

Apollo Gas Limited Employee Share Option Plan Rules

**Piper Alderman
Lawyers**

Level 23 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Australia
Telephone +61 2 9253 9999
Facsimile +61 2 9253 9900
www.piper-alderman.com.au

Sydney • Melbourne • Brisbane • Adelaide

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Apollo Gas Limited ACN 139 494 885 – Employee Share Option Plan Rules

1. Definitions

In these Plan Rules, unless the contrary intention appears, the following terms have the following meanings:

ASX means ASX Limited ACN 008 624 691;

ASIC means Australian Securities and Investments Commission;

Board means the board of directors of the Company or any committee of that board;

Company means Apollo Gas Limited ACN 138 673 186;

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

Eligible Person means a person who is a Director holding a salaried employment or office in the Company or a Subsidiary or a senior manager of the Company or a Subsidiary;

Exercise Price means the exercise price of an option determined under rule 7 of the Plan as adjusted from time to time, if applicable, under rule 15;

Expiry Date means, subject to rule 8, the date on which an Option lapses under rules 4.4(a) and 8.1;

Group means the group of related or associated companies of which the Company is the holding company and includes any entity designated by the Board to be a member of the Group (even though not a subsidiary of the Company);

Listed means that the Company is admitted to the official list of, or otherwise listed on the ASX or any other securities exchange;

Listing Rules means the listing rules of the ASX or any other securities exchange on which the Company is Listed;

Loan means a loan made by the Company to a Participant pursuant to clause 11.1;

Option means an option in respect of unissued Shares in the Company and granted under this Plan;

Participant means a person who holds one or more Options;

Plan means this Employee Share Option Plan established by the Company;

Plan Rules means the rules of the Plan set out herein;

Subsidiary of the Company means any company that would be a subsidiary of the Company in accordance with the *Corporations Act, 2001*;

Share means an ordinary share in the capital of the Company.

2. Interpretation

In these Plan Rules, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa;
 - (b) a reference to the whole or part of any legislation includes any amendment, consolidation or re-enactment of the legislation or any legislative provision substituted for the legislation;
 - (c) headings are inserted for convenience only and do not affect construction or interpretation of these rules; and,
 - (d) expressions given a meaning in the Corporations Act have the same meaning when used in this Plan.
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3. Commencement of the Plan

This Plan takes effect on and from the date determined by the Board.

4. Grant of Options

4.1 Grant

Subject to rule 4.3, the Board may, in its discretion and from time to time, grant to Eligible Persons any number of Options on such terms as they may determine in accordance with these rules.

4.2 Terms of Grant

Options must be granted on the terms of this Plan and each Participant will be taken to have agreed to be bound by the terms of this Plan on the grant of Options to that Participant.

4.3 Shareholder approval

If and to the extent applicable at any time, the grant of Options under this Plan generally or to particular Eligible Persons is subject to receipt of any necessary shareholder or other approvals under:

- (a) the Corporations Act or any other law applicable to the Company; and
- (b) if the Company is Listed, the applicable Listing Rules.

4.4 Matters for determination

Subject to any limitations under the Corporations Act or any other law applicable to the Company, when granting Options to an Eligible Person the Board:

- (a) must determine the date on which the Options are to lapse (if not exercised or lapsed under rule 8 before that date);

- (b) may determine the dates on which the Options vest in the Participant and, subject to rule 9, thereby become exercisable by the Participant; and
- (c) may determine any other conditions which must be satisfied before the Options vest in the Participant or are otherwise exercisable by the Participant.

5. Maximum Number of Options

The maximum number of Options that may be granted to Participants under this Plan from time to time is limited to such number as:

- (a) if the Company is Listed, is consistent with any applicable Listing Rules; and
- (b) in any event is determined by the Board from time to time in its discretion or having regard to regulatory constraints under the Corporations Act, ASIC policy or any other law applicable to the Company.

6. Notice of Grant

6.1 Notification

When Options are granted to an Eligible Person, the Eligible Person (now a **Participant**) is to be notified by the Company of the grant.

