified;
- (o) a reference to time is to Melbourne, Victoria time;
- (p) a reference to any agency or body, if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or functions removed (**defunct body**), means the agency or body which performs most closely the functions of the defunct body;
- (q) any agreements, representation, warranty or indemnity in favour of two or more parties (whether those parties are included in the same defined term or not) is for the benefit of them jointly and separately; and
- (r) any agreements, representation, warranty or indemnity by two or more parties (whether those parties are included in the same defined term or not) binds them jointly and separately.

21. Invitation, application and acceptance

21.1 Eligibility

(a) Participation by Employees

The Board may determine the Employees who are eligible to participate in the Plan from time to time. The Board may determine at any time that any Employee is not entitled to participate in this Plan if the Employee's participation would be unlawful.

(b) Overseas Employees

At the Board's discretion, the Company may:

- (i) allot or issue Shares to Participants who are resident outside of Australia; and
- (ii) make regulations for the operation of this Plan which are not inconsistent with this Plan to apply to Participants who are resident outside of Australia.

21.2 Participation

(a) Invitation may be made

Subject to this Plan, the Board may give any Employee selected by it an Invitation to participate in the Plan. Each Invitation shall:

- (i) set out:
 - (A) the number of Incentive Instruments offered to that Employee;
 - (B) the name of the Employee;
 - (C) the date of allocation or intended date of allocation;
 - (D) the Acquisition Price;
 - (E) where a Loan is provided, a Loan Agreement containing the terms and conditions of the Loan as determined by the Board;
 - (F) any other terms and conditions relating to the Incentive Instruments which, in the opinion of the Board, are fair and reasonable but not inconsistent with this Plan; and
 - (G) any other information or documents required to be notified by the Corporations Act.
- (ii) attach an Application Form.
- (iii) set out an address to which, and a time by which, the Application Form must be returned in order to be valid.

21.3 Acceptance

In order to accept the award set out in the Invitation, the Employee must return the duly completed Application Form to the Company to such address and within such time limit as set out in the Invitation.

21.4 Participant bound by Application Form, Plan and Constitution

By completing and returning the Application Form, a Participant irrevocably agrees to be bound by:

- (a) the terms of the Invitation and Application Form;
- (b) the provision of this Plan, as amended from time to time; and
- (c) the Constitution, as amended from time to time.

21.5 When Application Forms will not be accepted

An Application Form will not be accepted in respect of any potential Participant if, as at the final date for acceptance as set out in the Invitation:

- (a) he or she is not an Employee;
- (b) he or she has given his or her Employer notice of his or her resignation as an Employee; or
- (c) he or she has been given notice of termination of employment as an Employee.

In addition, the Board may determine (in its sole discretion) that a duly completed Application Form will not be accepted.

21.6 Cessation of membership

A person ceases to be a Participant when all property or moneys to which the Participant is entitled under the Plan have been transferred or paid in accordance with these rules.

22. Administration of the Plan

22.1 Board to administer the Plan

This Plan will be administered by the Board, which will have power to:

- (a) determine appropriate procedures for the administration of this Plan consistent with this clause 22.1;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with this Plan;
- (c) determine matters falling for determination under this clause 22.1 in its discretion having regard to the interests of and for the benefit of the Company; and
- (d) exercise the discretions conferred on it by this clause 22.1 or which may otherwise be required in relation to this Plan, including determination of the Acquisition Price.

22.2 Delegation of Board powers and discretions

Any power or discretion which is conferred on the Board by these rules including the power to invite Employees to participate in the Plan and to determine the terms and conditions of a Participant's Incentive Instruments may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers or employees of the Company, or any combination of such persons as the Board thinks fit;

- (b) a related body corporate of the Company; or
- (c) a third party,

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

22.3 Documents

The Board may, from time to time, require a Participant (or potential Participant) to complete and return such other documents as may be required by law to be completed by that Participant (or potential Participant), or such other documents which the Board considers should, for legal, taxation or administrative reasons, be completed by that Participant.

