

Loan Funded Share Plan Rules

Ratel Group Limited

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1. Definitions and Interpretation

1.1 Definitions

In these Rules the following expressions have the following meanings unless the context otherwise requires:

Application Form means an application for Plan Shares in response to an Invitation, in the form determined by the Board and attached to each Invitation;

Board means the board of Directors of the Company or any Group Company, as applicable, from time to time;

Bonus Shares means Shares issued or to be issued as part of a bonus issue to Shareholders;

Business Day means any day on which the TSX is open for trading;

Cash Distributions means all distributions declared in respect of Plan Shares which are payable in cash;

Committee means the Committee appointed by the Board to administer the Plan;

Company means Ratel Group Limited or any successor company listed on the TSX;

Director means a director of the Company;

Employee means any permanent, part-time or casual employee or consultant of a Group Company and any Director;

Expiry Date is defined in Rule 5.1(b)(ii);

Group means the Company and its subsidiaries;

Group Company means the Company or any of its subsidiaries;

Hold Period is defined in Rule 9;

Invitation means an invitation to participate in the Plan issued by the Board under Rule 5.1;

Issue Date means, in relation to a Plan Share, the date on which that Plan Share is issued to the Employee by the Company;

Listing Rules means the rules of TSX as set out in the TSX Company Manual;

Loan means a loan by a Group Company referred to in Rule 6 to enable the Participant to pay the Subscription Price for the Plan Shares allotted to the Participant in accordance with the Plan;

Loan Application means an application for a Loan in the form determined by the Board and attached to each Invitation that includes an offer of a Loan;

Offer Date means, in respect of an Invitation, the date that Invitation is sent to the Employee.

Participant means any person to whom Plan Shares are issued under the terms of the Plan;

Plan means the **Ratel Group Loan Funded Share Plan** as constituted by these Rules;

Plan Shares is defined in Rule 4;

Repayment Date is defined in Rule 5.1(b)(iv);

Rights means rights to acquire Shares;

Rules means the rules of the Plan as contained in this document;

Shareholders means the shareholders of the Company;

Shares means fully paid ordinary shares in the capital of the Company;

Subscription Price means the subscription price for the Plan Shares, to be determined in accordance with Rule 5.1(f);

TSX means the Toronto Stock Exchange; and

Trading Date is defined in Rule 5.1(b)(v).

1.2 Interpretation

In these Rules, 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 these Rules;
- (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 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 other 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 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 that performs most closely the functions of the defunct body; and
- (p) where any calculation or adjustment produces a fraction of a cent or a fraction of a Share, the fraction must be rounded up to the nearest whole number.

2. Establishment and Purposes

- (a) The purposes of the Plan are to:
 - (i) motivate and retain Employees;
 - (ii) attract quality Employees to the Group;
 - (iii) create commonality of purpose between the Employees and the Group;
 - (iv) create wealth for Shareholders by motivating the Employees; and
 - (v) enable the Employees to share the rewards of the success of the Group.
- (b) The Plan will take effect on the date resolved by the Board.

- (c) The Company must comply with the Listing Rules in the conduct of the Plan and any legislation applicable to the Company.
- (d) The Plan may be amended, terminated or suspended by the Board in accordance with Rule 11.

3. Administration of the Plan

- (a) The Plan will be administered by the Board which has power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with these Rules; and
 - (ii) resolve conclusively all questions of fact or interpretation in connection with the Plan.
- (b) Subject to Rule 5, the Board will determine, in its discretion:
 - (i) the number of Shares to be offered under each Invitation (subject to Rule 4); and
 - (ii) the timing of the offers;

This Plan may be administered by the Committee if so determined by the Board. Subject to the general purposes, terms and conditions of this Plan, applicable securities laws and rules and policies of any exchange or quotation system upon which the Shares are listed or quoted and to the direction of the Board, the Committee will have full discretionary power to implement and carry out this Plan.

4. Limit on issue of Plan Shares

The number of Shares available for issuance pursuant to this Plan (**Plan Shares**) at any time, when combined with any Shares issued pursuant to this Plan since the date on which shareholder approval for the Plan or the unallocated entitlements under the Plan, as applicable, was last obtained, is limited to 10% of the Company's issued and outstanding Shares from time to time on a non-diluted basis (subject to adjustment in accordance with Rule 10.2).

