

July 2009 (V3)

Employee Share Option Plan

Terms and Conditions

1 The Share Option Plan

- 1.1 The Company has implemented a new July 2009 plan to enable Employees to acquire Options subject to these terms and conditions.
- 1.2 The Majitek Board has adopted the policy that a maximum of 10% of the Company shares will be allocated for this plan.

2 Definitions and Interpretations

- 2.1 In these terms and conditions unless the contrary appears:
 - 2.1.1 "Board" means the Board of Directors of the Company.
 - 2.1.2 "Change of Control" means if Company's equity register changes such that any one shareholder of the Company acquires more than 60% of the fully diluted capital of the Company.
 - 2.1.3 "Company" means Majitek Pty. Ltd. ABN 70 095 768 086.
 - 2.1.4 "Employee" means a person who is either a full time or a part time Employee of the Company and in receipt of a salary from the Company.
 - 2.1.5 "Option" bears the meaning ascribed in clause 5.1 of these terms and conditions.
 - 2.1.6 "Option Holder" means a person holding an Option or Options issued pursuant to these terms and conditions.
 - 2.1.7 "Qualifying Period" means the period of employment enabling an Employee to participate in the Option plan referred to clause 3 of these terms and conditions.
 - 2.1.8 "Share" means an ordinary share in the capital of the Company.
 - 2.1.9 "Exercise Price" means the price paid by the option holder to acquire one ordinary share in the Company as determined by the Board.
 - 2.1.10 "Terms of Issue" means the terms and conditions attached to an Offer as determined by the Board in its sole discretion from time to time.
 - 2.1.11 "Vesting Date" means the date on which an Option becomes exercisable as set out in the Terms of Issue.
 - 2.1.12 "Issue Price" means the price paid for an option enabling the holder to acquire upon exercise one ordinary share in the capital of the Company.
- 2.2 In these terms and conditions unless the context otherwise requires:
 - 2.2.1 Words importing the singular include the plural and vice versa.
 - 2.2.2 Words importing one gender include the other genders.

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- 2.2.3 A reference to a clause is a reference to a clause in these terms and conditions.
- 2.2.4 A reference to writing includes all means of reproducing words in a tangible and permanently visible form
- 2.2.5 The headings do not affect interpretation.

3 Eligibility Qualifying Period

All Employees shall be eligible to participate in the Option plan after one continuous year of employment. Both full time and part time Employees are eligible.

4 Offer of Options

- 4.1 After the qualifying period the Company may as determined in the absolute discretion of the Board offer Options to any Employee in any one year based on such criteria as described in clause 4.3 and on such terms of issue as the Board may determine from time to time.
- 4.2 The Company may as determined in the absolute discretion of the Board offer bonus Options to any Employee in any one year based on such criteria and on such terms of issue as the Board may determine from time to time.
- 4.3 The Board will include the following criteria in determining number and terms of issue of Options:
 - 4.3.1 Employee individual performance against individual performance indicators as assessed and reported by management to the Board
 - 4.3.2 Overall company performance against milestones as assessed by the Board.

5 Options and Issue of Options

- 5.1 Each Option is a call Option issued for the Issue Price specified in clause 5.3 enabling the holder to acquire upon exercise one ordinary share in the capital of the Company at the Exercise Price specified in the Option during the time available for exercise and subject to the conditions of exercise.
- 5.2 An offer to take up Options shall be made by letter enclosing an application form and also enclosing a copy of these Terms and Conditions.
- 5.3 If the Employee who receives an offer to take up a number of Options desires to do so he/she shall complete the application form issued together with the letter of offer. The Employee shall specify the number of Options to be acquired on the form and shall return the form to the company together with the Issue Price per Option.
- 5.4 Unless otherwise provided in these terms and conditions the Issue Price paid for the Options shall be non-refundable.
- 5.5 The Exercise Price shall be specified in the Option and shall be notified to Employees when an offer to acquire an Option or Options is made. The price shall be inclusive of the Issue Price of the Option to the intent that the amount to be paid on exercise of the Option shall be the price less the Issue Price of the Option. The Exercise Price shall be determined by the Board as at the day the offer to acquire an Option or Options is made and the method of such determination shall be decided by the Board in its absolute discretion.

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- 5.6 The price of any Option issued will be equal to the last formal assessment of the value of any shares issued during the preceding 12 month period e.g. the latest Capital Raising. If no formal valuation event has occurred in the preceding 12 months, then the previous price will apply. The price established as at 1 July will apply for the whole 12 month period. The issue of Options to Employees and the price of the Options must be approved by the Board of Directors before the Options are issued.
- 5.7 In certain circumstances the Board may issue low exercise price Options with an exercise price that results in a price per share lower than the price specified in clause 5.6 above. These low exercise price Options may be issued with an exercise price of A\$0.01 (or more) and may only be issued by the Board after passing a unanimous board resolution.