6.2 Terms of notice

The notice is to specify:

- (a) the number of Options granted;
- (b) the Exercise Price of the Options granted;
- (c) the date determined by the Board as the Expiry Date under rule 4.4(a);
- (d) if applicable, the dates on which the Options vest as determined by the Board under rule 4.4(b); and
- (e) if applicable, any other conditions attaching to the Options as determined by the Board under rule 4.4(c)..

6.3 Commencement

Subject to rule 6.4, the term of an Option commences on the date the Board resolves to grant the Option.

6.4 Decline of acceptance

An Eligible Person may, within ten (10) business days after receipt of a notice of grant under rule 6.1, by notice to the Company decline to accept the Options referred to in the notice of grant. If notice is received from an Eligible Person under this rule, the Options will not be granted to that person. If no notice is received under this rule, the Options are deemed granted to that person.

7. Exercise Price

The exercise price of each Option is to be such price as determined by the Board in its discretion when granting the Option.

8. Expiry Date

8.1 Lapsing

Subject to rules 8.2 and 8.3, Options granted to a Participant lapse at 5:00 pm Sydney time on the date determined by the Board under rule 4.4(a) (unless exercised prior to that date).

8.2 Cessation of employment

If a Participant ceases to be an employee of the Company or any other entity in the Group (other than through the death of the Participant):

- (a) all Options granted to a Participant which have not vested automatically lapse; and
- (b) all Options granted to the Participant which have vested lapse on the expiry of 90 days (or such longer period as determined by the Board) after the date on which the Participant ceases to be an employee, unless the Participant ceases to be an employee as a result of termination for dishonesty, fraud or cause (as defined in the relevant Participants employee agreement with the Company) in which case the Options lapse immediately on ceasing to be an employee.

8.3 Death

On the death of a Participant:

- (a) all Options granted to a Participant which have not vested automatically lapse; and
- (b) notwithstanding anything to the contrary in this Plan, the Options which have already vested in the Optionholder prior to death, lapse on the expiry of 12 months after the date of the Optionholder (except to the extent that the executor or beneficiaries of that Optionholder's estate exercise any or all of those Options).

9. Option Exercise

9.1 Vesting condition

If an Option is subject to vesting pursuant to rules 4.4(b) and 4.4(c), it may only be exercised if it has vested and before it expires. While the Company is not Listed, the Board may in its absolute discretion accelerate the vesting of Options of any Optionholder.

9.2 Exercise time

Subject to rule 9.1, an Option may be exercised by a Participant at such time(s) as the Board determines at the time of grant.

9.3 Entitlement

When exercised, each Option held by a Participant entitles the Participant to subscribe for and to be issued one Share (credited as fully paid). The subscription price for the Share is equal to and satisfied by payment of the exercise price of the Option.

10. Manner of Exercise

10.1 Method

A Participant may exercise Options by lodging with the Company a notice of exercise in a form approved or accepted by the Board accompanied by:

- (a) payment of the aggregate exercise price for the Options the subject of the notice;
- (b) the Participants option certificate; and
- (c) a duly executed deed of accession.

10.2 Minimum No

If a Participant does not exercise all Options held by the Participant, the Participant must exercise Options in multiples of 10,000 or other multiple permitted by the Board. On exercise of any Options by a Participant, the Company must issue Shares in accordance with this Plan. The Company must comply with the requirements of the Corporations Act and, if the Company is Listed, the Listing Rules in connection with the manner and timing of issue of the Shares. The Company is not obliged to issue Shares unless it has received cleared funds on account of the exercise price of Options.

10.3 Ranking

Shares issued on exercise of Options rank equally with all existing Shares from the date of the issue of such Shares.

10.4 Name

Shares may only be issued in the name of the Participant exercising the Option unless the Board otherwise agrees.

11. Loan to Exercise Options

11.1 Loan Offer

- (a) The Directors may offer a loan of money to a Participant who holds an Option for the amount of the exercise price of the Option, to enable the employee to pay the purchase price for the Share on the exercise of the Option that has been issued pursuant to this Plan.
- (b) The offer of the loan shall be in writing and must state the terms and conditions of the loan as determined by the Directors.
- (c) The terms of the loan offer shall remain open for acceptance for ten business days.

- (d) Upon acceptance of the offer, the employee shall be bound by the terms of the offer and the Company will apply the amount of the loan to the exercise price of the Option and issue the Share.