The number of Shares issuable to insiders under the Plan (together with Shares issuable pursuant to any other security based compensation arrangements of the Company or its subsidiaries) shall not, at any time, exceed 10% of the Shares outstanding.

The number of Shares which may be issued to insiders under the Plan within a one-year period (together with Shares that may be issued pursuant to any other security based compensation arrangements of the Company or its subsidiaries) shall not, at any time, exceed 10% of the Shares outstanding.

5. Participation in Plan

5.1 Invitation

- (a) Subject to the requirements of the Listing Rules (including any Shareholder approval requirements) and the limit in Rule 4, the Board may, in its absolute discretion from time to time, issue an Invitation to one or more Employees to:
 - (i) acquire Plan Shares; and
 - (ii) if the Board considers appropriate, receive a Loan for all or part of the Subscription Price for those Plan Shares.
- (b) Invitations issued under Rule 5.1(a) will be in a form determined by the Board, provided that the following information must be included in each Invitation:
 - (i) the number of Plan Shares being offered;
 - (ii) the date by which the Invitation must be accepted by the Employee (**Expiry Date**);
 - (iii) the maximum amount of the Loan (if any) offered to the Employee;
 - (iv) the date by which the Loan (if any) must be repaid (**Repayment Date**);
 - (v) the date on which the Plan Shares will become fully tradeable (subject to repayment of the Loan) (**Trading Date**); and
 - (vi) any other terms and conditions attaching to the Plan Shares or the Loan (in addition to these Rules).
- (c) Each Invitation must attach an Application Form that must be completed, signed and returned by the Employee in accordance with Rule 5.3 if the Employee wishes to accept the offer contained in the Invitation.
- (d) Each Invitation that includes an offer of a Loan must attach a Loan Application that must be completed, signed and returned by the Employee in accordance with Rule 5.3 if the Employee wishes to apply for the Loan offered under the Invitation.
- (e) Employees may be offered Plan Shares on different terms (including in respect of the number of Plan Shares offered).
- (f) The Subscription Price will be the volume weighted average price for the 5 trading days preceding the date of issue of the Plan Shares.

5.2 No rights until Invitation accepted

Until such time as an Invitation is accepted, the Employee shall not have any rights to or in respect of the Plan Shares that are the subject of the Invitation.

5.3 Acceptance by Employee

- (a) An Employee may accept an Invitation by delivering to the Company (to the address indicated in the Invitation), at or before 5pm (Perth time) on the Expiry Date:
 - (i) a duly completed and signed Application Form in respect of all or part of the Plan Shares offered under the Invitation;
 - (ii) where the Employee wishes to accept a Loan offered under the Invitation, a duly completed and signed Loan Application; and
 - (iii) where the Employee is not offered a Loan for the full amount of the Subscription Price of the Plan Shares offered or does not take up the full amount of the Loan offered, a cheque for all monies payable by the Employee to the Company in respect of the Plan Shares.
- (b) By signing and returning an Application Form (and, where applicable, Loan Application) the Employee agrees to be bound by these Rules and any other terms and conditions set out in the Invitation.

5.4 Board may accept or reject Application Form

- (a) The Board may, in its absolute discretion, accept or reject an Application Form and, where applicable, a Loan Application.
- (b) The Board must reject an Application Form and a Loan Application if, between the Offer Date and the Issue Date, the Employee offered the Plan Shares ceases to be an Employee.

5.5 Issue of Plan Shares

If the Board accepts an Application Form, the Company must, within 14 days of acceptance of the Application Form:

- (a) where applicable, make the Loan available to the Participant in accordance with Rule 6.1; and
- (b) issue and allot the Plan Shares to the Participant.

6. Loans

6.1 Provision of Loan

If:

- (a) the Board issues an Invitation to an Employee under Rule 5.1 including an offer of a Loan;
- (b) the Employee delivers to the Company a duly completed and signed Application Form and Loan Application; and
- (c) the Board accepts the Employee's Application Form and Loan Application in accordance with Rule 5.4,

a Group Company will advance the Loan to the Employee, and apply the Loan towards the Subscription Price for the Plan Shares applied for by the Employee, in accordance with the provisions of these Rules (including the Loan terms set out in Rule 7).

