



## Forge Resources Employee Share Trust

### Plan Rules

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**Adopted 7 July 2010**

# Plan Rules

## 1 Definition and Interpretation

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### 1.1 Definitions

Term	Meaning
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires
<b>Board</b>	the board of directors of the Company, any committee of the Board or a duly authorised person or body to which the Board has delegated its powers under this Plan
<b>Cessation Date</b>	the date on which a Participant ceases to be an employee of the Group
<b>Company</b>	Forge Resources Ltd, ACN 139 886 187
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Dealing</b>	<p>in relation to a Performance Share, an Option, Restricted Share or a Share (as the case may be), any dealing, including but not limited to:</p> <ul style="list-style-type: none"><li>(a) a sale, transfer, assignment, trust, encumbrance, option, swap, any alienation of all or any part of the rights attaching to the Performance Right, Option, Deferred Share or Share;</li><li>(b) any attempt to do any of the actions set out in paragraph (a) above; and</li><li>(c) any hedging or dealing with a derivative instrument intended to "lock in" a profit relating to a Share, Performance Right, Option or Deferred Share</li></ul>

<b>Eligible Employee</b>	an employee of the Group (including a director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of Performance Shares, Options, Restricted Shares and/or Shares under the Plan either directly or as referable to Share Units issued by the Trustee
<b>Entity</b>	an individual, company, partnership, joint venture (whether corporate or incorporate) or any other body (whether corporate or incorporate)
<b>Group</b>	the Holding Company, the Company and each Group Company
<b>Group Company</b>	an Entity in which the Holding Company or the Company has an interest of 50% or more <i>[Note: an interest in a less than 50% company will not be a "Group Company" for tax deferral purposes]</i>
<b>Holding Company</b>	has the meaning given in section 9 of the Corporations Act
<b>Listing Rules</b>	the official Listing Rules of the ASX as they apply to the Company from time to time
<b>Offer</b>	an invitation to an Eligible Executive made by the Board under rule 2.1 to apply for, or participate in a grant of , Performance Shares, Options, Restricted Shares and/or Shares either directly or as referable to Share Units issued by the Trustee
<b>Option</b>	an entitlement to receive a Share subject to satisfaction of any Performance Conditions and payment of the applicable exercise price
<b>Participant</b>	a person who holds an Option, Performance Right, Restricted Share or Share either directly or as referable to a Share Unit by the Trustee under the terms of this Plan from time to time
<b>Performance Condition</b>	one or more milestone, time frame, performance, vesting or other conditions determined by the Board and specified in an Offer which must be satisfied or circumstances which must exist before a Performance Share or an Option or Restricted Shares or Shares vest under these Rules
<b>Performance Share</b>	a Class A Performance Share which can be converted to a Share subject to the achievement of any Performance Conditions
<b>Plan</b>	the Forge Resources Employee Share Trust as set out in these Rules

<b>Restricted Share</b>	a Share allocated under the Plan that is subject to restrictions under rule 5
<b>Rules</b>	the terms and conditions of the Plan as set out in this document as amended from time to time
<b>Share</b>	a fully paid ordinary share in the capital of the Company or the Holding Company
<b>Share Unit</b>	is a unit issued by the Trustee to which Options, Performance Shares, Restricted Shares and/or Shares will be allocated in accordance with the Trust Deed
<b>Takeover Bid</b>	has the meaning given in section 9 of the Corporations Act
<b>Trust Deed</b>	the applicable trust deed or deeds made between the Company and the Trustee for the purposes of the Plan as amended from time to time
<b>Trustee</b>	the trustee under the relevant Trust Deed
<b>Value</b>	the value of an Option, Performance Right, Restricted Share or Shares as determined in accordance with accounting standard AASB2

## 1.2 Interpretation

In the Plan, the following rules apply unless a contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of the Plan unless the context requires otherwise;
- (b) any reference in the Plan to any statute or statutory instrument includes a reference to that statute or statutory instrument as from time to time amended, consolidated, re-enacted or replaced;
- (c) any words denoting the singular include the plural and words denoting the plural include the singular; and
- (d) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning.

## 2 Grants of Performance Shares, Options, Restricted Shares and/or Shares

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### 2.1 Board to make invitations

- (a) The Board may, from time to time, in its absolute discretion invite Eligible Executives to participate in a grant of Performance Shares, Options, Restricted Shares and/or Shares upon the terms set out in the Plan (either directly or as Share Units allocated by the Trustee and upon such additional terms, including Performance Conditions (if any) as the Board determines.
- (b) Where the Board invites an Eligible Executive to participate in a grant in accordance with rule 2.1(a), the Eligible Executive may elect not to participate, in accordance with the instructions that accompany the Offer.

