



Xenith IP Group Limited Performance Rights Plan

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Performance Rights Plan

This Document contains the terms of the Xenith IP Group Limited Performance Rights Plan

1. Introduction

1.1 Purpose

The purpose of the Xenith IP Group Limited Performance Rights Plan is to:

- (a) attract, motivate and retain Participants,
- (b) provide an incentive to Participants to drive the companies performance,
- (c) provide market competitive reward mechanisms,
- (d) provide Participants the opportunity to acquire an ownership interest in the Company, and
- (e) further align the financial interests of Participants with those of the company shareholders.

1.2 Commencement

The Plan will commence operation on a date to be determined by the Board.

2. Definitions and interpretation clauses

2.1 Definitions

Application Form means a completed and executed application for the issue of Performance Rights made by an Eligible Participant in respect of an Invitation, in the form approved by the Board.

ASIC means the Australian Securities and Investments Commission.

Associate of an Eligible Participant means an associate for the purposes of section 83A-305 of the Income Tax Assessment Act 1997 (Cth).

ASX	means the Australian Stock Exchange Limited.
Board	means the Directors present at a meeting, duly convened as a meeting of Directors, at which a quorum is present or any committee established by the board of Directors from time to time to administer the Plan.
Business Day	means a day on which banks are open for business in Sydney, NSW excluding a Saturday, Sunday or public holiday in that city.
Company	means Xenith IP Group Limited ACN 607 873 209.
Commencement Date	means the date to the Company's shares are first quoted on the ASX or such other date as the Board may determine..
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) and the <i>Corporations Regulations 2001</i> (Cth) as amended from time to time.
Director	means a director of the Company and (where appropriate) includes any alternate director.
Eligible Employee	means any employee of the Company or a Group Company as determined by the Board.
Eligible Participant	Any Eligible Employee or Director, or their Associate, that is determined by the Board to receive an Invitation under the Plan.
Invitation	means the invitation provided to Eligible Participants to participate in the Plan in the form approved by the Board.
Group Company	means the Company, its subsidiaries (within the meaning of the Corporations Act) and any entity declared by the Board to be a Group Company for the purposes of the Plan.
Listing Rules	means the official Listing Rules of the ASX as they apply to the Company from time to time.
Participant	means the holder of a Performance Right issued in accordance with terms of these Rules.

Performance Conditions	means any condition determined by the Board in its absolute discretion that must be satisfied prior to a Performance Right being eligible to be exercised on vesting.
Performance Period	means the period determined by the Board in its absolute discretion by which Performance Conditions must be satisfied.
Performance Right	A performance right means the right, subject to the satisfaction of any Performance Conditions, to be allocated one Share, on the terms specified in this Plan.
Plan	means the Performance Rights Plan as constituted by these Rules.
Restricted Share	means a Share allocated on exercise of a Performance Right that is subject to a restriction on sale under Rule 9.
Restriction Period	means the period determined by the Board in its absolute discretion during which Shares allocated on vesting of Performance Rights cannot be sold or transferred.
Rules	means these rules as amended from time to time.
Share	means an ordinary share in the capital of the Company
Termination for Cause	means dismissal arising from misconduct (including if a Participant ceases employment following notice from their employer Group Company of proposed termination as a result of misconduct)

2.2 Interpretation

In these Rules, unless a contrary intention is expressed:

- (a) headings and italicised, highlighted or bold type do not affect the interpretation of these Rules;
- (b) the singular includes the plural and the plural includes the singular;
- (c) a gender includes all other genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in these Rules have a corresponding meaning;

- (e) a reference to a 'person' includes any individual, firm, company, partnership, joint venture, an unincorporated body or association, trust, corporation or other body corporate (whether or not having a separate legal personality);
- (f) a reference to time is to the time in Sydney, NSW, Australia;
- (g) a reference to a body, whether statutory or not, which ceases to exist or whose powers or functions are transferred to another body, is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (h) specifying anything in these Rules after the words 'include', 'including', 'for example', 'such as' or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (i) a reference to a day is to the period of time commencing at midnight and ending 24 hours later;
- (j) a reference to a month is a reference to a calendar month;
- (k) if a period of time is specified and dates from a day or the day of an act, event or circumstance, that period is to be determined exclusive of that day;
- (l) if an act or event must occur or be performed on or by a specified day and occurs or is performed after 5:00 pm on that day, it is taken to have occurred or been done on the next day; and
- (m) a reference to '\$', 'A\$', 'dollars' or 'Dollars' is a reference to the lawful currency of the Commonwealth of Australia.

2.3 Business Day

If anything under this Plan is required to be done by or on a day that is not a Business Day that thing must be done by or on the next Business Day.

3. Invitation

3.1 Performance Rights

Subject to complying with these Rules, the Board may in its absolute discretion:

- (a) Issue, or cause to be issued, Invitations to Eligible Participants in respect of that number of Performance Rights as the Board determines to be issued under this Plan;
- (b) Develop any policy in relation to the Plan.

