

# Employee Share Option Plan Plan Rules

*Ref: MET994-1*

Medlab Clinical Limited  
*ACN 169 149 071*

**Newcastle**

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## 1 Purpose

The Plan has been established by the Company to provide Eligible Employees with a means of receiving options to subscribe for Shares and a means of receiving rights to receive Shares. The purpose of the Plan is to provide Eligible Employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its returns to shareholders. It is intended that the Plan will assist the Company in attracting skilled and experienced employees and provide them with greater incentive to have a greater involvement with, and to focus on the longer term goals of, the Company.

## 2 Definitions and interpretation

### 2.1 Definitions

In these Rules, unless context indicates a contrary intention:

**Acceptance Period** has the meaning given to that term in Rule 4.2(g).

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

**ASX** means ASX 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 for the purposes of this Plan.

**Certificate** means, in relation to an Option or a Right, the certificate or statement (in a form approved by the Board) issued to the Option Holder or Rights Holder which discloses the number of Options or Rights entered in the register of Option holders in respect of the Option or Rights Holder.

**Company** means Medlab Clinical Limited ACN 169 149 071.

**Company Group** means the Company and each Subsidiary of the Company.

**Constitution** means the constitution of the Company, as amended from time to time.

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

**Eligible Employee** means:

- (a) a full-time or permanent part-time employee of the Company or any Subsidiary of the Company; or
- (b) a director or secretary of the Company or any Subsidiary of the Company,

other than a person who has been given notice of dismissal for misconduct from his or her employment or office with the Company, or any Subsidiary of the Company (or has given notice of resignation in order to avoid that dismissal).

**Employee Incentive Scheme** means an employee equity scheme extended to employees and/or directors of the Company and its Related Bodies Corporate, and includes the Plan.

**Exercise Conditions** means, in relation to an Option or a Right, the period of time, Performance Hurdles and other vesting conditions determined by the Board at the time of the offer of the Option or Right that are required to be satisfied before the Option or Right can be exercised.

**Exercise Price** means, in relation to an Option, the amount payable on exercise of the Option as determined in accordance with Rule 7.

**Listing Rules** means the official listing rules of the ASX.

**Nominee** means in respect of an Eligible Employee:

- (a) a person who is the spouse, parent, brother, sister or child (**close relative**) of the Eligible Employee;
- (b) a body corporate in which the Eligible Employee or a close relative of the Eligible Employee has, or any two or more of the Eligible Employee and close relatives of the Eligible Employee together have, a controlling interest (including any interest that gives control); or
- (c) such other person who is approved by the Board in its absolute discretion.

**Offer Letter** means an offer letter to an Eligible Employee for the grant of the Options.

**Option** means an option to subscribe for a Share or Shares under this Plan.

**Option Holder** means the holder of an Option.

**Participant** means:

- (a) an Eligible Employee (or his/her Nominee) who accepts an invitation to participate in the Plan, agrees to be bound by these Rules and whose application for Options or Rights in accordance with the invitation is accepted by the Board; or
- (b) the legal personal representative of any person referred to in (a) duly appointed on the death or legal incapacity of that person.

**Performance Hurdles** means conditions or events which must be satisfied before Options or Rights can be exercised (which may include, without limitation, conditions relating to the profitability of the Company or the price at which the Shares are traded on the ASX) and/or conditions which may require that the number of Options or Rights able to be exercised be reduced or that some or all the Options or Rights lapse in circumstances determined by the Board.

**Plan** means the Medlab Clinical Limited Employee Share Option Plan established and operated in accordance with these Rules.

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

**Right** means a right to subscribe for a Share for no consideration under this Plan.

**Right Holder** means the holder of a Right.

**Rules** means these Rules, as amended from time to time.

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

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

**Vested Option** means an Option in respect of which all Exercise Conditions have been satisfied or which is otherwise immediately exercisable in accordance with these Rules.

**Vested Right** means a Right in respect of which all Exercise Conditions have been satisfied or which is otherwise immediately exercisable in accordance with these Rules.