### 2.2 Information to be provided to Eligible Executives

The Board will advise each Eligible Executive of the following minimum information regarding Performance Shares, Options (and the Shares which will be allocated on vesting of Performance Shares or exercise of Options), Restricted Shares or Shares:

- (a) the number of Performance Shares, Options, Restricted Shares, and/or Shares being offered;
- (b) the period or periods during which Performance Shares, Options, Restricted Shares and/or Shares may vest and during which an Option may be exercised and/or the period during which Restricted Shares will be subject to restrictions under rule 5;
- (c) the dates and times when Performance Shares, and/or Options lapse and/or Restricted Shares and/or Shares are forfeited (where Performance Conditions are not met);
- (d) the amount (if any) that will be payable upon the grant of a Performance Shares, Options, Restricted Shares and/or Shares ;
- (e) any amount that will be payable upon exercise of an Option;
- (f) any applicable Performance Conditions;
- (g) any restrictions (including the period of restriction) on Dealing in relation to Restricted Shares and/or Shares acquired on vesting of a Performance Share or exercise of an Option or on the redemption of Share Units (if any); and
- (h) any other relevant conditions to be attached to the Performance Shares, Options, Restricted Shares and/or Shares allocated under the Plan.

### 2.3 Acceptance of Offer

- (a) Acceptance of an Offer must be made in accordance with the instructions that accompany the Offer, or in any other way the Board determines.

- (b) The Board may only allow the participation of an Eligible Executive where that Eligible Executive continues to satisfy any relevant conditions imposed by the Board (which may include, without limitation, that the Eligible Executive continues to be an employee of the Group at the time of grant).
- (c) Nothing limits the Board's ability to treat the conduct of an Eligible Executive in respect of an Offer (including the failure of an Eligible Executive to lodge an election not to participate within the time specified in the instructions accompanying the Offer) as valid acceptance of that Offer under these Rules.

## **2.4 Board to grant Performance Shares, Options, Restricted Shares and/or Shares**

Subject to the conditions of the invitation and upon acceptance of an Offer under rule 2.3, the Board will grant Performance Shares, Options, Restricted Shares and/or Shares in the name of (or for the benefit of) the Eligible Executive. Unless the Board determines otherwise:

- (a) payment is required for the grant of a Performance Shares, Options, Restricted Shares and/or Shares of an amount equal to their respective Values; and
- (b) Performance Shares, Options, Restricted Shares and/or Shares may not be registered in any name other than that of the Eligible Executive or the Trustee.

## **2.5 Limit on grant of Performance Shares, Options, Restricted Shares and/or Shares**

The Company will not make an Offer under the Plan where the grant of Performance Shares, Options, Restricted Shares and/or Shares contemplated by the Offer would result in the Company exceeding the limit that applies under ASIC Class Order 03/184 in respect of new issues of securities under employee share schemes.

# **3 Entitlement to Restricted Shares**

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- (a) The Board may determine that Restricted Shares allocated to or on behalf of or for the benefit of, a Participant under the Plan are to be held by the Trustee on behalf of the Participant in accordance with these Rules.
- (b) If the Board makes a determination for the purposes of rule 3(a), each Participant will be provided with a beneficial interest in the Restricted Shares allocated to him or her under the Trust Deed ( referable to the Shares allocated to the Share Units) and is at all times absolutely entitled to those Restricted Shares as against the Trustee, except that any dealings with the Restricted Shares by the Participant will be restricted in favour of the Company as provided in these Rules.

## 4 Dealing with Performance Shares and/or Options

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- (a) A Performance Share and/or Option granted under the Plan is only transferable:
  - (1) with the prior consent of the Board; or
  - (2) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.
- (b) Any Dealing in respect of an unvested Performance Right and/or Option is prohibited, unless the Board determines otherwise.
- (c) Where the Participant purports to Deal with a Performance Right and/or an Option other than in accordance with rule 4(a) or 4(b), the Performance Right and/or Option will immediately lapse and any relevant Share Unit will be immediately cancelled unless the Board otherwise determines.

## 5 Dealing with Restricted Shares

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### 5.1 Restriction Period

- (a) Subject to paragraph 5.1(b), the Board may, in its discretion, determine for the purposes of any invitation provided to an Eligible Executive under rule 2.1 to participate in a grant of Restricted Shares under this Plan:
  - (1) the restriction period and Performance Conditions to apply to Restricted Shares allocated under the Plan; or
  - (2) that different restriction periods will apply to some or all of the Restricted Shares allocated under the Plan, such that restrictions (if any) on those Restricted Shares will cease at different times.
- (b) The Board may, in any circumstances and from time to time, waive a restriction period determined pursuant to Rule 5.1(a)(2).

