

Appendix 3G

Notification of issue, conversion or payment up of equity +securities

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

If you are an entity incorporated outside Australia and you are issuing a new class of +securities other than CDIs, you will need to obtain and provide an International Securities Identification Number (ISIN) for that class. Further information on the requirement for the notification of an ISIN is available from the Create Online Forms page. ASX is unable to create the new ISIN for non-Australian issuers.

*Denotes minimum information required for first lodgement of this form, with exceptions provided in specific notes for certain questions. The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

Part 1 – Entity and announcement details

Question no	Question	Answer
1.1	*Name of entity <i>We (the entity here named) give notice of the issue, conversion or payment up of the following unquoted +securities.</i>	Hydrix Limited
1.2	*Registration type and number <i>Please supply your ABN, ARSN, ARBN, ACN or another registration type and number (if you supply another registration type, please specify both the type of registration and the registration number).</i>	ACN 060 369 048
1.3	*ASX issuer code	HYD
1.4	*This announcement is <i>Tick whichever is applicable.</i>	☒ A new announcement ☐ An update/amendment to a previous announcement ☐ A cancellation of a previous announcement
1.4a	*Reason for update <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i>	N/A
1.4b	*Date of previous announcement to this update <i>Mandatory only if "Update" ticked in Q1.4 above.</i>	N/A
1.4c	*Reason for cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	N/A
1.4d	*Date of previous announcement to this cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	N/A
1.5	*Date of this announcement	17 December 2019

Part 2 – Type of issue

Question No.	Question	Answer
2.1	*The +securities the subject of this notification are: <i>Select whichever item is applicable.</i> <i>If you wish to notify ASX of different types of issues of securities, please complete a separate Appendix 3G for each type of issue.</i>	☐ +securities issued as a result of options being exercised or other +convertible ☐ +securities being converted and that are not to be quoted on ASX ☐ partly paid +securities that have been fully paid up and that are not to be quoted on ASX ☒ +securities issued under an +employee incentive scheme that are not being immediately quoted on ASX ☐ other [please specify] <i>If you have selected 'other' please provide the circumstances of the issue here:</i>
2.2a.1	Please state the number and type of options that were exercised or other +convertible securities that were converted (including their ASX security code if available)? <i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i>	N/A
2.2a.2	And the date the options were exercised or other +convertible securities were converted: <i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i> <i>Note: If this occurred over a range of dates, enter the date the last of the options was exercised or convertible securities was converted.</i>	N/A
2.2b.1	Please state the number and type of partly paid +securities that were fully paid up (including their ASX +security code if available)? <i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i>	N/A
2.2b.2	And the date the +securities were fully paid up: <i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i> <i>Note: If this occurred over a range of dates, enter the date the last of the securities was fully paid up.</i>	N/A

2.2c.1	Please state the number and type of +securities (including their ASX security code) issued under an +employee incentive scheme that are not being immediately quoted on ASX <i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i>	8,000,000 Performance Rights, each of which will vest into 1 share upon satisfaction of the prescribed vesting conditions.									
2.2c.2	*Please attach a document or provide details of a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms. <i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i>	See Schedule 1									
2.2c.3	*Are any of these +securities being issued to +key management personnel (KMP) or an +associate <i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i>	Yes									
2.2c.3.a	*Provide details of the recipients and the number of +securities issued to each of them. <i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX" and your response to Q2.2c.3 is "Yes". Repeat the detail in the table below for each KMP involved in the issue. If the securities are being issued to the KMP, repeat the name of the KMP or insert "Same" in "Name of registered holder". If the securities are being issued to an associate of a KMP, insert the name of the associate in "Name of registered holder".</i> <table border="1"> <thead> <tr> <th>Name of KMP</th><th>Name of registered holder</th><th>Number of +securities</th></tr> </thead> <tbody> <tr> <td>Gavin Coote</td><td>Beachridge Advisory Services Pty Ltd ATF the Coote Family Discretionary Trust</td><td>5,000,000 Performance Rights</td></tr> <tr> <td>Paul Wright</td><td>Paul Wright</td><td>3,000,000 Performance Rights</td></tr> </tbody> </table>		Name of KMP	Name of registered holder	Number of +securities	Gavin Coote	Beachridge Advisory Services Pty Ltd ATF the Coote Family Discretionary Trust	5,000,000 Performance Rights	Paul Wright	Paul Wright	3,000,000 Performance Rights
Name of KMP	Name of registered holder	Number of +securities									
Gavin Coote	Beachridge Advisory Services Pty Ltd ATF the Coote Family Discretionary Trust	5,000,000 Performance Rights									
Paul Wright	Paul Wright	3,000,000 Performance Rights									
2.2d.1	*The purpose(s) for which the entity is issuing the securities is: <i>Answer this question if your response to Q2.1 is "Other".</i> <i>You may select one or more of the items in the list.</i>	☐ to raise additional working capital ☐ to fund the retirement of debt ☐ to pay for the acquisition of an asset [provide details below] ☐ to pay for services rendered [provide details below] ☐ other [provide details below] <i>Additional details:</i>									

