

ULTRACHARGE LIMITED

ACN: 140 316 463

EMPLOYEE SHARE OPTION PLAN

PLAN RULES

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise:

Application Form means a form for the application for an Option in respect of an Offer made to an Eligible Employee, or other person who is declared by the Board to be eligible to participate in the Plan;

ASIC means the Australian Securities and Investments Commission;

ASX means the Australian Securities Exchange Limited;

Board means the board of directors of the Company or a committee of the Board appointed to administer the Plan;

Class Order means Class Order 03/184 issued by ASIC as amended or replaced;

Closing Date means the closing date for acceptance of an Offer;

Company or UltraCharge means UltraCharge Limited ACN 140 316 463;

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

Director means a director of the Company

Eligible Employee means an employee or executive (including a director employed in an executive capacity) of an Employer Company who is declared by the Board to be an Eligible Employee for the purposes of the Plan;

Employer Company means the Company, a Subsidiary or any other company approved by the Board in which the Company holds not less than 20 per cent of the voting shares;

Exchange means any stock exchange on which the shares of the Company become listed;

Exercise Condition means, in respect of any Option, one or more conditions that must be met before the Option may be exercised, as determined by the Board in its absolute discretion;

Exercise Period means, in respect of any Option, the period designated by the Board and notified in writing to the Participant as being the period during which the Participant may exercise the Option or any part of it in accordance with rule 9;

Exercise Price means, in respect of any Offer, the price per Share calculated in accordance with rule 6, subject to any adjustment in accordance with rule 11;

Expiry Date means the final date to exercise an Option;

Grant Date, in relation to an Option, means the date on which the Option is granted in accordance with rule 8.1;

Listing Rules means the rules of the Exchange and, if the Exchange is ASX, means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX;

Market Price, in relation to a Share, on a particular day means:

- a) If there was at least one transaction on the Exchange during the 5 business days before that day, the weighted average of the prices at which a Share was traded on the Exchange during the 5 business days before that day, or;
- b) If there were no transactions on the Exchange in that 5 business days in Shares, the last price at which an offer was made on the Exchange in that period to buy a Share;

Offer means an invitation to an Eligible Employee, or other person declared by the Board to be eligible to apply for an Option under the Plan;

Option means right to acquire a Share;

Participant means an Eligible Employee, or other person declared by the Board to be eligible, who has been granted an Option under the Plan;

Plan means the Company's Employee Share Option Plan constituted by 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 section 9 of the Corporations Law;

Takeover Bid has the same meaning as in section 9 of the Corporations Law;

Total Exercise Amount means, in relation to each Option, the Exercise Price multiplied by the number of Shares for which the Option is being exercised; and

Trigger Event means:

- a) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- b) the announcement of a takeover bid or receipt by the Company of a bidder's statement in respect of the Company; or

the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

1.2 Interpretation

- a) The singular includes the plural and conversely.
- b) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- c) A reference to a rule is a rule of these Rules.

1.3 Governing Law

This Plan and any Options issued under it are governed by the laws of Victoria.

2 Total number of Shares

The Company must take reasonable steps to ensure that:

- a) The total numbers of Shares which are the subject of unexercised Options granted under this Plan, when aggregated with the Shares which have been issued on exercise of the Options granted under this Plan, during the three years preceding the date on which an Option is issued, do not exceed fifteen per cent (15%) percent of the total number of issued Shares in the capital of the Company at the date of issue of any Option; and
- b) The number of Shares which are the subject of unexercised Options granted under this Plan when aggregated with the number of Shares which are the subject of unexercised Options granted under this Plan in the preceding 5 years (or any other employee share plan extended only to Eligible Employees) and the number of Shares that would be issued if each unexercised option granted under this Plan or under any other employee incentive scheme of the Company were to be exercised or accepted, does not exceed 5% of the total number of Shares on issue at the time of an Offer (but disregarding any offer of Shares or options to acquire Shares that can be disregarded pursuant to the Class Order).

3 Eligibility

The Board may in its absolute discretion:

- a) Declare that an employee or executive of an Employer Company is an Eligible Employee; and
- b) Declare that any other person is eligible to participate in the Plan provided

such participation will not require compliance with Chapters 6D.2, 6D.3 and 7.9 of the Corporations Act.