### 5.2 No disposal while Shares and Restricted Shares

A Participant and/or the Trustee must not Deal or purport to Deal in any Shares acquired under the Plan while they are Restricted Shares.

### 5.3 Enforcement of Restriction Period

The Company may implement any procedure it considers appropriate to restrict a Participant and/or the Trustee from Dealing in the Shares allocated under the Plan for as long as they are Restricted Shares (including through the imposition of a holding lock or requiring that Restricted Shares be held by the Trustee on behalf of a Participant).

## 6 Vesting, lapse and forfeiture - Performance Shares

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### 6.1 Vesting pre-conditions

Subject to rules 6.3, 11.1, 11.2 and 11.3, a Performance Shares will only vest where the Performance Conditions and any other relevant conditions advised to the Participant and the Trustee (if relevant) by the Board pursuant to rule 2.2 have been satisfied.

### 6.2 Lapse of Performance Shares

An unvested Performance Share will be forfeited upon the earliest to occur of:

- (a) a date specified by the Board for the purposes of rule 2.2(c);
- (b) the Performance Share lapsing in accordance with rule 4(c);
- (c) the Performance Share lapsing in accordance with a provision of this rule 6; or
- (d) failure to meet any Performance Condition applicable to the Performance Share within the prescribed period.

### 6.3 Cessation of Employment

- (a) Subject to rules 6.3(b), 6.3(d) and 6.4, unless the Board determines otherwise either prior to or within 60 days of the Cessation Date, any unvested Performance Shares do not vest or lapse as a result of the Participant ceasing employment, and these Rules and the relevant conditions advised to the Participant by the Board pursuant to rule 2.2 (including any Performance Conditions) continue to apply, except that any continuous service requirement will be deemed to have been waived.
- (b) For the purposes of rule 6.3(a) the Board may determine that some or all unvested Performance Shares;
  - (1) vest; or
  - (2) lapse with effect from the Cessation Date
 as a result of the Participant ceasing employment.
- (c) Where the Board exercises its discretion under rule 6.3(b), it will give written notice to the Participant of the Performance Shares that have vested or lapsed (as applicable).
- (d) The Board may at the time of making an Offer, provide for a different termination treatment than that contemplated by rule 6.3(a) in which case the terms of the invitation document provided to Eligible Executives under rule 2.2 shall prevail over rule 6.3(a) to the extent of any inconsistency.

### 6.4 Fraudulent or dishonest actions

- (a) Where, in the opinion of the Board, a Participant:



- (1) acts fraudulently or dishonestly; or
- (2) is in breach of his or her obligations to the Group,

then the Board may:

- (3) deem any unvested Performance Shares held by the Participant to have lapsed; and/or
- (4) deem all or any Shares already allocated to the Participant (as referable to Share Units issued by the Trustee in which the Participant has a beneficial interest in the Shares) following vesting of Performance Shares to be forfeited (in which case the Participant is deemed to have agreed to dispose of the Shares for a total aggregate consideration:
  - (A) where the Performance Shares are held on trust pursuant to the Trust Deed or directly by a Participant, equal to the amount outstanding under any loan made by the Trustee to the Participant for the purposes of acquiring the Performance Shares; or
  - (B) otherwise, A\$1.00,and the Shares will be transferred into the name of the Company's nominee).

- (b) Where, in the opinion of the Board, a Participant's Performance Shares vest, or may vest, as a result of the fraud, dishonesty or breach of obligations of another employee of the Group and, in the opinion of the Board, the Performance Shares would not otherwise have vested, the Board may determine that the Performance Shares have not vested and may, subject to applicable laws, determine:

- (1) where Performance Shares have not vested or Shares have not been allocated upon vesting of Performance Shares, that the Performance Shares have not vested and reset the Performance Conditions applicable to the Performance Shares;
- (2) where Shares have been allocated upon vesting of Performance Shares, that the Shares are forfeited by the Participant (as described in rule 5.4(a)(4)) and may, at the discretion of the Board, reissue any number of Performance Shares to the Participant subject to new Performance Conditions in place of the forfeited Shares; or
- (3) any other treatment in relation to Performance Shares or Shares to ensure no unfair benefit is obtained by a Participant as a result of such actions of another person.

## 7 Vesting, exercise, lapse and forfeiture - Options

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### 7.1 Exercise pre-conditions

- (a) The exercise of any Option granted under the Plan will be effected in the form and manner determined by the Board, and must be accompanied by payment of the relevant exercise price advised to the Participant by the Board pursuant to rule 2.2.
- (b) Subject to rules 7.3, 7.4, 11.1, 11.2 and 16.3, an Option granted under the Plan will only vest and may be exercised where the Performance Conditions and any other relevant conditions advised to the Participant by the Board pursuant to rule 2.2 have been satisfied.