## 2.2 *Interpretation*

In these Rules, unless context indicates a contrary intention:

- (a) **(references)** a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of these Rules;
- (b) **(headings)** clause headings and the table of contents are inserted for convenience only and do not affect interpretation of these Rules;
- (c) **(person)** a reference to a person includes a natural person, corporation, statutory corporation, partnership, the Crown and any other organisation or legal entity and their personal representatives, successors, substitutes (including persons taking by novation) and permitted assigns;
- (d) **(including)** including and includes are not words of limitation, and a list of examples is not limited to those items or to items of a similar kind;
- (e) **(corresponding meanings)** a word that is derived from a defined word has a corresponding meaning;
- (f) **(singular)** the singular includes the plural and vice-versa;
- (g) **(gender)** words importing one gender include all other genders;
- (h) **(legislation)** a reference to any legislation or provision of legislation or the Listing Rules includes all amendments, consolidations or replacements and all regulations or instruments issued under it;
- (i) **(time and date)** a reference to a time or date is a reference to the time and date in Sydney, Australia;
- (j) **(Australian currency)** a reference to dollars or \$ is to Australian currency;
- (k) **(month)** a reference to a month is a reference to a calendar month;

- (l) **(year)** a reference to a year is a reference to twelve consecutive calendar months.

### 3 Operation of the Plan

#### 3.1 *General*

This Plan must be operated in accordance with these Rules.

#### 3.2 *Binding Rules*

These Rules bind the Company, each Subsidiary of the Company, each Participant and each Option or Rights Holder.

### 4 Invitation

#### 4.1 *Invitation to participate*

Subject to these Rules, the Board may in its absolute discretion from time to time invite any Eligible Employee selected by the Board to apply for Options or Rights under the Plan on the terms set out in these Rules and any other terms the Board considers appropriate. In selecting Eligible Employees who may be invited to apply for Options or Rights, the Board may have regard to:

- (a) the position in the Company Group held or to be held by the Eligible Employee;
- (b) the Eligible Employee's length of service with the Company Group;
- (c) the contribution made by the Eligible Employee to the Company Group;
- (d) the potential contribution to be made by the Eligible Employee to the Company Group; and
- (e) any other matters which the Board considers relevant.

#### 4.2 *Application Form*

The Board must give to each Eligible Employee who is invited to apply for Options or Rights under the Plan an Application Form together with the following information in relation to the Options or Rights:

- (a) the number of Options or Rights for which the Eligible Employee may apply;
- (b) the consideration (if any) for the grant of the Options or Rights;
- (c) the Exercise Price of the Options or the method of determining the Exercise Price;
- (d) the latest time at which the Options or Rights may be exercised, which must not exceed seven (7) years from the date of grant of the Options or Rights;
- (e) any applicable Exercise Conditions (including, without limitation, the period or periods during which the Options or Rights or any of them may be exercised and any applicable Performance Hurdles);

- (f) any other terms and conditions relating to the invitation or the Options or Rights which in the opinion of the Board are fair and reasonable but not inconsistent with these Rules;
- (g) the time within which the invitation may be accepted by the Eligible Employee (**Acceptance Period**);
- (h) in respect of the initial application made by an Eligible Employee, a summary of, or a copy of, these Rules; and
- (i) any other information or documents that the Corporations Act or the Listing Rules require the Company to give to the Eligible Employee.

#### 4.3 *Participant bound by Application Form, Rules and Constitution*

By completing and returning the Application Form within the Acceptance Period, a Participant applies for Options or Rights under the Plan on the terms of issue specified under Rule 4.2 and agrees to be bound by the terms of the Application Form, these Rules and the Constitution.