2.2d.2	Please provide any further information needed to understand the circumstances in which you are notifying the issue of these +securities to ASX, including why the issue of the +securities has not been previously announced to the market in an Appendix 3B <i>Answer this question if your response to Q2.1 is "Other".</i>	
2.3	*The +securities being issued are: <i>Tick whichever is applicable</i>	☐ Additional +securities in an existing unquoted class that is already recorded by ASX ("existing class") ☒ New +securities in an unquoted class that is not yet recorded by ASX ("new class")

Part 3A – number and type of +securities being issued (existing class)

Answer the questions in this part if your response to Q2.3 is "existing class".

Question No.	Question	Answer
3A.1	*ASX +security code & description	N/A
3A.2	*Number of +securities being issued	N/A
3A.3a	*Will the +securities being issued rank equally in all respects from their issue date with the existing issued +securities in that class?	N/A
3A.3b	*Is the actual date from which the +securities will rank equally (non-ranking end date) known? <i>Answer this question if your response to Q3A.3a is "No".</i>	N/A
3A.3c	*Provide the actual non-ranking end date <i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "Yes".</i>	N/A
3A.3d	*Provide the estimated non-ranking end period <i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "No".</i>	N/A
3A.3e	*Please state the extent to which the +securities do not rank equally: • in relation to the next dividend, distribution or interest payment; or • for any other reason <i>Answer this question if your response to Q3A.3a is "No".</i> <i>For example, the securities may not rank at all, or on a pro rata basis for the next dividend, distribution or interest payment; or the securities may not rank at all or on a pro rata basis or be entitled to participate in some other event, such as an entitlement issue.</i>	N/A

Part 3B – number and type of +securities being issued (new class)

Answer the questions in this part if your response to Q2.3 is “new class”.

Question No.	Question	Answer
3B.1	*Security description	Performance Rights
3B.2	*Security type Select one item from the list Please select the most appropriate security type from the list. This will determine more detailed questions to be asked about the security later in this section. Select “ordinary fully or partly paid shares/units” for stapled securities or CDIs. For interest rate securities, please select the appropriate choice from either “Convertible debt securities” or “Non-convertible debt securities”. Select “Other” for performance shares/units and performance options/rights or if the selections available in the list do not appropriately describe the security being issued.	☐ Ordinary fully or partly paid shares/units ☐ Options ☐ +Convertible debt securities ☐ Non-convertible +debt securities ☐ Redeemable preference shares/units ☒ Other
3B.3	ISIN code Answer this question if you are an entity incorporated outside Australia and you are issuing a new class of securities other than CDIs. See also the note at the top of this form.	N/A
3B.4	*Number of +securities being issued	8,000,000
3B.5a	*Will all the +securities issued in this class rank equally in all respects from the issue date?	Yes
3B.5b	*Is the actual date from which the +securities will rank equally (non-ranking end date) known? Answer this question if your response to Q3B.5a is “No”.	N/A
3B.5c	*Provide the actual non-ranking end date Answer this question if your response to Q3B.5a is “No” and your response to Q3B.5b is “Yes”.	N/A
3B.5d	*Provide the estimated non-ranking end period Answer this question if your response to Q3B.5a is “No” and your response to Q3B.5b is “No”.	N/A
3B.5e	*Please state the extent to which the +securities do not rank equally: - in relation to the next dividend, distribution or interest payment; or - for any other reason Answer this question if your response to Q3B.5a is “No”. For example, the +securities may not rank at all, or on a pro rata basis for the next dividend, distribution or interest payment; or the +securities may not rank at all or on a pro rata basis or be entitled to participate in some other event, such as an entitlement issue.	N/A