### 7.2 Lapse of Options

An Option will lapse upon the earliest to occur of:

- (a) a date specified by the Board for the purposes of rule 2.2(c);
- (b) the Option lapsing in accordance with rule 4(c);
- (c) the Option lapsing in accordance with a provision of this rule 7;
- (d) failure to meet any Performance Condition applicable to the Option within the prescribed period; or
- (e) the 7 year anniversary of the date of grant of the Option.

### 7.3 Cessation of Employment

- (a) Subject to rules 7.3(b), 7.3(d) and 7.4, unless the Board determines otherwise either prior to or within 60 days of the Cessation Date, any Options (vested or unvested) do not vest (if applicable) or lapse as a result of the Participant ceasing employment, and these Rules and any relevant conditions advised by the Board pursuant to rule 2.2 (including any Performance Conditions) will continue to apply, except that any continuous service requirement will be deemed to have been waived.
- (b) For the purposes of rule 7.3(a) the Board may determine that:
  - (1) some or all unvested Options vest and become exercisable;
  - (2) some or all vested but unexercised Options are only exercisable for a prescribed period and will otherwise lapse; or
  - (3) some or all Options (vested or unvested) lapse with effect from the Cessation Date,
 as a result of the Participant ceasing employment.
- (c) Where the Board exercises its discretion under rule 7.3(b), it will give written notice to the Participant and to the Trustee (where relevant) of:

- (1) the Options that have lapsed or have become exercisable (as applicable); and
  - (2) the period which any exercisable Options must be exercised.
- (d) The Board may at the time of making an Offer, provide for a different termination treatment than that contemplated by rule 7.3(a) in which case the terms of the invitation document provided to Eligible Executives under rule 2.2 shall prevail over rule 7.3(a) to the extent of any inconsistency.

## 7.4 Fraudulent or dishonest actions

- (a) Where, in the opinion of the Board, a Participant:
- (1) acts fraudulently or dishonestly; or
  - (2) is in breach of his or her obligations to the Group,
- then the Board may:
- (3) deem any unvested Options held by, (or for the benefit of), the Participant to have lapsed;
  - (4) deem any vested but unexercised Options held by, or on behalf of, the Participant to have lapsed;
  - (5) deem Shares already held by, or on behalf of, the Participant following exercise of an Option to be forfeited (in which case, the Participant is deemed to have agreed to dispose of the Shares for a total aggregate consideration: :
    - (A) where the Options are held on trust pursuant to the Trust Deed, equal to the amount outstanding under any loan made by the Trustee to the Participant for the purposes of acquiring the Options; or
    - (B) otherwise, A\$1.00,
 and the Shares will be transferred into the name of the Company's nominee); and/or
  - (6) where any Shares have been sold by the Participant, require the Participant to pay to the Company all or part of the net profit realised on that sale.

Where a Participant forfeits Shares pursuant to rule 7.4(a)(5) above, the Company will repay to the Participant any price paid upon exercise of the Options.

- (b) Where, in the opinion of the Board, a Participant's Options vest, or may vest, as a result of the fraud, dishonesty or breach of obligations of another employee of the Group and, in the opinion of the Board, the Options would not otherwise have vested, the Board may determine that the Options have not vested and may, subject to applicable laws, determine:
- (1) where the Options have not vested or Shares have not been allocated upon exercise of an Option, that the Options have not vested and reset the Performance Conditions applicable to the Options

- (2) where Shares have been allocated or set aside for the Participant upon the exercise of an Option, that the Shares are forfeited by the Participant (as described in rule 7.4(a)(5)) and may, at the discretion of the Board, reissue any number of Options to the Participant (either directly or as referable to Share Units issued by the Trustee) subject to new Performance Conditions in place of the forfeited Shares; or
- (3) any other treatment in relation to Options or Shares to ensure no unfair benefit is obtained by a Participant as a result of such actions of another person.

## 8 Lapse of restrictions and forfeiture of Restricted Shares

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### 8.1 Lapse of restrictions attaching to Shares

- (a) Subject to rules 5.1, 8.3, 11.1, 11.2 and 16.3, a Share only ceases to be a Restricted Share where the Performance Condition, restriction period and any other relevant conditions advised to the Participant by the Board pursuant to rule 2.2 have been satisfied,
- (b) Subject to rule 8.1 (c), 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 rules will cease.
- (c) When a Share that is held by the Trustee on behalf of a Participant as a Restricted Share ceases to be a Restricted Share, all restrictions on Dealing in that Share provided in or under these rules will cease, and the Trustee will continue to hold the Share on trust on behalf of the Participant until such time as the Participant, directs the Trustee to:
  - (1) transfer the Share into the Participant's name; or
  - (2) sell the Share and pay the proceeds of sale (net of any applicable brokerage, commission, stamp duty or other transaction costs) to the Participant.