#### 4.4 *Acceptance by Nominee of Eligible Employee*

An Eligible Employee may, by notice to the Board, nominate a Nominee of that Eligible Employee in whose favour the Eligible Employee wishes to renounce an invitation received by, or any future invitation that may be made to, that Eligible Employee. The Eligible Employee will procure that its Nominee accepts the invitation made to that Eligible Employee and that both the Eligible Employee and the Nominee agree to be bound by these Rules as a Participant. The Board may, in its discretion, resolve not to allow a renunciation of an invitation in favour of a Nominee.

## 5 Grant of Options or Rights

### 5.1 *Grant of Options and Rights*

Subject to the satisfaction of any terms or conditions set out in the Application Form, following receipt of a completed and signed Application Form and the acceptance by the Board of the Application Form, the Company will, as soon as practicable after the end of the Acceptance Period:

- (a) issue to the Participant, on the terms of issue specified under Rule 4.2, the number of Options or Rights applied for by the Participant in the Application Form; and
- (b) complete an options register in accordance with the Corporations Act.

### 5.2 *No payment for Options*

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

### 5.3 *Certificate*

The Company must issue a Certificate to a Participant in respect of the Options or Rights granted to that Participant. The Company must comply with

the Constitution, the Listing Rules and the Corporations Act with respect to the issue of the Certificate.

**5.4** *No quotation on ASX*

Options and Rights will not be quoted on the ASX.

**6** **Restrictions on Transfer of Options or Rights**

A Participant must not sell, transfer, mortgage, charge or otherwise deal with or encumber any Options or Rights without the prior approval of the Board.

**7** **Exercise Price**

**7.1** *Shares Quoted on ASX*

Unless otherwise determined by the Board and set out in the Offer Letter, if Shares are quoted on the ASX on the day Options are granted to an Eligible Employee, the Exercise Price of each Option will be the market value of a Share on the day immediately preceding the date of grant of the Option, being the weighted average of the prices at which Shares were traded on the ASX during the thirty (30) day period up to and including the day immediately preceding the day the Option is granted.

**7.2** *Shares not quoted on ASX*

Unless otherwise determined by the Board, if Shares are not quoted on the ASX on the day Options are granted to an Eligible Employee, the Exercise Price of each Option will be the market value of a Share on the date of grant of the Option, as determined by the Board.

**8** **Exercise of Options or Rights**

**8.1** *Manner of exercise of Options and Rights*

The exercise of any Option or Right granted under the Plan may only be effected in such form and manner as the Board may prescribe.

**8.2** *Exercise multiples*

Option or Rights Holders must exercise Options and Rights in multiples as stipulated by the Board, unless the Option or Rights Holder exercises all Options or Rights able to be exercised by the Option or Rights Holder at that time. The exercise of some Options or Rights only does not affect the Option or Rights Holder's right to exercise other Options or Rights at a later time. If the Option or Rights Holder exercises less than all the Options or Rights represented by a Certificate then the Company will cancel the Certificate and issue a new Certificate for the balance.

**8.3** *Exercise conditions*

Subject to Rule 8.4, an Option or Right granted under the Plan may only be exercised if, at the time of exercise:

- (a) the Option or Right is a Vested Option or Right;
- (b) the Option or Right has not lapsed under Rule 9; and

- (c) in relation to an Option, the Exercise Price (as adjusted under Rule 10, if applicable) has been paid.

#### 8.4 *Other permitted exercise*

The Board may determine that an Option or Right will become a Vested Option or Right and may be exercised, whether or not any or all applicable Exercise Conditions have been satisfied:

- (a) if a takeover bid is made in respect of the Company and the Board recommends acceptance to shareholders;
- (b) subject to paragraph 8.4(a), if a takeover bid or scheme of arrangement is made or undertaken in respect of the Company and the Board in its absolute discretion determines exercise to be appropriate; or
- (c) in any other circumstance if the Board in its absolute discretion determines.

#### 8.5 *Provision of Shares on exercise of Option or Right*

Following exercise of an Option or Right, the Company must, within such time as the Board determines, issue to or acquire on market for the person exercising the Option or issue to the person exercising the Right the number of Shares in respect of which the Option or Right has been exercised, credited as fully paid.