3B.6	Please attach a document or provide a URL link for a document lodged with ASX setting out the material terms of the +securities being issued <i>You may cross reference a disclosure document, PDS, information memorandum, investor presentation or other announcement with this information provided it has been released to the ASX Market Announcements Platform.</i>	See Schedule 1
3B.7	*Have you received confirmation from ASX that the terms of the +securities are appropriate and equitable under listing rule 6.1? <i>Answer this question only if you are an ASX Listing. (ASX Foreign Exempt Listings and ASX Debt Listings do not have to answer this question).</i> <i>If your response is "No" and the securities have any unusual terms, you should approach ASX as soon as possible for confirmation under listing rule 6.1 that the terms are appropriate and equitable.</i>	No
3B.8a	Ordinary fully or partly paid shares/units details <i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i>	
	*+Security currency <i>This is the currency in which the face amount of an issue is denominated. It will also typically be the currency in which distributions are declared.</i>	N/A
	*Will there be CDIs issued over the +securities?	N/A
	*CDI ratio <i>Answer this question if you answered "Yes" to the previous question. This is the ratio at which CDIs can be transmuted into the underlying security (e.g. 4:1 means 4 CDIs represent 1 underlying security whereas 1:4 means 1 CDI represents 4 underlying securities).</i>	N/A
	*Is it a partly paid class of +security?	N/A
	*Paid up amount: unpaid amount <i>Answer this question if answered "Yes" to the previous question.</i> <i>The paid up amount represents the amount of application money and/or calls which have been paid on any security considered 'partly paid'</i> <i>The unpaid amount represents the unpaid or yet to be called amount on any security considered 'partly paid'.</i> <i>The amounts should be provided per the security currency (e.g. if the security currency is AUD, then the paid up and unpaid amount per security in AUD).</i>	N/A
	*Is it a stapled +security? <i>This is a security class that comprises a number of ordinary shares and/or ordinary units issued by separate entities that are stapled together for the purposes of trading.</i>	N/A
3B.8b	Option details <i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i>	
	*+Security currency <i>This is the currency in which the exercise price is payable.</i>	N/A

	*Exercise price The price at which each option can be exercised and convert into the underlying security. If there is no exercise price please answer as \$0.00. The exercise price should be provided per the security currency (i.e. if the security currency is AUD, the exercise price should be expressed in AUD).	N/A
	*Expiry date The date on which the options expire or terminate.	N/A
	*Details of the number and type of +security (including its ASX +security code if the +security is quoted on or recorded by ASX) that will be issued if an option is exercised For example, if the option can be exercised to receive one fully paid ordinary share with ASX security code ABC, please insert "One fully paid ordinary share (ASX:ABC)".	N/A
3B.8c	Details of non-convertible +debt securities, +convertible debt securities, or redeemable preference shares/units Answer the questions in this section if you selected one of these security types in your response to Question 3B.2. Refer to Guidance Note 34 and the "Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities" for further information on certain terms used in this section	
	*Type of +security Select one item from the list	☐ Simple corporate bond ☐ Non-convertible note or bond ☐ Convertible note or bond ☐ Preference share/unit ☐ Capital note ☐ Hybrid security ☐ Other
	*+Security currency This is the currency in which the face value of the security is denominated. It will also typically be the currency in which interest or distributions are paid.	N/A
	Face value This is the principal amount of each security. The face value should be provided per the security currency (i.e. if security currency is AUD, then the face value per security in AUD).	N/A
	*Interest rate type Select one item from the list Select the appropriate interest rate type per the terms of the security. Definitions for each type are provided in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities	☐ Fixed rate ☐ Floating rate ☐ Indexed rate ☐ Variable rate ☐ Zero coupon/no interest ☐ Other
	Frequency of coupon/interest payments per year Select one item from the list.	☐ Monthly ☐ Quarterly ☐ Semi-annual ☐ Annual ☐ No coupon/interest payments ☐ Other