### 8.2 Forfeiture of Restricted Shares

- (a) A Restricted Share will be forfeited upon the earliest to occur of:
  - (1) the Restricted Share being forfeited in accordance with a provision of this rule 8; or
  - (2) failure to meet the Performance Condition applicable to the Restricted Share within the prescribed period unless otherwise determined by the Board.
- (b) Where a Restricted Share is forfeited in accordance with this clause:
  - (1) where the Restricted Share is held by the Participant, the Participant is deemed to have agreed to dispose of his or her legal and/or

beneficial interests (as appropriate) in such Restricted Shares for total aggregate consideration:

- (A) where the Restricted Shares are held on trust pursuant to the Trust Deed or directly by the Participant, equal to the amount outstanding under any loan made by the Trustee to the Participant for the purposes of acquiring the Restricted Shares; or
- (B) otherwise, A\$1.00,

and the Restricted Shares will be transferred into the name of the Company's nominee; or

- (2) where the Restricted Share is held by the Trustee, the Participant's rights in the Restricted Share will be extinguished and the Company may, at any time in the future, direct the Trustee to hold the Restricted Share for the benefit of a different or new Participant (and, pending such direction, the Restricted Share shall comprise general trust property).

### **8.3 Cessation of Employment**

- (a) Subject to rules 8.2 and 4, unless the Board determines otherwise either prior to or within 60 days of the Cessation Date, restrictions on Restricted Shares shall remain in place notwithstanding the Participant ceasing employment, and these Rules and any relevant conditions advised by the Board pursuant to rule 2.2 (including any Performance Conditions) will continue to apply, except that any continuous service requirement will be deemed to have been waived.
- (b) For the purposes of rule 8.3(a) the Board may determine that:
  - (1) some or all of the restrictions on Restricted Shares shall be waived; or
  - (2) some or all Restricted Shares are forfeited with effect from the Cessation Date,

as a result of the Participant ceasing employment.
- (c) Where the Board exercises its discretion under rule 8.3(b), it will give written notice to the Participant and to the Trustee (where relevant) of the restrictions on the Restricted Shares that have been waived or of the Restricted Shares that have been forfeited (as applicable).
- (d) The Board may, at the time of making an Offer, provide for a different termination treatment than that contemplated by rule 8.3(a) in which case the terms of the invitation document provided to Eligible Executives under rule 2.2 shall prevail over rule 8.3(a) to the extent of any inconsistency.

### **8.4 Fraudulent or dishonest actions**

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

- (1) acts fraudulently or dishonestly; or

- (2) is in breach of his or her obligations to the Group,  
then the Board may:
- (3) deem all or any Restricted Shares held by or on behalf of the Participant pursuant to the Plan to be forfeited by the Participant, in which case:
- (A) where the Restricted Shares are held by the Participant, the Participant is deemed to have agreed to dispose of his or her legal and/or beneficial interests (as appropriate) in such Shares for total aggregate consideration:
- (i) where the Restricted Shares are held on trust pursuant to the Trust Deed or directly by the Participant, equal to the amount outstanding under any loan made by the Trustee to the Participant for the purposes of acquiring the Restricted Shares; or
- (ii) otherwise, A\$1.00,
- and the Shares will be transferred into the name of the Company's nominee; or
- (B) where the Restricted Shares are held by the Trustee, the Participant's rights in the Deferred Share are extinguished and the Company may, at any time in the future, direct the Trustee to hold the Deferred Share for the benefit of a different or new Participant (and, pending such direction, the Deferred Share shall comprise general trust property); and/or
- (4) where any Shares have been sold by the Participant, require the Participant to pay to the Company all or part of the net profit realised on that sale.

## 9 Allocation of Shares

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### 9.1 Allocation of Shares

On:

- (a) vesting of a Performance Share; or
- (b) exercise of an Option,

the Company must issue to, procure the transfer to or procure the setting aside for the Participant (or his or her personal representative) the number of Shares in respect of which Performance Shares have vested or Options have been exercised (as the case may be) and in so doing the Company is taken to have allocated the Shares in accordance with these Rules.

## 9.2 Share ranking

Any Shares issued under the Plan, will rank equally in all respects with other Shares for the time being on issue by the Company except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.

## 9.3 Listing of Shares on ASX

The Company will apply for quotation of Shares issued under the Plan within the period required by ASX.

# 10 Restriction on Dealing with Shares

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- (a) The Board may, at its discretion, impose a restriction on Dealing with Shares allocated on vesting of a Performance Share or exercise of an Option.
- (b) The Board must provide the Participant with details of any such restrictions in accordance with rule 2.2(g).
- (c) The Company may implement any procedure it considers appropriate to restrict a Participant from Dealing in Shares in accordance with a determination made under rule 10(a) (including through the imposition of a holding lock or requiring that the Shares be held in trust on behalf of a Participant.)