6.2 Loan to be applied towards Subscription Price

- (a) Each Participant irrevocably authorises the Group to apply the full amount of the Loan towards the Subscription Price for the Plan Shares applied for by that Participant in accordance with these Rules.
- (b) The Loan must not be applied for any purpose other than the acquisition of Plan Shares under the Plan.

6.3 Maximum amount of Loan

- (a) The maximum amount of any Loan must not exceed the total Subscription Price for the Plan Shares applied for.
- (b) The amount of the Loan offered by the Group and available to the Employee shall be specified in the Invitation.

7. Loan terms

7.1 Interest

- (a) Subject to Rule 7.1(b), no interest will be payable in respect of a Loan.
- (b) Without limiting the Group's right of sale under Rule 10.3 and unless otherwise determined by the Board, if a Loan is not repaid on or before the Repayment Date, the Loan will accrue interest at the rate of 6% per annum from the Business Day after the Repayment Date until the date the Loan is repaid in full.
- (c) Interest payable under Rule 7.1(b) will be capitalised by the Group on the first day of each month, and interest will be payable on the capitalised interest at 6% per annum.

7.2 Security

By signing and returning a Loan Application, the Participant irrevocably:

- (a) Mortgages and assigns to the Group by way of equitable mortgage, as security for repayment of the Loan, all the title and interest of the Participant in each of the Plan Shares and all benefits to be had, recovered or obtained under or by virtue of the Plan Shares;
- (b) authorises the Group to do all things necessary or appropriate for the Company to protect its interests in the Plan Shares, including signing any documents and taking any steps required for a lien to be imposed in respect of the Plan Shares in accordance with Rule 9.1; and
- (c) authorises the Group to dispose of Plan Shares pursuant to Rule 10.3 if the Participant fails to repay the Loan by the Repayment Date,

provided that if the Loan is fully repaid in accordance with these Rules, the Group must do all things necessary to release the Plan Shares from any control by the Group or a lien in favour of the Group.

7.3 Repayment

Subject to Rule 7.5, unless otherwise determined by the Board, the full amount outstanding under a Loan will become immediately due and payable on the earliest to occur of:

- (a) the Repayment Date;
- (b) the Plan Shares being sold in accordance with Rule 10;
- (c) the Participant becoming an insolvent or subject to bankruptcy proceedings;
- (d) the Participant ceasing to be an Employee; or
- (e) the Plan Shares being acquired by a third party by way of an amalgamation, arrangement or formal take-over bid for not less than all the outstanding Shares.

7.4 Limited recourse

Unless otherwise determined by the Board at the time the Loan is offered, if the aggregate market value of the Plan Shares held by the Participant is, upon the Repayment Date, less than the outstanding Loan owed by the Participant in respect of such Plan Shares, the Plan Shares will be transferred to the Company in full satisfaction of the Loan, such that the maximum liability of the Participant in respect of the Loan will be the lesser of:

- a) The original Loan to the Participant less any repayments made by the Participant; or
- b) The market value of the Plan Shares as at the date of repayment of the Loan.

7.5 Loan forgiveness

- (a) The Board may, in its sole discretion, waive the right to repayment of all or any part of the outstanding balance of a Loan where:
 - (i) the Participant granted the Loan dies or becomes permanently disabled; or
 - (ii) the Board otherwise determines that such a waiver is appropriate.
- (b) Where the Board waives repayment of a Loan in accordance with Rule 7.5(a), the Loan is deemed to have been repaid in full for the purposes of these Rules.

7.6 Sale of Plan Shares by Company

- (a) Each Participant irrevocably appoints the Company as its attorney to sell that Participant's Plan Shares in accordance with this Rule 7.6.
- (b) Where a Loan is not repaid on the date it becomes repayable under Rule 7.3, the Company may, in the Board's sole discretion and on the terms authorised by the form of security granted under Rule 7.2:
 - (i) sell some or all of the Participant's Plan Shares;
 - (ii) apply the proceeds of that sale towards repayment of the Loan and any accrued interest on the Loan; and
 - (iii) pay the balance (if any) after payment of brokerage costs and any other costs of the sale, to the Participant.
- (c) The Participant will not have any claim against the Company as a result of the exercise by the Company of its rights under Rule 7.6(b).