11.2 Dividends

Until the Loan is repaid, the Company may apply any dividends paid in respect of the Shares in satisfaction of any amounts outstanding under or in connection with the loan.

11.3 Lien

- (a) The Company shall have a lien over the Shares until all the amounts outstanding under or in connection with the Loan have been repaid.
- (b) Until the Loan is repaid, the Company may take any action available to it to prevent the transfer of the Shares.

11.4 Disposal of Shares

- (a) Notwithstanding the above, a Participant may dispose of all or part of his or her Shares if authorised to do so by the Company or if a takeover bid is made for the Shares.
- (b) If the employee disposes of the all or part of his or her Shares as permitted by sub-clause (a), the employee must repay the Loan or that proportion of the Loan being the same proportion as the Shares disposed of to the total number of Shares held by the employee.

11.5 Repayment of Loan

- (a) A Loan shall be repayable in full on the first to occur of the following events:
 - (1) the Participant ceases to be an employee of the Company, or of any of its subsidiaries, as the case may be;
 - (2) the Participant fails to comply with a term or condition of the Loan or this Plan; or
 - (3) the Participant becomes bankrupt; or
 - (4) on the fifth anniversary of the date of the advance of the Loan; or,
 - (5) the Company demands repayment of the Loan.
- (b) A Loan may also be repaid at the option of the Participant.

11.6 Default

- (a) If the Participant:
 - (1) fails to comply with a term or condition of the Loan or this Plan; or
 - (2) becomes bankrupt; or

- (3) fails to repay any amount outstanding under or in connection with the Loan when required to do so,

the Company may purchase the Shares from the employee or direct that they be sold to a nominee of the Company at a price not less than the lesser of the purchase price of the Shares paid by the employee and the market price thereof at the date of such disposition.

- (b) The Company shall apply the proceeds from the disposal of the shares towards satisfaction of any amounts outstanding under or in connection with the Loan.
- (c) Any remaining amount of the Loan shall be immediately due and payable by the Employee to the Company.

12. No Transfer

The rights and entitlements of a Participant to Options may not be transferred, assigned, encumbered or otherwise disposed of by the Participant except by transmission on death of the Participant or with the written agreement of the Board (which may be given or withheld in its discretion).

13. Quotation of Options and Shares

13.1 No listing

The Options will not be listed on any securities exchange on which the Company is Listed.

13.2 Application for Listing

If the Company is Listed at the time of exercise of any Options, the Company will make application to the relevant securities exchange for listing or quotation of the Shares issued on exercise of the Options. Any such application is to be made in accordance with the requirements of the applicable Listing Rules.

13.3 Condition

The grant of each Option is subject to a condition that if the Company become Listed, the Participant or former Participant must sign any restriction (escrow) agreement required by the relevant securities exchange, in respect of the Option or any Shares issued on exercise of the Option.

14. Participation in New Issues

A Participant may only participate in issues of securities by the Company if the Option has been exercised and a Share allotted in respect of the exercise of that Option before the books closing date for determining entitlements to the security issue.

15. Variations of Capital

15.1 Bonus issues

- (a) If, prior to an exercise of an Option by a Participant, the Company makes a bonus issue of Shares pursuant to an offer of Shares to at least all holders of Shares to whom such an offer would be lawful, then on exercise by a Participant of an Option the Participant will be entitled to be allotted (in addition to the Shares to which the Participant is otherwise entitled), the number of additional Shares (in this rule 13.1 called "Additional Shares") which would have been issued to the Participant in such Bonus Issue (disregarding fractions) if, at the date on which entitlements to the bonus issue were calculated, the Participant had been registered as the holder of Shares equal to the aggregate of the number of Shares and any Additional Shares (if any, resulting from any earlier application of this rule) to which the Participant would have been entitled if immediately prior to that date the Participant had so exercised the Option in respect of the Shares then the subject of the Option and the exercise.
- (b) The Additional Shares must be issued credited as fully paid and rank equally with the other Shares issued as a result of the exercise of the Option.