22.4 Board decision final and conclusive

The decision of the Board as to the interpretation, effect or application of these rules and all calculations and determinations made by the Board under these rules are final, conclusive and binding in the absence of manifest error.

22.5 Suspension of Plan

The Board may, from time to time, suspend the operation of the Plan and may, at any time, cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights (if any) of Participants.

22.6 Compliance with Laws

Despite any other provision of these rules or any term or condition of the participation of any Participant in the Plan, no Incentive Instrument may vest or be offered, granted or exercised, if to do so would contravene the Companies Act, FMC Act, the Corporations Act, any rules or regulations made under any such Act, or the ASX Listing Rules.

22.7 Participants may not claim against the Board

Under no circumstances will a Participant be entitled to make any claim, or be entitled to any remedy of any nature, against the Board or any member of the Board in respect of anything done or omitted to be done by the Board or any member of it in relation to the Plan.

23. Amendment of the Plan

23.1 Board may amend

Subject to clause 5.2 and 5.3, the Board may, at any time, by written instrument, amend all or any of the provisions of these rules, including this clause 23.

23.2 No reduction of existing rights

Any amendment to the provisions of these rules must not materially reduce the rights of any Participant as they existed before the date of the amendment, unless the amendment is introduced primarily:

- (a) for the purpose of complying with, or conforming to, present or future legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;

- (c) to enable contributions or other amounts paid by a member of the Group to the Plan to qualify as income tax deductions for that member or another member of the Group;
- (d) to enable any Employer to reduce the amount of fringe benefit tax, the amount of tax under taxation laws, or the amount of any other tax or impost that would otherwise be payable by the Employer in relation to the Plan;
- (e) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (f) to enable the Plan or any Group Company to comply with the Companies Act, FMC Act, the Corporations Act, any related rules or regulations, its constitution, or the ASX Listing Rules.

23.3 Retrospective amendment possible

Subject to clause 5.2, any amendment made under clause 5.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

24. Termination of the Plan

24.1 Termination or suspension of Plan

- (a) The Board may terminate or suspend the operation of this Plan at any time.
- (b) If this Plan is terminated or suspended under clause 24.1(a) for any reason, the termination does not prejudice the accrued rights of the Participants.

24.2 Connection with other plans

Unless the Board otherwise determines, participation in this Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

25. Allocation of Shares

25.1 Allocation of Shares

The Board may allot and issue or transfer Shares to a Participant (or their nominee approved by the Board) on acceptance of a duly signed and completed Application Form.

25.2 Method of consideration

The Board may determine the requisite form of consideration to purchase Shares, which may include cash, electronic funds transfer or Loan or any combination of them.

25.3 Holding Statements

The Company must procure the issue of a holding statement to a Participant in respect of the Shares issued to that Participant.

26. Issue of Shares

The number of Shares held by Participants pursuant to the Plan at any time must not exceed 5% of the total number of issued Shares.

27. Nature of Shares

27.1 General

Subject to the terms of any applicable Loan (if any), a Participant is entitled to any rights which accrue to Shares held by the Participant and may accept the rights and sell or otherwise deal with those rights in accordance with this Plan and the Application Form.

27.2 Ranking

The Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company.

27.3 Voting

Holders of Shares issued under this Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Company's constitution.

27.4 Entitlement to dividends

Holders of Shares issued under this Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the rights attaching to the Shares and the Company's constitution.

28. Attorney

By completing and signing the Application Form 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 necessary for the purpose of giving effect to this Plan, including power

- (a) to transfer the shares which are the subject of the Application to a nominee of the Company at the issue price per Share, or
- (b) for the Company to undertake a buy back (at the issue price per Share) or capital reduction of those Shares pursuant to the provisions of the Corporations Act 2001,

upon the basis that the Application Form is a irrevocable direction to the Company to apply all proceeds that would have otherwise been provided or due to the Participant on a transfer, buy back or capital reduction of the Loan Shares solely in satisfaction of the Outstanding Loan Balance.