8. Rights attaching to Plan Shares

8.1 Ownership rights

Subject to the restriction on disposal contained in Rule 9.1 and the security in favour of the Company pursuant to Rule 7.2, the Participant shall, from the Issue Date, be the absolute beneficial owner of the Plan Shares issued to the Participant as a holder of the Plan Shares.

8.2 Rights and entitlements

- (a) All Plan Shares shall rank equally with and have the same rights and entitlements as all other Shares.

- (b) Until the Loan is repaid in full, the rights and entitlements of Participants in respect of the Plan Shares must be exercised in accordance with this Rule 8.

8.3 Cash Distributions

- (a) Subject to Rule 8.3(c), each Participant irrevocably directs the Group to apply all Cash Distributions paid on its Plan Shares towards any Loan made by the Company to the Participant.
- (b) A Participant is entitled to receive all Cash Distributions declared on its Plan Shares once that Participant's Loan has been repaid in full.
- (c) The Board may waive the Group's entitlement to apply Cash Distributions towards repayment of a Participant's Loan and may direct that the Cash Distributions be paid directly to the Participant, provided that any such waiver does not constitute a waiver with respect to all future Cash Distributions unless so stated or a release of the Participant's obligation to repay the Loan.

9. Restrictions on Plan Shares

9.1 Hold Period

- (a) Subject to Rule 10, each Participant's Plan Shares will be subject to a Hold Period until the later of (Hold Period):
 - (i) the Trading Date (if any) specified in the Invitation; and
 - (ii) the date that the Participant's Loan is repaid in full.
- (b) If no Trading Date is specified in a Participant's Invitation, the Participant is not provided with a Loan by the Company and subject to applicable securities laws, the Participant's Plan Shares will be freely tradeable from the Issue Date.

9.2 No dealing

Subject to Rule 10, until the Hold Period (if any) applied in respect of a Participant's Plan Shares under Rule 9.1 is released, the Participant must not sell, mortgage, charge, assign or otherwise dispose of or encumber those Plan Shares.

10. Sale of Plan Shares

10.1 Sale by Participant

A Participant may sell its Plan Shares, and the Company must do all things reasonably necessary to allow that sale to proceed (including releasing any Hold Period in respect of those shares), if:

- (a) the sale is to take place on or after the Trading Date;

- (b) if the Participant has been granted a Loan:
 - (i) the Loan has been repaid in full; or
 - (ii) the total sale price of the Plan Shares (after deducting the costs of sale) exceeds the amount outstanding on the Loan;
- (c) the proceeds of the sale are first applied towards repayment of the Loan;
- (d) the proposed sale will not breach any insider trading or market manipulation provisions of the governing corporate and securities statutes of the Company; and
- (e) the sale is conducted in the manner prescribed by the Board or otherwise acceptable to the Board.

10.2 Takeovers and other transactions

Notwithstanding any other provision of these Rules, if an amalgamation, arrangement or formal take-over bid is made or other formal scheme is proposed for the acquisition of some or all of the Shares in the Company, a Participant may sell its Plan Shares under the takeover bid or scheme without the approval of the Board or the Company, provided that the proceeds of that sale must first be applied towards repayment of the Loan.

In the event there is any change in the Shares, whether by reason of a stock dividend, consolidation, reorganization, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in the number of Shares available under the Plan.

10.3 Sale by Company

If a Participant does not repay a Loan in full by the Repayment Date, the Company may sell the Participant's Plan Shares in accordance with Rule 7.6.

11. Amendment, termination and suspension of the Plan

11.1 Amendment

Subject to Rule 11.2, the Board may amend these Rules at any time.