4 Shares comprised in each Option

- a) Subject to rule 2 and paragraph (b), the Board must decide, in its absolute discretion, the number of Shares the subject of an Option to be offered to an Eligible Employee, or other person declared by the Board to be eligible, in accordance with the Plan.
- b) In making a decision under paragraph (a), the Board may take into account the actual and potential contribution of the Eligible Employee, or other person declared by the Board to be eligible, to the growth of an Employer Company.

5 Offer

5.1 Offer to participate

The Board may, from time to time, at its absolute discretion, make an Offer (in such form as the Board decides from time to time) to:

- a) Eligible Employees; and/or;

Other persons who the Board has declared to be eligible, inviting applications for the number of Options specified in the Offer.

5.2 Information about Options

In respect of each Offer, the Board must advise each person to whom the Offer is made under rule 5.1 of the following information relevant to an Option that may be granted under the Plan, namely:

- a) The Exercise Price;
- b) The designated Exercise Period;
- c) The number of Shares for which the Participant will be entitled to subscribe upon the exercise of the Option;
- d) The Closing Date;
- e) The Expiry Date; and
- f) Any designated Exercise Condition.

6 Exercise Price

The Exercise Price of Options issued pursuant to the Plan will be, at the discretion of the Board equal to or greater than the Market Price on the Grant

Date.

7 Market Price

During the Exercise Period, the Board will, make available to the Eligible Employee, the Market Price of Shares in the same class as those offered subject to the Options, within a reasonable time of the Eligible Employee making such a request.

8 Application for Options

8.1 Requirements for Application

Each application for an Option must:

- a) Be made on an Application Form;
- b) Conform with any instructions contained in the Application Form or in the Offer; and
- c) Be received by the Board at the specified place prior to the Closing Date.

8.2 Formal Application

Each Application Form when properly completed and signed by the Participant in accordance with rule 7.1 constitutes an application for the grant of an Option to subscribe for the Shares at the Exercise Price.

8.3 Payment for Grant of Option

Unless the Board otherwise determines, no payment is required at the time an Option is granted.

9 Grant of Options

9.1 Date of Grant

Upon acceptance of a duly signed and completed Application Form, together with any monies payable in respect of the Options applied for, the Company may grant Options to the Eligible Employee, or other person declared by the Board to be eligible, as specified in the Offer, with effect from the date the Board determines, on the terms of the Plan and terms of the Offer.

9.2 Certificate

On the grant of the Option, the Company must issue to the Participant a certificate evidencing the Option and the number of Shares for which the Participant is entitled to subscribe.

9.3 Personal

An Option granted under the Plan is personal to the Participant and may not be assigned to or exercised by any other person or body corporate.

10 Exercise of Options

10.1 Right to Exercise

Subject to rule 9.3, a Participant may exercise the Option, or any part of it, in the applicable Exercise Period, provided any exercise is for a minimum of a marketable parcel (as defined in the Listing Rules) of Shares or such other number or multiple of a number as the Board may determine.

10.2 Exercise Periods

Options may only be exercised during the applicable Exercise Period. The Exercise Period of Options will be determined by the Board at its absolute discretion.

10.3 Restrictions on Exercise

Except where an Option becomes exercisable by virtue of the provisions of rule no 12, an Option may not be exercised unless at that time any Exercise Conditions imposed by the Board have been satisfied. Exercise Conditions of Options will be determined by the Board at its absolute discretion.

10.4 Lapse

Any Option not exercised on or before the Expiry Date automatically lapses.

10.5 Notice of Exercise

- a) In order to exercise an Option, the Participant (or his or her personal representative in the case of a deceased Participant) must deliver to the Company a completed and signed notice of exercise in a form prescribed by the Board and made available to the Participants, together with the Total Exercise Amount. All payments made pursuant to this rule shall be made by cheque, bank draft or postal order made out in favour of the Company.
- b) If a Participant exercises only part of the Option, the Company must issue to the Participant a new certificate evidencing the remaining number of Shares for which the Participant is entitled to subscribe.