29. Miscellaneous Provisions

29.1 Rights of Participants

By returning an Application Form, each Employee acknowledges that nothing in these rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Employee the right to be invited to apply for, to be offered or to receive any Incentive Instrument;

- (c) confers on any Participant any a right to future employment or engagement and does not affect any rights which the Company may have to terminate the employment or engagement of any Participant;
- (d) forms part of the terms and conditions of the Participant's employment or other engagement contract, nor do the terms of this Plan constitute a contract or arrangement (including any related condition or collateral arrangement) in relation to the Participant's employment or other engagement contract;
- (e) affects any rights which any Employer may have to terminate the employment of any Employee; or
- (f) increases a Participant's income for the purpose of calculating any employee benefits;
- (g) may be used to increase damages in any action brought against any Employer in respect of any termination of employment.

No person, whether a Participant or otherwise, has any claim, right or interest in respect of the Plan or other property of the Plan, whether against the Company or any other person, as a consequence of termination of that person's employment or appointment or otherwise, except under and in accordance with these rules.

29.2 Instructions by Participants

For the purposes of these rules, the Company, the Board and any Employer is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal representative of a Participant) as valid, whether given orally or in writing.

29.3 Notices

Any notice, certificate, consent, approval, waiver or other communications given by a Participant, the Board, the Company or an Employer is deemed to have been duly given if:

- (a) sent by electronic mail or delivered by hand; or
- (b) sent by ordinary prepaid mail,

and is deemed to have been served:

- (c) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or
- (d) if posted, three Business Days (or, if posted to an address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage will:

- (e) if to the Company, the Board or an Employer, be to the following address:

Post: [insert address]

Email: [insert email]; and

- (f) if to the Participant, be to the physical and electronic address set out in the Application Form.

29.4 Severability

Any provision of this Plan which is invalid in any jurisdiction must, in relation to that jurisdiction:

- (a) be read down to the minimum extent necessary to achieve its validity, if applicable; and
- (b) be severed from this Plan in any other case,

without invalidating or affecting the remaining provisions of this Plan or the validity of that provision in any other jurisdiction.

29.5 Consents and approvals

Where anything depends on the consent or approval of a party then, unless this Plan provides otherwise, that consent or approval may be given conditionally or unconditionally or withheld, in the absolute discretion of that party.

29.6 Governing law and jurisdiction

- (a) This Plan is governed by and must be construed in accordance with the laws in force in the State of Victoria and the Commonwealth of Australia.
- (b) The parties submit to the non-exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Plan, its performance or subject matter.

29.7 Payments net of tax

If, the Company or a Subsidiary makes or is deemed to make a payment to a Participant under these rules and the Company or a Subsidiary (as applicable) is obliged to deduct or withhold any amount of tax or other government levy or impost, the payment to the Participant is to be made net of the deduction or withholding.

29.8 Rounding

Any calculation of a number of Incentive Instruments under the Plan is to be rounded down to the nearest whole number.

29.9 No waiver

No failure, delay or indulgence by the Board in exercising any power or right conferred on it under the Plan will operate as a waiver of that power or right, nor will a single exercise of a power or right preclude further exercises, or the exercise of any other power or right, under the Plan.

29.10 No assignment

Except as expressly permitted by these rules, no Participant may assign or transfer any of his or her rights or obligations under the Plan.

29.11 Conflicting provisions

If there is any conflict between the main body of this Plan and any schedules or annexures comprising it, then the provisions of the main body of this Plan prevail. Where there is any inconsistency between the ASX listing rules (as amended from time to time) and this Plan or any schedules or annexures comprising it – the ASX listing rules prevail.

Schedule 1: Application Form

APPLICATION FOR SHARES

To:

The Directors

Adherium Limited ACN 605 352 510

##

##

RECITALS:

- A. **Adherium Limited** ACN 605 352 510 ("**Adherium**") has agreed on the terms and conditions of the Limited Recourse Loan Agreement with the Applicant (whom may be an employee or director of Adherium) dated #[insert date] (**Loan Agreement**) to provide a loan (**Loan**) to the Applicant for the sole purpose of the Applicant subscribing for a number of ordinary shares in the Company (specified in the Schedule below) under the Adherium Employee Share Plan dated #[insert date] (**Plan**). A copy of the Plan and the Loan Agreement has been provided to the Applicant.
- B. The Loan will be secured by Adherium against all of the resulting shares issued to the Applicant on subscription for the Loan Shares.