6 Conditions as to Exercise of Option

- 6.1 An Option is not exercisable until it is vested. All Options will vest as follows:
- 6.1.1 30% to vest where an Option Holder remains an Employee at the end of the first year following such issuance following satisfaction of the below
- 6.1.2 The remaining 70% to vest on a pro rata basis on the last day of each calendar month over the next three years where an Option Holder remains an Employee on that day.
- except in the following circumstances:-
- 6.1.3 where the Option has been issued upon written terms allowing its exercise after either no qualifying period or some other qualifying period; or
- 6.1.4 where there is a sale or proposed sale of the principal assets of the Company or where there is a Change of Control of the Company, whereby all Options may be exercisable at the Option of the holder within 90 days, otherwise original terms of issue stand.
- 6.2 Once an Option becomes exercisable it shall remain open to be exercised for a period of 5 years thereafter. Failure to exercise within this period will mean that the Option lapses absolutely.
- 6.3 In the event the employment of an Employee who holds one or more unexercised Options is terminated then:
- 6.3.1 If the employment is terminated by the Company by reason of misconduct of the Employee or breach by the Employee of the conditions of his employment then upon such termination the Option or Options shall lapse absolutely;
- 6.3.2 If the employment is terminated for reasons other than misconduct or breach as aforesaid or other than by reason of the death of the Employee the Option or Options shall if exercisable, unless exercised in the meantime, lapse at the expiration of three months from the date of termination. An Option or Options which are not exercisable at the date of termination shall lapse at the date of termination. Upon such Options lapsing the company shall refund the Option price to the holder of the Option or Options.
- 6.3.3 If the employment is terminated by reason of the death of the Employee the Option or Options shall vest in the legal personal representative of the Employee and he or she or the next of kin of the

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Employee shall be entitled to the benefit of the Option as if the Employee had survived.

- 6.4 Notwithstanding anything contained herein an Employee shall not be entitled to exercise an Option unless and until he or she has offered to sell the Option to the existing shareholders of the Company and such offer has not been accepted. If the Employee wishes to exercise or sell the Option he or she shall give a notice in writing to this effect to the Secretary of the Company and the following shall apply:

6.4.1 The Secretary shall at the next meeting of the Board following receipt of the notice advise the Board of such receipt and the Board shall cause the shares in the Company (including the shares the subject of the Option or Options specified in the notice as if such shares were issued) to be valued as at the date of the notice so as to fix a value for each share. The method of such valuation shall be determined by the Board in its absolute discretion.

- 6.5 Clause 6.4 shall not apply if the Employee holds shares in the Company at the time that he wishes to exercise an Option provided that he is eligible to exercise the Option in accordance with clause 6.1.

- 6.6 If no shareholder of the Company wishes to acquire the Option or Options of an Employee after the procedures referred to in clause 6.4 above have been followed then within the next 30 days, the Company shall have the right to repurchase (or procure a nominee to repurchase) the Option(s) (to the extent permissible under the Corporations Act) at cost for any unvested Options and if the Company does not exercise their repurchase right, the Employee shall be entitled to exercise the Option or Options subject to the conditions as to the Option or Options lapsing as described in clauses 6.2 and 6.3 above.

- 6.7 An Option shall be exercised by notice in writing to be delivered to the Secretary of the Company during the period specified in clause 6.2 above together with the amount to be paid on exercise as prescribed in clause 5.5 above.

6.7.1 Upon receipt of a valid exercise of Option or Options the Company shall allot one share for each Option exercised to the person exercising the Option or Options not more than fourteen (14) days after receipt of the exercise of Option and the Share Certificate will be despatched within fourteen (14) days thereafter.

7 Rights of Shareholders

A share issued as a result of the exercise of any Option will rank equally in all respects with the previously issued fully paid shares in the capital of the Company.

8 Reconstruction

- 8.1 Option holders will be permitted to participate in all new issues or bonus issues of shares only to the extent that the Option or Options held are or have been exercised. Option Holders will be given a period of at least ten (10) business days prior to and inclusive of the books closing date to determine entitlements to the issues.

- 8.2 In the event of a reconstruction (including consolidation, subdivision, reduction or return of the issued capital of the Company), the number of Options and the exercise price of the Options will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any detriment to the Option holders or

any benefits which are not conferred on members of the Company (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of members of the Company approving the reconstruction of capital) but in all other respects the terms for the exercise of the Options remain unchanged.

9 Incapacity of Option Holder

If an Employee who holds an Option or Options is by reason of insolvency or physical or mental incapacity unable as a matter of law to deal with his or her estate then his or her trustee, administrator or other person entitled at law to deal with his or her estate shall be entitled to stand in the same position as the Employee with regard to the Option or Options and these terms and conditions shall apply to the Option or Options as if the trustee, administrator or other person as aforesaid were the Employee.

10 Dealing with Options

Save as provided by these terms and conditions an Employee who holds an Option or Options shall not be entitled to sell, transfer, assign, mortgage, pledge or otherwise deal with such Option or Options.

11 Terms and Conditions to Apply

All Options issued to Employees shall be subject to these terms and conditions and the submission of an application to acquire an Option or Options by an Employee shall constitute the Employee's agreement with the Company to be bound by these terms and conditions.

12 Amendment to Terms and Conditions

These terms and conditions may be amended at any time by the Company provided that such amendment shall not apply to any Options issued prior to the date of amendment unless the holder of any such Option in the Company agrees.

Majitek Pty Ltd

DATED this day of 20__ __.

Execution by Employee:

Signed by the Employee in]
the presence of:-]

.....
(Signature of Witness)

.....
(Name of Employee)

.....
(Full name of Witness)

.....

.....
(Usual address of Witness)

Execution by Company:

Signed for and on behalf of **MAJITEK PTY LTD]**
in accordance with its Constitution]
in the presence of:-]

.....
(Signature of Director)

.....
(Signature of Company Secretary)

.....
(Name of Director)

.....
(Name of Company Secretary)