3.2 Form of Invitation

An Invitation may take any form determined by the Board and will include the following information:

- (a) the number of Performance Rights in respect of which an Eligible Participant is invited to apply and whether vesting occurs in tranches;
- (b) the Performance Conditions, if any;
- (c) the Performance Period, if any;
- (d) the Restriction Period, if any;
- (e) the time period in which the Eligible Participant may apply for the Performance Rights under the Invitation; and
- (f) any other terms and conditions determined by the Board.

3.3 Price of Performance Rights

Performance Rights awarded under the Plan will be awarded for no monetary consideration unless determined otherwise by the Board.

3.4 Compliance with applicable laws

No Performance Right may be offered or issued to, or exercised if to do so would contravene:

- (a) the Corporations Act, the Listing Rules or any other applicable securities laws; and
- (b) the Company's securities trading policy including (without limitation) obtaining required consents under such securities trading policy.

3.5 Limits

No Invitation can be made or Application Form accepted under the Plan if the aggregate of the following would, on acceptance of the Application Form, exceed 5% of the total share capital of the Company on a fully diluted basis at the time of the invitation or application:

- (a) the maximum number of Shares subject to Performance Rights that could be acquired on acceptance of the relevant application and any other application under the Plan made contemporaneously with that application; and
- (b) the total number of Shares previously issued under the Plan upon the exercise of Performance Right, together with all Shares which would be issued if all then outstanding Performance Rights were exercised.

3.6 Lapsing of Invitation

An Invitation not accepted in accordance with its terms will lapse unless the Board determines otherwise.

4. Application for Performance Rights

4.1 Acceptance

An Eligible Participant may apply for the issue of Performance Rights specified in the Invitation by giving the Board an Application Form within the time period specified in the Invitation.

4.2 Whole or part

An Eligible Participant may apply for the issue of Performance Rights specified in the Invitation, in whole or in part.

4.3 Board's right to reject an Application

The Board may in its absolute discretion not accept any Application submitted by any Eligible Participant.

4.4 Participant

On the issue of a Performance Right, whether after receiving an Application Form or otherwise, an Eligible Participant will become a Participant and will be bound by these Rules and the constitution of the Company.

4.5 Certificate

The Board shall cause the issue to a Participant of a Certificate stating the number of Performance Rights issued and the date of issue.

5. Entitlement

5.1 Entitlement

A Performance Right that vests in accordance with clause 6 entitles the Participant to be allotted, credited as fully paid or transferred one Share.

5.2 Exercise Price

Unless the terms of an Invitation of Performance Rights provide otherwise, no payment is required upon exercise of the Performance Right.

5.3 Restrictions on transfer

Each Participant must not sell, transfer, mortgage charge or otherwise deal with or encumber any Performance Right except with the prior approval of the Board in its absolute discretion.

6. Vesting

6.1 Vesting

A Performance Right vests on the date, as the Board shall determine, that the Board notifies a Participant under Rule 6.2 that the Performance Conditions have been met following the end of the Performance Period.

6.2 Notification

The Board shall notify the Participants whether or not the Performance Conditions have been met as soon as reasonably practicable after the end of the Performance Period.

6.3 Test dates

The Board may specify in an Invitation the number and frequency of test dates applicable to Performance Rights and the extent to which Performance Rights become vested on any test date on satisfaction of the Performance Condition.

6.4 Exercise

A vested Performance Right may only be exercised by a Participant once the Board has notified the Participant that the Performance Condition has been satisfied.

6.5 Form and manner

The exercise of any vested Performance Right awarded under the Plan will be effected in the form and manner determined by the Board, including automatically if so determined by the Board.

7. Performance Conditions

7.1 Performance Conditions

The Board may, in its absolute discretion, determine the Performance Conditions and Performance Period that will apply to a Performance Right.

7.2 Amendment or variation

The Board may amend or vary the Performance Conditions or Performance Period under this Plan.

8. Allocation of shares

8.1 Allocation

The Board must cause the Company to allot and issue or transfer to a Participant that number of Shares in respect of the Performance Rights that are exercised under Rule 6.4.

8.2 Shares rank equally

All Shares allotted and issued under Rule 8.1 will rank equally.

8.3 Quotation

The Company will apply to the ASX within a reasonable time for the Shares that are allotted and issued to be quoted on the ASX.

9. Restriction on disposal of Shares

9.1 Company Shares subject to Restriction Period

Subject to the terms and conditions of the grant, Shares acquired by a Participant under rule 8.1 must be held by the Participant subject to transfer, dealing or disposal restrictions during the Restriction Period.

9.2 No disposal of Shares while restricted

A Participant must not dispose of or otherwise deal with any Shares issued, transferred to, or allocated to the Participant under the Plan while they are Restricted Shares.

9.3 Enforcement of Restriction Period

The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Restricted Shares issued for as long as those Shares are Restricted Shares and Participants must agree to such arrangements and must not take any action or permit another person to take any action to remove the arrangements.

9.4 Lapse of restrictions attaching to Shares

When a Share ceases to be a Restricted Share, all restrictions on disposing of or otherwise dealing or purporting to deal with that Share provided in or under these Plan Rules will cease.