#### 8.6 *Shares rank equally*

Unless the Option or Right terms provide otherwise, Shares issued on the exercise of Options or Rights will rank equally in all respects with all existing Shares from the date of allotment, including in relation to:

- (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.

#### 8.7 *Quotation on ASX*

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

#### 8.8 *Financial assistance*

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

## 9 Lapse of Options or Rights

### 9.1 *Resignation*

Subject to Rule 9.6, if a Participant's employment or office with the Company or a Subsidiary of the Company ceases due to his or her resignation:

- (a) all Options and Rights granted to the Participant that are Vested Options or Rights at the date of cessation of employment or office may be exercised by the Participant during the 3 month period following the date of cessation of employment or office, after which those Vested Options or Rights will lapse; and
- (b) all other Options or Rights granted to the Participant will lapse on the date of cessation of employment or office,

unless the Board determines otherwise.

### 9.2 *Retirement*

Subject to Rule 9.6, if a Participant's employment or office with the Company or a Subsidiary of the Company ceases due to his or her retirement:

- (a) all Options or Rights granted to the Participant that are Vested Options or Rights at the date of cessation of employment or office may be exercised by the Participant during the 6 month period following the date of cessation of employment or office, after which those Vested Options or Rights will lapse; and
- (b) all other Options or Rights granted to the Participant will lapse on the date of cessation of employment or office,

unless the Board determines otherwise.

### 9.3 *Death or permanent disability*

Subject to Rule 9.6, if a Participant's employment or office with the Company or a Subsidiary of the Company ceases due to his or her death or permanent disability:

- (a) all Options or Rights granted to the Participant that are Vested Options or Rights at the date of cessation of employment or office may be exercised by the Participant during the 6 month period following the date of cessation of employment or office, after which those Vested Options or Rights will lapse; and
- (b) all other Options or Rights granted to the Participant will lapse on the date of cessation of employment or office,

unless the Board determines otherwise.

### 9.4 *Cessation of employment for any other reason*

Subject to Rule 9.6, if a Participant's employment or office with the Company or a Subsidiary of the Company ceases for any reason other than those referred to in Rules 9.1, 9.2 and 9.3, all Options or Rights granted to the

Participant will lapse on the date of cessation of employment or office, unless the Board determines otherwise.

#### 9.5 *End of period otherwise determined by the Board*

Subject to Rule 9.6, if the Board determines a further period in which Options or Rights may be exercised, the Options or Rights will lapse at the end of that period.

#### 9.6 *End of exercise period*

If an Option or Right has not lapsed earlier in accordance with this Rule 9, it will lapse at the latest time at which the Option or Right may be exercised, as specified by the Board under Rule 4.2, which must not exceed seven (7) years from the date of the grant of the Option or Right.

#### 9.7 *Cessation of employment - interpretation*

For the purposes of these Rules, a Participant will be deemed not to have ceased employment with, or to hold an office with, the Company or a Subsidiary of the Company if:

- (a) immediately after the Participant leaves the employment or office of that company the Participant is employed by, or holds an office with, another Subsidiary of the Company or the Company;
- (b) the Participant is seconded from that company to a government department or instrumentality or to another company; or
- (c) immediately after the Participant leaves the employment or office of that company the Participant is employed by a joint venture company in which the Company or a Subsidiary of the Company holds a substantial interest at the time of employment, and which has been approved by the Board as an associated company for the purposes of the Plan.

## 10 Capital reconstructions and new issues

### 10.1 *Alterations to capital and reconstructions*

Subject to the Listing Rules, if the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital then the Board may make adjustments to the rights attaching to the Options or Rights (including, without limitation, to the number of Shares which may be acquired on exercise of the Options or Rights and the Exercise Price of an Option) on any basis it sees fit in its absolute discretion, provided however that the Board must apply the formula stated in Listing Rule 6.22.2 in varying the Exercise Price of an Option following a pro rata issue (other than a bonus issue) to Shareholders.