15.2 Rights Issues

If, prior to an exercise of an Option by a Participant, any offer or invitation is made by the Company to at least all holders of Shares to whom such an offer would be lawful for the subscription of cash for shares of the Company, the Exercise Price of the Option will be reduced according to the following formula:

$$O1 = \frac{O2 - E[P - (S + D)]}{N + 1}$$

Where:

- O1 = the new Exercise Price of the Option;
O2 = the old Exercise Price of the Option;
E = the number of Shares into which the Option is exercisable;
- P = the subscription price for a Share under the pro rata issue or, if the Company is Listed, the average market price per Share (weighted by reference to volume) of the Shares during the 5 trading days on the exchange on which the shares are Listed ending on the day before the ex-rights date or ex-entitlements date or if there is no such date then the date chosen by the Board. If the Company is Listed on more than one exchange, then this provision is to be interpreted by reference to trading on the primary exchange on which Shares are Listed (unless the Board otherwise determines);
- S = the subscription price for a Share under the pro rata issue;
- D = the dividend due but not yet paid on the existing Shares (except those 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.

15.3 Reconstruction of Capital

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company:

- (a) the number of Shares to which a Participant is entitled on exercise of an Option will be reduced or increased in the same proportion as the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
- (b) an appropriate adjustment will be made to the Exercise Price, to the effect that the total amount payable on an exercise of all Options by each Participant will not alter.

15.4 Return of Capital

If, prior to the exercise of an Option by a Participant, the Company makes a return of capital to holders of Shares generally, the Exercise Price will be reduced by the amount of the capital returned in respect of each Share.

15.5 Cumulative Adjustments

The terms of this rule 15 relating to bonus issues, rights issues, reconstructions and returns of capital may be applied on more than one occasion such that their effects may be cumulative. It is intended that the adjustments they progressively effect will be such as to reflect in relation to the Shares subject to Options, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

15.6 Notice of Adjustments

Whenever the number of Shares subject to an Option or the Exercise Price is adjusted in accordance with these rules, the Company will give notice of the adjustment to the Participant holding the Option.

16. Plan and Option Amendments

16.1 Amendment by Board

The rights attaching to the Options may be amended by the Board subject to receipt of any necessary shareholder or other approval under:

- (a) the Corporations Act or any other law applicable to the Company; and
- (b) if the Company is Listed, the applicable Listing Rules.

16.2 Subject to Listing Rules

If the Company is Listed and the provisions of this Plan or the terms of issue of the Options are inconsistent with the Listing Rules, then the Listing Rules prevail to the extent of any inconsistency and the terms of the Options will be deemed modified accordingly without further action by the Company, the Board or the holder of the Option being necessary.

16.3 Deemed modification

Without limiting the generality of rule 16.2, it is a term of each Option that, if the Company is Listed, the rights of the Participant who holds the Option are deemed modified from time to time as necessary to ensure the terms of the Options comply with the Listing Rules generally and in particular (but without limitation) as those rules apply to reorganisations of capital at the time of any re-organisation of the Company's capital, in each case despite any inconsistent provision in the terms of this Plan.

16.4 Amendment without prejudice

Subject to rules 16.1 to 16.3 (inclusive) and, if the Company is Listed, to receipt of any necessary approvals required under the Listing Rules, the terms of this Plan may be amended by the Board but without prejudice to the existing or accrued rights of Participants before any amendments are made.

17. Administration of the Plan

This Plan will be administered by the Board. The Board will have power to:

- (a) delegate to any persons for such period and on such terms as it sees fit, the exercise of any of its powers or discretions under this Plan;
- (b) determine appropriate procedures for administration of this Plan consistent with these rules, including approving the form and content of forms and notices to be issued under this Plan; and
- (c) resolve conclusively all questions of fact, construction, interpretation or ambiguity in connection with the terms or operation of this Plan and the terms of Options granted under this Plan.

18. Notices

- (a) Notices may be given by the Company to Participants in the manner permitted by the Corporations Act for the giving of notices to holders of Shares and the relevant provisions of the Corporations Act apply (with necessary changes) to notices given to Participants.
- (b) Service of all documents required by this Plan shall be deemed to be affected if the Company sends the document by registered post to the last address of the Participant known to the Company.

19. Termination of the Plan

This Plan may be determined at any time by resolution of the Board. Termination of this Plan will be without prejudice to the rights of Participants in respect of Options outstanding at the date of termination.

20. Governing Law

The terms of this Plan are governed by the laws of the State of New South Wales.