	First interest payment date <i>A response is not required if you have selected "No coupon/interest payments" in response to the question above on the frequency of coupon/interest payments</i>	N/A
	Interest rate per annum <i>Answer this question if the interest rate type is fixed.</i>	N/A
	*Is the interest rate per annum estimated at this time? <i>Answer this question if the interest rate type is fixed.</i>	N/A
	If the interest rate per annum is estimated, then what is the date for this information to be announced to the market (if known) <i>Answer this question if the interest rate type is fixed and your response to the previous question is "Yes". Answer "Unknown" if the date is not known at this time.</i>	N/A
	*Does the interest rate include a reference rate, base rate or market rate (e.g. BBSW or CPI)? <i>Answer this question if the interest rate type is floating or indexed</i>	N/A
	*What is the reference rate, base rate or market rate? <i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i>	N/A
	*Does the interest rate include a margin above the reference rate, base rate or market rate? <i>Answer this question if the interest rate type is floating or indexed.</i>	N/A
	*What is the margin above the reference rate, base rate or market rate (expressed as a percent per annum) <i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i>	N/A
	*Is the margin estimated at this time? <i>Answer this question if the interest rate type is floating or indexed.</i>	N/A
	If the margin is estimated, then what is the date for this information to be announced to the market (if known) <i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes". Answer "Unknown" if the date is not known at this time.</i>	N/A

	*s128F of the Income Tax Assessment Act status applicable to the +security Select one item from the list For financial products which are likely to give rise to a payment to which s128F of the Income Tax Assessment Act applies, ASX requests issuers to confirm the s128F status of the security: • “s128F exempt” means interest payments are not taxable to non-residents; • “Not s128F exempt” means interest payments are taxable to non-residents; • “s128F exemption status unknown” means the issuer is unable to advise the status; • “Not applicable” means s128F is not applicable to this security	☐ s128F exempt ☐ Not s128F exempt ☐ s128F exemption status unknown ☐ Not applicable
	*Is the +security perpetual (i.e. no maturity date)?	N/A
	*Maturity date Answer this question if the security is not perpetual	N/A
	*Select other features applicable to the +security Up to 4 features can be selected. Further information is available in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities.	☐ Simple ☐ Subordinated ☐ Secured ☐ Converting ☐ Convertible ☐ Transformable ☐ Exchangeable ☐ Cumulative ☐ Non-Cumulative ☐ Redeemable ☐ Extendable ☐ Reset ☐ Step-Down ☐ Step-Up ☐ Stapled ☐ None of the above
	*Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?	N/A
	*If yes, what is the first trigger date Answer this question if your response to the previous question is “Yes”.	N/A
	Details of the number and type of +security (including its ASX +security code if the +security is quoted on ASX) that will be issued if the securities to be quoted are converted, transformed or exchanged Answer this question if the security features include “converting”, “convertible”, “transformable” or “exchangeable”. For example, if the security can be converted into 1,000 fully paid ordinary shares with ASX security code ABC, please insert “1,000 fully paid ordinary share (ASX:ABC)”.	N/A

Part 4 – Issue details

Question No.	Question	Answer
4.1	*Have the +securities been issued yet?	Yes
4.1a	*What was their date of issue? <i>Answer this question if your response to Q4.1 is "Yes".</i>	17 December 2019
4.1b	*What is their proposed date of issue? <i>Answer this question if your response to Q4.1 is "No".</i>	N/A
4.2	*Are the +securities being issued for a cash consideration? <i>If the securities are being issued for nil cash consideration, answer this question "No".</i>	No
4.2a	*In what currency is the cash consideration being paid <i>For example, if the consideration is being paid in Australian Dollars, state AUD. Answer this question if your response to Q4.2 is "Yes".</i>	N/A
4.2b	*What is the issue price per +security <i>Answer this question if your response to Q4.2 is "Yes" and by reference to the issue currency provided in your response to Q4.2a. Note: you cannot enter a nil amount here. If the securities are being issued for nil cash consideration, answer Q4.2 as "No" and complete Q4.2c.</i>	N/A
4.2c	Please describe the consideration being provided for the +securities <i>Answer this question if your response to Q4.2 is "No".</i>	The Performance Rights are being issued for nil cash consideration.

Part 5 – Unquoted +securities on issue

Following the issue of the +securities the subject of this application, the unquoted issued +securities of the entity will comprise:

Note: the figures provided in the table in section 5.1 below are used to calculate part of the total market capitalisation of the entity published by ASX from time to time. Please make sure you include in the table each class of unquoted securities issued by the entity.

Restricted securities should be included in table 5.1.