# 11 Takeover, Scheme of Arrangement and Winding-up

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## 11.1 Takeovers

- (a) In the event of each of:
  - (1) a Takeover Bid being made for Shares in the Company;
  - (2) the Board recommending that shareholders accept any Takeover Bid for Shares in the Company; and
  - (3) a Takeover Bid for Shares in the Company becoming unconditional,
 (each a **Takeover Event**)
 

the Board must consider whether, and may in its absolute discretion determine that:

  - (4) all or a specified number of a Participant's unvested Performance Shares and/or Options vest on a pro rata basis, having regard to whether performance is in line with the Performance Condition over the period from the date of grant of the Performance Shares or

Option (**Grant Date**) to the date of the relevant event described in paragraphs (1) to (3) above; or

- (5) any restrictions on Dealing imposed on all or a specified number of a Participant's Restricted Shares in accordance with rule 5 cease at a time determined by the Board.
- (b) Where the Board determines that Performance Shares or Options vest pursuant to rule 11.1(a)(4) or restrictions on Dealing imposed on Restricted Shares cease pursuant to rule 11.1(a)(5), the Board must as soon as practicable give written notice to each Participant and to the Trustee (where relevant) of the number of Performance Shares and/or Options that have vested and/or Restricted Shares that have become unrestricted (as appropriate).
- (c) If the Board determines under rule 10.1(a)(4) or (5) that only some of a Participant's unvested Performance Shares, Options or Restricted Shares will vest or become unrestricted (as appropriate), all unvested Performance Shares and Options will lapse and all Restricted Shares will be forfeited, unless the Board determines otherwise.
- (d) Unless the Board determines otherwise, where a Takeover Event occurs, any vested Options (including those that vest in accordance with rule 10.1(a)):
  - (1) will become exercisable for a period specified by the Board notified to the Participant and to the Trustee (where relevant); and
  - (2) will lapse if not exercised within the specified period.

## 11.2 Compromises, arrangements and other transactions

- (a) The Board may, in its absolute discretion, determine that all or a specified number of a Participant's Performance Shares or Options (as referred to in rule 8.1) vest on a pro rata basis or that any restrictions imposed on Restricted Shares in accordance with rule 5 cease at a time determined by the Board having regard to whether performance is in line with the Performance Conditions over the period from the Grant Date to the date of the following event (as applicable) where:
  - (1) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with,
    - (A) a scheme which would, if it becomes effective, result in any person (either alone or together with its related bodies corporate) owning all of the shares in the Company; or
    - (B) a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
  - (2) members of the Company approve any compromise or arrangement referred to in rule 11.2(a)(1);
  - (3) any person becomes bound or entitled to acquire shares in the Company under:
    - (A) any compromise or arrangement referred to in rule 11.2(a)(1) which has been approved by the Court;
    - (B) section 414 of the Corporations Act; or



- (C) Part 6A.1 or Part 6A.2 of the Corporations Act;
- (4) a resolution is proposed to be put to shareholders proposing a voluntary winding up; or
- (5) an order is sought for the compulsory winding up of the Company.
- (b) Where the Board makes a determination pursuant to rule 11.2(a), the Board will, as soon as practicable, give written notice to each Participant and to the Trustee (where relevant) of the number of Performance Shares and Options that have vested or of the number of Restricted Shares that continue to be subject to restrictions and what the remaining restrictions on those Restricted Shares are.
- (c) If the Board does not make a determination, or determines that only some of a Participant's unvested Performance Shares or Options will vest or that restrictions will lapse on only some of a Participant's Restricted Shares, all Performance Shares or Options that remain unvested will lapse and all Restricted Shares that continue to be subject to restrictions will be forfeited, unless the Board determines otherwise.
- (d) Unless the Board determines otherwise, where an event described in paragraphs 11.2(a)(1) to (5) above, any vested Options (including those that vest in accordance with rule 11.2(a)):
  - (1) will become exercisable for a period specified by the Board notified to the Participant and to the Trustee (where relevant); and
  - (2) will lapse if not exercised within the specified period.

### 11.3 Effect on Shares

On the occurrence of a Takeover Event or a relevant event for the purposes of rule 11.2(a)(2):

- (a) all trading restrictions in respect of Shares allocated on vesting of Performance Shares or exercise of Options will cease to have effect; and
- (b) where Shares are:
  - (1) allocated on the vesting of Performance Shares or on exercise of Options that are held on behalf of the Participant by the Trustee; or
  - (2) held on behalf of the Participant by the Trustee with respect of Restricted Shares that are no longer subject to restrictions as a result of an event or circumstance referred to under rule 11.1 or 11.2 occurring,

on receiving notice from the Company that an event or circumstance referred to under rule 11.1 or 11.2 has occurred, the Company will require the Trustee to arrange for the Shares to be transferred into the name of the Participant, unless the Board determines otherwise.