Application

1. I (being the person named in item 1 of the attached schedule) apply for that number of ordinary shares in Adherium as detailed in the below Schedule at the issue price and expected issue date as detailed in that Schedule (**Loan Shares**). I understand that this Application for the Loan Shares is also an application for a Loan of the Loan Amount (specified in the Schedule) pursuant to the terms of the Loan Agreement. A copy of the Loan Agreement, executed by me, accompanies this Application.
2. I understand that Adherium makes no representation or guarantee in respect of the investment in Loan Shares which are the subject of this Application.
3. I agree to hold the Loan Shares in Adherium which are issued to me on acceptance of this Application subject to and be bound by the terms of the Plan, the Loan Agreement and the Constitution of Adherium (as amended from time to time) and acknowledge that the Company has security over the Loan Shares as security for repayment of the Loan. I further acknowledge that the Loan Shares may only be sold by me where the Loan has been repaid in full.
4. I acknowledge that by signing this Application for the Loan Shares this Application constitutes the appointment by the Participant of the Company to be my attorney under a power of attorney and to do all acts or things in my name on my behalf which may be necessary for the purpose of giving effect to this Plan, including power to effect an application of all proceeds that would have otherwise been provided or due to me on a transfer, buy back or capital reduction of the Loan Shares solely in satisfaction of the Outstanding Loan Balance.
5. I acknowledge that:
 - (a) a prospectus has **not** been prepared or lodged by Adherium in respect of the offer of the Loan Shares to me nor an information memorandum in respect of my application for a Loan pursuant to the Loan Agreement;

- (b) acknowledge that an investment in Adherium is speculative and there is no guarantee that there will be any return on Loan Shares (whether by way of dividends or return of capital or any other manner whatever); and
 - (c) in addition to restrictions in the Loan Agreement and the Plan, secondary trading in Loan Shares may be limited and there is no guarantee that there will be any market (whether official or unofficial) for trading of Adherium shares generally.
6. This Application is irrevocable and, except for the terms of the Loan Agreement, the Plan and as provided above, is unconditional.
 7. The validity and construction of this Application and, where the Application is accepted, the terms on which Loan Shares are allotted to the Applicant is governed and construed in accordance with the laws of the State of Victoria.

SCHEDULE

1. Name and address of applicant:
2. Number of ordinary shares in Adherium:
3. Issue price of an ordinary share: \$ [insert]
4. Total Subscription Price (**Loan Amount**): \$ [insert]
5. Intended issue date: [insert]

Dated: # #

Execution

Signed Sealed and Delivered by
#[insert] in the presence of:

.....
Signature of Applicant

.....
Signature of witness

.....
Name of witness
(please print)

Annexure 2 - Corporate Governance Compliance Statement

ADHERIUM - CORPORATE GOVERNANCE DISCLOSURES

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	Section 1 of the Company's Corporate Governance Policy (CGP) sets out the Board Charter, including the respective roles and responsibilities of Board and Management.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	Section 1.3 of the CGP sets out the process for appointment and retirement of Directors. It incorporates the factors which will be considered by the Board when seeking new candidates and the disclosure to shareholders of both the process by which the Director candidate was selected and all relevant background information on the candidate.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	Section 1.3 of the CGP requires there to be written agreements entered into with each Director and Senior Executive.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	Section 1.15 of the CGP specifies that the Company Secretary (or Co-Company Secretaries) are accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	Complies/ Will Comply	Section 2 of the CGP outlines the Company's Diversity Charter. The Company recognises the importance of Diversity and has adopted key principles which underpin its Diversity Charter. These are: ✓ fostering a culture supportive of diversity at all levels within the Company will enhance the recruitment, development and retention of a talented and motivated workforce; ✓ achieving an appropriate level of diversity will require establishing and maintaining career and leadership development programs; ✓ a necessary aspect of achieving diversity includes removing barriers to diversity; ✓ measurable objectives should be transparent and fit for purpose; and