9.5 Waiver of restriction period

The Board may, in its sole discretion, having regard to the circumstances at the time, waive a Restriction Period.

10. Lapsing on ceasing employment

10.1 Pro rata

Subject to Rule 10.2 if a Participant ceases to be employed by a Group Company during a Performance Period then:

- (a) The unvested Performance Right will lapse on a pro-rata basis, unless the Board determines otherwise; and
- (b) Unvested Performance Rights that do not lapse under clause 10.1(a) will continue to be held subject to the terms of grant.

10.2 Performance Rights Lapse

If a Participant ceases to be employed by a Group Company during a Performance Period by reason of:

- (a) resignation;
- (b) Termination for Cause; or
- (c) any other reason, if the Board so decide in any particular case,

their Performance Right will lapse, unless the Board in their absolute discretion determines otherwise.

10.3 Death

If a Participant dies before the end of a Performance Period, his Performance Right will vest immediately unless otherwise determined by the Board.

11. Variation of Performance Rights

11.1 Adjustments

In the event of any of the circumstances set out in Rule 11.2 and subject to all applicable laws and the Listing Rules, the Board may make such adjustments as they consider appropriate in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant to:

- (a) the number of Shares subject to a Performance Right;
- (b) the terms of a Performance Condition; and/or
- (c) any cash payment to be made under these Rules,

11.2 Circumstances

The circumstances are:

- (a) a variation in the equity share capital of the Company, including a capitalisation or rights issue, bonus issue, sub-division, consolidation or reduction of share capital, or a demerger (in whatever form);
- (b) a takeover, demerger or other reconstruction (excluding liquidation or receivership) of any other company with which the Company's performance is compared; or
- (c) any other circumstances whatsoever which causes the Board to consider that a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy, or that the Performance Condition should be waived.

11.3 Notice

After any adjustment under Rule 11.1, notice shall be given to any affected Participant.

12. Lapse of Performance Rights

12.1 Lapsing

A Performance Right lapses on the earliest of:

- (a) the expiration of 15 years, unless extended at the discretion of the Board, from the date of acceptance by the Board of an Application Form in respect of a Performance Right;
- (b) notification by the Board under Rule 6.2 that the Performance Conditions in respect of the Performance Right have not and cannot be satisfied;

- (c) on cessation of the employment in the circumstances specified in Rule 10.2;
- (d) the Participant becoming bankrupt or committing an act of bankruptcy or, if the Participant is deceased, the Participant's estate becoming bankrupt; and
- (e) A determination by the Board under Rule 12.2.

12.2 Performance Right may lapse in the case of fraud or dishonesty

If, in the opinion of the Board, a Participant:

- (a) has committed (or it is evident the Participant intends to commit), any act or omission which amounts or would amount to any of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Participant's duties;
- (b) is convicted of a criminal offence or is guilty of any other wilful or recklessly indifferent conduct which, in the opinion of the Board, may injure or tend to injure the reputation and/or the business or operations of a Group Company;

the Board may declare that any unvested Performance Right has lapsed, and the unvested Performance Right lapses accordingly.

13. Administration of Plan

1.2 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 not materially inconsistent with these Rules.

1.3 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.

1.4 Delegation of Board powers and discretions

Any power or discretion which is conferred on the Board by these Rules including the power to invite Eligible Participants to participate in the Plan and to determine the terms and conditions of a Participant's Performance Right may be delegated by the Board to:

- (a) a committee consisting of such Board, 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.

13.1 Documents

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

13.2 Board decision - final and conclusive

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

13.3 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.

14. Amendment of the Plan

14.1 Board may amend

Subject to Rule 14.2 and the Listing Rules, the Board may at any time by written instrument, add to, delete or otherwise vary or amend all or any of the provisions of these Rules.

14.2 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, other than with the consent of the Participant or where the amendment is introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;
- (c) for the purpose of enabling the Participants generally to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (d) to enable the Plan or any Group Company to comply with the Corporations Act, the Listing Plan Rules, any other applicable laws or its constitution.

15. Termination of the Plan

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 an effective resolution is passed for the winding up of the Company other than for the purpose of amalgamation or reconstruction; or
- (b) if the Board determines that the Plan is to be wound up.

16. Miscellaneous provisions

16.1 Rights of Participants

Nothing in these Plan 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 Performance Right;
- (c) confers on any Participant the right to continue as an employee of any employer;
- (d) affects any rights which any employer may have to terminate the employment of any employee; or
- (e) 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 the employee's employment or appointment or otherwise, except under and in accordance with these Plan Rules.

16.2 Notices

Any notice, certificate, consent, approval, waiver or other communications given by the Board or the Company 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:

- (a) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or

- (b) if posted, three Business Days (or, if posted to a Participant's address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage is to the address of any Participant as indicated on the Application Form, any other address as the Board or any Participant may notify to the other or in the case of a Participant who is an employee, the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of his or her office or employment.

16.3 Governing law

These Rules are governed by the laws in force in New South Wales and will be construed and take effect in accordance with those laws.