## 11.4 Acquisition of shares in Acquiring Company

If a company (**Acquiring Company**) obtains control of the Company as a result of:

- (a) a Takeover Bid; or
- (b) a proposed scheme of arrangement between the Company and its members;
- (c) a selective or equal capital reduction; or
- (d) another corporate action,

and the Company, the Acquiring Company and the Participant agree, a Participant may, upon:

- (e) vesting of Performance Shares; or
- (f) exercise of Options,

be provided with shares of the Acquiring Company or its parent in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Shares, but with appropriate adjustments to the number and kind of shares subject to the Performance Shares or Options.

## 12 Power to adjust Performance Shares and/or Options and the exercise price

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- (a) Prior to the allocation of Shares to a Participant upon vesting of Performance Shares or exercise of Options in accordance with rule 7.1, the Board may make any adjustments it considers appropriate to the terms of a Performance Shares or Option granted to that Participant in order to minimise or eliminate any material advantage or disadvantage to a Participant resulting from a corporate action such as a capital raising or capital reconstruction.
- (b) Without limiting rule 12(a), if:
  - (1) Shares are issued pro rata to the Company's shareholders generally by way of a bonus issue (other than an issue in lieu of dividends or by way of a dividend reinvestment) involving capitalisation of reserves of distributable profits;
  - (2) Shares are issued pro rata to the Company's shareholders generally by way of a rights issues; or
  - (3) any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected,

the number of Performance Shares or Options, or the number or Shares to which each Participant is entitled upon vesting of Performance Share or exercising of Options, or any amount payable on vesting of the Performance Shares or exercise of Options (or both the number and amount payable if appropriate) will be adjusted in the manner determined by the Board, having regard to the ASX Listing Rules and the general principle set out in rule 12(a)

and, in the case of a pro rata rights issue, the adjustment will reflect an application of the formula in ASX Listing Rule 6.22.2.

- (c) Where additional Performance Shares and/or Options are granted to the Participant under this rule 12, such Performance Shares or Options will be subject to the same terms and conditions as the original Performance Shares and/or Options granted to the Participant (including without limitation, any Performance Conditions) unless the Board determines otherwise.
- (d) The Board must as soon as reasonably practicable after making any adjustments under this rule 12, give notice in writing of the adjustment to any affected Participant and to the Trustee (where relevant).

## 13 Withholding

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- (a) If the Company is obliged, or reasonably believes it may have an obligation, as a result of or in connection with:
  - (1) the grant of Performance Shares, Options, Restricted Shares and/or Shares to a Participant, or the vesting of such Performance Shares and/or Options; or
  - (2) the allocation of Shares to, or on behalf of, a Participant as Restricted Shares or upon vesting of Performance Shares or exercise of Options,
 to account for income tax or employment taxes under any wage, withholding or other arrangements or for any other tax, social security contributions or levy or charge of a similar nature (except obligations in respect to Payroll Tax and Workcover), then the Company is entitled to be reimbursed by the Participant for the amount or amounts so paid or payable or to retain or direct the retention of Restricted Shares or not Issue Shares until arrangements satisfactory to the Company are made for the payment to the Company of the applicable amount.
- (b) Where paragraph (a) applies, the Company is not obliged to grant the Performance Shares, Options and/or Restricted Shares or to allocate Shares to the Participant unless the Company is satisfied that arrangements have been made for reimbursement. Those arrangements may include, without limitation, the sale, on behalf of the Participant, of Shares issued or transferred or otherwise to be allocated to the Participant and where this happens, the Participant will also reimburse the costs of any such sale (e.g. stamp duty, brokerage, etc).

## 14 Amendments

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### 14.1 Power to make amendments

- (a) Subject to rule 14.2, the Board may at any time by resolution:
  - (1) amend or add to (**amend**) all or any of the provisions of the Plan;

- (2) amend the terms or conditions of any Performance Share, Option or Restricted Share granted under the Plan; or
  - (3) suspend or terminate the operation of the Plan.
- (b) Notwithstanding rule 14.2, the Board may waive, amend or replace any performance measure in a Performance Condition attaching to a Performance Share, an Option or a Restricted Share if the Board determines that the original Performance Condition is no longer appropriate or applicable (for instance, if a particular stock market index is no longer published, there are extraneous economic circumstances or there is a corporate action, including a discounted rights issue, which impacts on the performance measure), provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