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
	(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.		✓ steps taken to support the Company's diversity objectives should be consistent with the established approach to performance and reward. The Diversity Charter will be made available on the Company’s website. Under the CGP the Board has delegated responsibility for diversity plans, measurable diversity objectives and ensuring equality in remuneration across gender to the Nomination and Remuneration Committee. The Board will disclose in each annual report or on its website (where permitted) the measurable objectives for achieving gender diversity in accordance with the diversity charter and any progress towards achieving them, and will disclose the proportion of employees in its workforce, senior management and on the Board.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	Section 1.6 of the CGP outlines the Board Appraisal requirements. On a bi-annual basis the Chair will coordinate a survey of Directors to review and evaluate the performance of the Board.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	Section 5 of the CGP outlines the Charter of the Nomination and Remuneration Committee. Specifically, this Charter outlines the role of the committee in reviewing and reporting upon remuneration of the Company’s senior executives. The Company will disclose whether performance evaluations have been undertaken in its annual report each year.

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Complies	Section 2 of the CGP outlines the Nomination and Remuneration Committee Charter. This Committee is responsible for the combined functions of Nomination and Remuneration. A combined Committee was established as the Board felt this was most suitable for the current size of the Company. The Nomination & Remuneration Committee has three members and is chaired by an independent director who is not the Chair of the Board. The members of the Company's Nomination and Remuneration Committee are: Mr Bryan Mogridge (Chair), Professor John Mills, and Dr J Doug Wilson. Under the Charter the Nomination and Remuneration Committee will meet at least twice yearly and is responsible for: ✓ criteria for, assessment of and recommendations in relation to board composition; ✓ review and recommendations of the executive remuneration policy; ✓ consideration of and recommendations relating to remuneration of executive directors and senior management; ✓ reviewing and reporting on executive incentive plans and on equity based plans; and ✓ review and reporting on proposals concerning changes to remuneration, amendments to equity based plans, total remuneration levels for executives and termination payments to executive directors and senior executives. The Board will disclose in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting. The Committee will meet no less than twice yearly.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies/ Will Comply	The Nomination and Remuneration Committee is responsible for devising the criteria for Board membership and assessment of the size, diversity and membership. The Company has disclosed the skills and expertise of the current Board in Section 7.2 of the Company's Prospectus.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association	Complies/ Will Comply	Sections 7.2 and 13.7 of the Company's prospectus set out the Directors which the Board considers to be independent and the interest of each Director. As the Company is a newly formed entity, the length of service of each Director was not considered material for disclosure. In future reports, the Board intends to disclose the length of service for each Director in its annual corporate governance reporting.

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
	or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.		
2.4	A majority of the board of a listed entity should be independent directors.	Complies	The majority of the Board is comprised of Independent Directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Complies	The Board has assessed the interest, position, association or relationship of Dr Doug Wilson and determined that he is independent. While Dr Wilson has a consultancy relationship with the manager of the funds controlled by One Funds Management Limited (a substantial shareholder in the Company), that consultancy is immaterial in terms of any influence or impact on decision making by Dr Wilson and under the consultancy arrangements Dr Wilson does not provide any services regarding any investment by One Funds Management Limited in the Company.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	The Nomination and Remuneration Committee is responsible for induction of new Directors. This process will be facilitated by the Company Secretary.
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Complies	Section 6 of the CGP incorporates the Code of Conduct for the Company. It is disclosed on the Company's website.