10.6 Allotment of Shares

Subject to rule 9.6, upon receipt of the Total Exercise Amount the Company must promptly allot to the Participant the Shares for which the Participant is entitled to

subscribe.

10.7 Quotation of Shares

After Shares have been allocated pursuant to rule 9.6, if the Company's Shares are listed on the Exchange at the date of allotment, the Company will apply for listing of the Shares on the Exchange within the timeframe required by the Listing Rules.

11 New Issues

There is no inherent right in the Option to participate in any new issues of Shares which may be offered to shareholders from time to time prior to the exercise of the Option.

12 Rights of Participant upon exercise of Option

12.1 Ranking of Shares

The Shares to be allotted upon the exercise of an Option will upon allotment rank equally in all respects with the then existing ordinary issued Shares in the capital of the Company and will be subject to the provisions of the Constitution of the Company.

12.2 Adjustment for Rights issue

As required by the Exchange if:

- a) Shares are offered pro rata for subscription by the Company's shareholders generally by way of a rights issue; and
- b) The price at which each Share is so offered is less than the Market Price on the day of public announcement of the rights issue.

The Exercise Price applicable to each Share shall be reduced in accordance with the Listing Rules.

12.3 Adjustment for Bonus Issue

In the event of a Bonus Issue of Shares being made pro-rata to ordinary shareholders (other than issue in lieu of dividends), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option had been exercised before the record date for the Bonus Issue. No adjustment will be made to the exercise price per share of the Option.

12.4 Subdivision or consolidation

If, prior to the expiry or lapse of any Options there is a pro rata issue (except a bonus issue) to the holders of Shares in the Company, the Exercise Price of the options may be reduced in accordance with the ASX Listing Rules.

12.5 Return of capital

If the Company make a return of capital to its shareholders generally, the Exercise Price applicable to each Share comprised in the Option will be reduced by the amount of the capital returned in respect of each Share.

12.6 Other reconstruction

If there occurs any other reconstruction of the capital of the Company affecting issued Shares, the Shares comprised in the Option and the Exercise Price applicable to each such Share will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred to the Participant which are not conferred on holders of issued Shares, and (subject to the provisions of that reconstruction with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) in all other respects the terms of the Options shall remain unchanged.

12.7 No additional Rights

The Plan shall afford a Participant no additional rights to compensation or damages as a consequence of the termination of his or her employment or appointment for any reason whatsoever.

13 Trigger Event

Notwithstanding the Terms and Conditions, upon the occurrence of a Trigger Event, the Directors may determine:

- a) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- b) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

14 Duration of the Plan

- a) The Plan will continue in operation at the Board's discretion.
- b) If for any reason the Plan terminates or is discontinued, such termination or discontinuance will not prejudice the rights of the Participants to whom Options have been granted.

15 Amendment of the Plan

The Board may at any time and from time to time by resolution, revoke, add to or vary any of the rules of the Plan or all or any of the rights or obligations of the Participants or any of them provided the interests of the Participants are not, in the opinion of the Board, materially prejudiced by such addition or variation.

16 Administration

The Plan will be administered by the Board or a committee appointed by the Board in its absolute discretion with such powers and duties as are conferred upon it.

17 Notices and Correspondence

17.1 Notice to Company

Any notice required to be given by a Participant under the Plan or any correspondence to be made between a Participant and the Company or the Board may be given or made to the principal office of the Company or such other address as may be notified in writing.

17.2 Notice to the Participant

Any notice required to be given by the Company or the Board to the Participant or any correspondence to be made between the Company or the Board and a Participant may be given or made by the Board on behalf of the Company.

18 Disputes

Any disputes or differences of any nature arising under the Plan must be referred to the Board and its decision will be final and binding in all respects.

19 Advice

Participants should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the plan.

20 Taxation

Neither the Company nor its Directors are liable for taxes assessed against or imposed upon a Participant arising from participation in the Plan and neither the Company nor its Directors represents or warrants that any person will gain any financial or taxation advantage by participating in the Plan.

21 Listing Rules and Constitution

The terms and conditions as set out in these Rules are subject to the Listing Rules of the Exchange and the Company's Constitution.