### 10.2 *New issues*

Subject to the Listing Rules, unless the Board otherwise determines, an Option or Right Holder is only entitled to participate (in respect of Options or Rights granted under the Plan) in a new issue of Shares to existing

shareholders of the Company generally if the Option Holder or Right Holder has validly exercised the Option Holder or Right Holder's Options or Rights and become a shareholder of the Company prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Option Holder or Right Holder is the registered holder.

## 11 Powers of the Board

### 11.1 *Powers of the Board*

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

- (a) determine appropriate procedures and make regulations for the administration of the Plan consistent with these Rules;
- (b) resolve and bind the Company and Participants absolutely regarding any question of fact, interpretation, effect or application arising in connection with the Plan;
- (c) determine matters falling for determination under these Rules in its absolute 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.

### 11.2 *Commencement of Plan*

The Plan commenced on 27 March 2015.

### 11.3 *Suspension or termination of Plan*

- (a) The Plan may be suspended or terminated at any time by resolution of the Board.
- (b) In the event of a suspension or termination, these Rules will continue to operate with respect to any Options or Rights issued under the Plan prior to that suspension or termination.

## 12 Contracts of employment and other employment rights

### 12.1 *Rules not part of employment contract etc.*

- (a) This Plan does not form part of any contract of employment or services between the Company, or any Related Body Corporate of the Company, and any Eligible Employee.
- (b) Nothing in these Rules confers on any Eligible Employee the right to receive any Options or Rights.
- (c) 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 or services contract will arise as a result.

## 12.2 *Termination of employment*

This Plan:

- (a) does not confer on any Eligible Employee or Participant the right to continue as an employee or officer of the Company or any Related Body Corporate of the Company;
- (b) does not affect any rights which the Company, or any Related Body Corporate of the Company, may have to terminate the employment or office of the Eligible Employee or Participant; and
- (c) may not be used to increase damages in any action brought against the Company, or any Related Body Corporate of the Company, in respect of that termination.

## 13 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.

## 14 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.

## 15 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.

## 16 Overseas Eligible Employees

The Company, at the Board's discretion, may:

- (a) grant Options or Rights to Eligible Employees 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 General Restrictions

### 17.1 *General*

Notwithstanding any Rule, Options, Rights and Shares may not be issued, transferred or dealt with under the Plan if to do so would contravene the Corporations Act, the Listing Rules, CO 14/1000 or any other applicable laws or where the compliance with any applicable law would in the opinion of the Board be unduly onerous or impractical.

### 17.2 *Limit on aggregate number of Shares*

Unless otherwise determined by the Board, taking into account what it considers to be all relevant factors, an offer of Options or Rights may only be made under the Plan at any particular time, if the number of Shares that may be acquired on exercise of the Options or Rights issued at that time, when aggregated with:

- (a) the number of Shares which would be issued if each already issued and outstanding offer or option to acquire unissued Shares acquired pursuant to the Plan (or any other Employee Incentive Scheme), was to be accepted or exercised (as the case may be); and
- (b) the number of Shares already issued during the previous 3 years pursuant to the Plan (or any other Employee Incentive Scheme),

does not exceed 5% of the total number of issued Shares as at the time of the offer.

## 18 Amendment of the Rules

### 18.1 *General*

Subject to Rule 18.2 and the Listing Rules, the Board may amend, add to, delete or otherwise vary these Rules at any time in any manner it thinks fit in its absolute discretion (**amendment**).

### 18.2 *Limitation on amendments*

No amendment to the provisions of these Rules may be made which reduces the rights of Participants in respect of Options or Rights acquired by them prior to the date of the amendment, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation or the Listing Rules;
- (b) to correct any manifest error or mistake; or
- (c) for the purpose of enabling Participants to receive a more favourable taxation treatment in respect of their participation in the Plan.

## 19 Governing Law

These Rules are governed by and shall be construed in accordance with the laws of the State of New South Wales.