## 14.2 Restrictions on amendments

Without the consent of the Participant, the Board may not exercise its powers under rule 14.1(a) in a manner which reduces the rights of the Participant in respect of any granted Performance Share, Option, Restricted Share or Share already granted other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future laws governing or regulating the maintenance or operation of the Plan or similar Plans, in any jurisdiction in which invitations under the Plan have been made;
- (b) to correct any manifest error or mistake; or
- (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

## 14.3 Notice of amendment

As soon as reasonably practicable after making any amendment under rule 14.1, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

# 15 Participants based overseas

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## 15.1 Overseas transfers

If a Participant is transferred to work in another country and, as a result of that transfer, the Participant would:

- (a) suffer a tax disadvantage in relation to their Performance Shares, Options, or Restricted Shares (this being demonstrated to the satisfaction of the Board); or

- (b) become subject to restrictions on their ability to Deal with the Performance Shares, Options or Restricted Shares, or to hold or Deal in the Shares or the proceeds of the Shares acquired on vesting or exercise, because of the security laws or exchange control laws of the country to which he or she is transferred,

then, if the Participant continues to hold an office or employment with the Group, the Board may decide that the Performance Shares and/or Options will vest and/or restrictions on Restricted Shares will cease on a date it chooses before or after the transfer takes effect. The Performance Shares and/or Options will vest to, or on behalf of, the Participant, and/or restrictions on the Restricted Shares will cease, to the extent permitted by the Board and will not lapse as to the balance.

## 15.2 Non-Australian residents

When a Performance Share, Option and/or Restricted Share is granted under the Plan to a person who is not a resident of Australia, the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any applicable or relevant laws, matters of convenience and desirability and similar factors which may have application to the Participant, the Trustee or to the Company in relation to the Performance Share, Option and/or Restricted Share.

# 16 Miscellaneous

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## 16.1 Rights and obligations of Participant

- (a) Unless the subject of an express provision in an employment contract, the rights and obligations of any Eligible Executive under the terms of their office, employment or contract with the Group are not affected by their participation in the Plan.
- (b) These rules will not form part of and are not incorporated into any contract of any Eligible Executive (whether or not they are an employee of the Group).
- (c) The grant of Performance Shares, Options, Restricted Shares and/or Shares on a particular basis in any year does not create any right or expectation of the grant of Performance Shares, Options, Restricted Shares and/or Shares on the same basis, or at all, in any future year.
- (d) No Participant has any right to compensation for any loss in relation to the Plan, including:
  - (1) any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);
  - (2) any exercise of a discretion or a decision taken in relation to a grant of Performance Shares, Options, Restricted Shares and/or Shares or in relation to the Plan, or any failure to exercise a discretion under these Rules; or
  - (3) the operation, suspension, termination or amendments of the Plan.

## 16.2 Power of the Board

- (a) The Plan is administered by the Board which has power to:
  - (1) determine appropriate procedures for administration of the Plan consistent with these rules including so as to implement an employee share trust for the purposes of delivering and holding Shares on behalf of Participants in respect of Restricted Shares or upon the vesting of Performance Shares or exercise of Options; and
  - (2) 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.
- (b) Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan and in the exercise of any power or discretion under the Plan.

## 16.3 Waiver of terms and conditions

Notwithstanding any other provisions of the Plan, the Board may at any time waive or reduce in whole or in part any terms or conditions (including any Performance Condition) in relation to any Performance Shares, Options, Restricted Shares and/or Shares granted to any Participant.

## 16.4 Dispute or disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Performance Shares, Options, Restricted Shares and/or Shares granted under it, the decision of the Board is final and binding.

## 16.5 Approved leave of absence

Subject to applicable laws, at the discretion of the Board, a Participant who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation before the vesting of a Performance Share or exercise of an Option or the lapsing of restrictions on a Restricted Share under the Plan will be treated for those purposes as not having ceased to be such an employee.

## 16.6 Communication

- (a) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post or facsimile, in the case of a company to its registered office, and in the case of an individual to the individual's last notified address, or, where a Participant is a director or employee of the Group, either to the Participant's last known address, email address or to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office or employment.
- (b) Where a notice or other communication is given by post, it is deemed to have been received 48 hours after it was put into the post properly addressed and

stamped. Where a notice or other communication is given by facsimile or email, it is deemed to have been received on completion of transmission.

## **16.7 Data protection**

Subject to any applicable law, the Participant, by participating in the Plan, consents to the holding and processing of personal data provided by the Participant to the Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participant records;
- (b) providing information to trustees of any employee share trust, registrars, brokers or third party administrators of the Plan; and
- (c) providing information to future purchasers of the Company or the business in which the Participant works.

## **16.8 Laws governing Plan**

The Plan and any Performance Shares, Options, Restricted Shares and Shares granted under it are governed by the laws of New South Wales and the Commonwealth of Australia.