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Complies	The Company has an Audit & Risk Committee as detailed in Section 4 of the CGP. A combined Audit and Risk Committee was established as the Board felt this was most suitable for the current size of the Company. The Audit and Risk Committee is comprised of three members all of whom are non-executive Directors and a majority of whom are independent, and chaired by an independent director, who is not the Chair of the Board. The current members of the Audit & Risk Committee are: Mr Bruce McHarrie (Chair); Professor John Mills; and Mr Jeremy Curnock Cook. The relevant skills and experience of the members of the Committee are disclosed in Section 7.2 of the Company's Prospectus. The Board will disclose in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting. The Committee will meet no less than quarterly.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Will Comply	The Board will receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively before it approves the Company's financial statements for each financial period.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Will Comply	The Company will hold an AGM at which the Company's external auditor will be present.
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complies	Section 6.4 of the CGP outlines the Company's Policy "Disclosures to the Investment Community", which clearly outlines the Company's policy in relation to continuous disclosure. A copy of the complete CGP including this policy is available on our website.
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company has provided a complete copy of its Corporate Governance Policy on the Company's website.

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Will Comply	The Company has a Shareholder Communications Strategy which is outlined in Section 6.5 of the CGP. The Company is committed to setting a high standard in Investor Relations. The Company's website will allow for email subscription to Company newsletters and announcements, share price information and a direct contact to the Company's executive in charge of Investor Relations.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Will Comply	Section 6.5 of the CGP outlines the Company's Shareholder Communications Strategy, including specific frameworks to encourage shareholder participation at AGM's.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company has an electronic subscription mechanism for shareholders and interested parties to receive news from the Company electronically. In addition, the Company's Share Registry, Computershare, provides electronic access to shareholders.
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Complies	The Company has an Audit and Risk Committee which oversees both the Audit and Risk functions. The Audit and Risk Committee Charter is outlined in Section 4 of the CGP. A combined Committee was established as the Board felt this was most suitable for the current size of the Company. The Audit and Risk Committee is comprised of three members all of whom are non-executive Directors and a majority of whom are independent, and chaired by an independent director, who is not the Chair of the Board. The current members of the Audit & Risk Committee are: Mr Bruce McHarrie (Chair); Professor John Mills; and Mr Jeremy Curnock Cook. The relevant skills and experience of the members of the Committee are disclosed in Section 7.2 of the Company's Prospectus. The Board will disclose in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting. The Committee will meet no less than quarterly.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Will Comply	The Audit and Risk Committee Charter in Section 4 of the CGP sets out the Committee's responsibilities in relation to managing risk. The Board will disclose, in relation to each reporting period, any reviews of the Company's risk management framework which have taken place

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Complies/ Will Comply	Section 4 of the CGPP sets out the Audit and Risk Committees obligations in relation to an internal audit function, including the review of the internal auditor's mission, charter and resourcing and approval of the scope of the internal audit plan.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Will Comply	The Audit and Risk Committee will be responsible for assessing economic, environmental and social sustainability risk and reporting on how the Board should best manage those risks.

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION		COMPLIANCE	COMMENT
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Complies	Section 2 of the CGP outlines the Nomination and Remuneration Committee Charter. This Committee is responsible for the combined functions of Nomination and Remuneration. A combined Committee was established as the Board felt this was most suitable for the current size of the Company. The Nomination & Remuneration Committee has three members and is chaired by an independent director who is not the Chair of the Board. The members of the Company's Nomination and Remuneration Committee are: Mr Bryan Mogridge (Chair), Professor John Mills, and Dr J Doug Wilson. Under the Charter the Nomination and Remuneration Committee will meet at least twice yearly and is responsible for: ✓ criteria for, assessment of and recommendations in relation to board composition; ✓ review and recommendations of the executive remuneration policy; ✓ consideration of and recommendations relating to remuneration of executive directors and senior management; ✓ reviewing and reporting on executive incentive plans and on equity based plans; and ✓ review and reporting on proposals concerning changes to remuneration, amendments to equity based plans, total remuneration levels for executives and termination payments to executive directors and senior executives. The Board will disclose in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting. The Committee will meet no less than twice yearly.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The CGP in Sections 5 and 6 outlines general policies for the review of performance and remuneration of non-executive directors, executive directors and senior executives.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Complies	The Company has equity based remuneration and from a policy viewpoint does not authorise participants to enter into transactions (derivatives or otherwise) to limit the risk or the benefit of participating in such equity incentives.