11.2 Limitation on amendment

The Board shall have the power to, without shareholder approval, at any time and from time to time, either prospectively or retrospectively, amend, suspend, or terminate the Plan:

- (a) for the purposes of making minor or technical modifications to any of the provisions of this Plan;

- (b) to implement features or requirements that are necessary or desirable under applicable tax, securities or corporate laws or to implement changes to the Plan to effect any corporate reorganization of the Company;
- (c) to correct any ambiguity, defective provisions, error or omission in the provisions of this Plan;
- (d) to add or change provisions relating to any form of financial assistance provided by the Company to Employees that would facilitate the purchase of securities under the Plan;

provided however that:

- (e) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Shares are listed;
- (f) no such amendment, suspension or termination shall be made at any time to the extent such action would materially adversely affect the obligations of any Participant in respect of Plan Shares offered or issued or any Loans outstanding, as determined by the Board acting in good faith, without his or her consent in writing; and
- (g) the Board shall obtain shareholder approval of the following:
 - (i) any amendment to the maximum number of Plan Shares specified in Rule 4 that may be granted under the Plan (other than pursuant to Rule 10.2);
 - (ii) a change to Rule 11.2 of this Plan.

11.3 Suspension and termination

- (a) The Board may, by written resolution at any time, suspend the operation of the Plan or terminate the Plan.
- (b) Any suspension or termination of the Plan will not prejudice the existing rights of Participants before the date of suspension or termination.

12. Rights of Participants

Except as otherwise set out in these Rules, nothing in these Rules:

- (a) confers on any Employee a right to receive Plan Shares;
- (b) confers on any Participant a right to continue as an Employee or Director of any Group Company;
- (c) affects any rights any Group Company may have to terminate the employment of any Participant or grants the Participant any additional rights in respect of that termination;

- (d) confers on an Employee any expectation to become a Participant; or
- (e) confers on any Participant the right to assign his or her actual or prospective rights under the Plan without the consent of the Board.

13. Personal Property Securities regime

13.1 Definitions

For the purposes of this Rule, the following definitions apply:

PPSA means the *Personal Property Securities Act 2009 (Cth)*;

PPS Law means the PPSA and any amendment made at any time to any other law as a consequence of the PPSA; and

Security Interest has the meaning given to that term in section 12 of the PPSA.

13.2 PPSA further steps

- (a) The Company may, in its discretion, do any of the following:
 - (i) register, or give any notification in connection with, any relevant Security Interest the Company has in a Participant's Plan Shares, and exercise rights in connection with that Security Interest; and
 - (ii) give notice to the Participant requiring it to do anything that the Company requires to enable the Company to exercise its rights under Rule 13.2(a)(i).
- (b) The Participant must comply with any notice received pursuant to Rule 13.2(a)(ii) within the time stipulated in the notice.

13.3 General

- (a) Each Participant irrevocably and unconditionally waives its right to receive from the Company any notice under the PPS Law unless required by the PPS Law and if the notice cannot be excluded.
- (b) Participants must not register a Security Interest against the Company.
- (c) Each Participant must notify the Company immediately of any change in its name, address, and any other information provided to the Company to enable the Company to register a financing change statement under the PPS Law, if required.

14. Notices

14.1 Method

Any notice to be given by the Company under the Plan may be given by email, personal delivery or prepaid post.

14.2 Deemed receipt

Notices given by the Company under the Plan are deemed to be received by the recipient:

- (a) if sent by email, when sent;
- (b) if personally delivered, when delivered;
- (c) if sent by prepaid post to an address within Australia, on the date that is 3 Business Days after the date of posting; and
- (d) if sent by prepaid post to an address outside Australia, on the date that is 5 Business Days after the date of posting.

14.3 Address for service

The address for service of notices is:

- (a) in the case of an Employee who is not yet a Participant, the address last notified by the Employee to the Company; and
- (b) in the case of a Participant, the address set out in the Participant's Application Form or such other address as the Participant may notify to the Company in writing from time to time.

14.4 Notices to the Company

Unless otherwise determined by the Board, notices sent to the Company under the Plan:

- (a) must be sent by prepaid post to the Company's registered office and marked to the attention of the Company's company secretary; and
- (b) are deemed to have been received:
 - (i) if sent by prepaid post from an address within Australia, on the date that is 3 Business Days after the date of posting; and
 - (ii) if sent by prepaid post from an address outside Australia, on the date that is 5 Business Days after the date of posting.

15. Governing Law

This Plan shall be governed by and construed in accordance with the laws of Western Australia.