5.1	<table><tr><th>*ASX +security code and description</th><th>*Total number of +securities on issue</th></tr><tr><td>HYD Options exercisable at \$0.08 each, expiring on 31 July 2020</td><td>31,250,000</td></tr><tr><td>HYD Warrants</td><td>2</td></tr><tr><td>HYD Performance Rights</td><td>8,000,000</td></tr></table>	*ASX +security code and description	*Total number of +securities on issue	HYD Options exercisable at \$0.08 each, expiring on 31 July 2020	31,250,000	HYD Warrants	2	HYD Performance Rights	8,000,000
*ASX +security code and description	*Total number of +securities on issue								
HYD Options exercisable at \$0.08 each, expiring on 31 July 2020	31,250,000								
HYD Warrants	2								
HYD Performance Rights	8,000,000								

Part 6 – Other Listing Rule requirements

The questions in this Part should only be answered if you are an ASX Listing (ASX Foreign Exempt Listings and ASX Debt Listings do not need to complete this Part) and:

- your response to Q2.1 is "+securities issued under an +employee incentive scheme that are not being immediately quoted on ASX"; or
- your response to Q2.1 is "Other"

Question No.	Question	Answer
6.1	*Are the securities being issued under Listing Rule 7.2 exception 13¹ and therefore the issue does not need any security holder approval under Listing Rule 7.1? <i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i>	No
6.2	*Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No".</i>	Yes
6.2a	*Date of meeting or proposed meeting to approve the issue under listing rule 7.1 <i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "Yes".</i>	12 December 2019
6.2b	*Are any of the +securities being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i>	No

¹ Exception 13

An issue of securities under an employee incentive scheme if within 3 years before the issue date:

- (a) in the case of a scheme established before the entity was listed – a summary of the terms of the scheme and the maximum number of equity securities proposed to be issued under the scheme were set out in the prospectus, PDS or information memorandum lodged with ASX under rule 1.1 condition 3; or
- (b) the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as an exception to this rule. The notice of meeting must have included:
 - a summary of the terms of the scheme.
 - the number of securities issued under the scheme since the entity was listed or the date of the last approval under this rule;
 - the maximum number of +equity securities proposed to be issued under the scheme following the approval; and
 - a voting exclusion statement.

Exception 13 is only available if and to the extent that the number of +quity securities issued under the scheme does not exceed the maximum number set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

Exception 13 ceases to be available if there is a material change to the terms of the scheme from those set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

6.2b.1	*How many +securities are being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2b is "Yes".</i> <i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure B to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1 to issue that number of securities.</i>	0
6.2c	*Are any of the +securities being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)? <i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i>	No
6.2c.1	*How many +securities are being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A? <i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2c is "Yes".</i> <i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure C to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1A to issue that number of securities.</i>	0

Introduced 01/12/19

Schedule 1 – Hydrix Long Term Incentive Plan Rules

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Long Term Incentive Plan Rules

Hydrix Limited

Approved by Shareholders of Hydrix Limited on 12 December 2019

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Parties

Hydrix Limited (ACN 060 369 048)

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for their Plan.

2 Introduction

2.1 Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of eligible Employees; and
- (b) align the interests of eligible Employees more closely with the interests of the Company's shareholders by providing an opportunity for eligible Employees to acquire an ownership interest in the Company.

2.2 Commencement

The Plan commences on the date that the Board determines.

2.3 Rules are binding

The Company and each Participant are bound by these Rules.

3 Offer, application and acceptance

3.1 Eligibility

The Board may determine the Employees who are eligible to participate in the Plan from time to time.

3.2 Offer may be made

From time to time, the Company may make an Offer to participate in the Plan to an Employee who is eligible to participate in the Plan in accordance with clause 3.1.

3.3 Terms of Offer

An Offer to an Employee to participate in the Plan may be made through such procedures and on such terms and conditions as the Board decides from time to time, including as to:

- (a) the number of Shares, Performance Rights and/or Options for which that Employee may apply;
- (b) the amount payable (if any) for the acquisition of a Share, Performance Right and/or Option or how it is calculated;
- (c) the amount payable (if any) for the exercise of a Performance Right and/or Option or how it is calculated;
- (d) the Performance Period;
- (e) the Vesting Date;
- (f) the Expiry Date;
- (g) any Vesting Condition;
- (h) any Disposal Restriction;
- (i) the method of acceptance of the Offer; and
- (j) any other terms and conditions determined by the Board from time to time.

3.4 Participant agrees to be bound

Each Participant, by accepting an Offer, agrees to be bound by:

- (a) the terms of the Offer and Application Form;
- (b) the provisions of these Rules; and
- (c) the constitution of the Company, as amended from time to time.

3.5 Acceptance of Offer

- (a) The method and form of acceptance of an Offer will be determined by the Board from time to time and set out in the Offer.
- (b) Subject to clause 3.5(c), if the Board includes a mechanism for deemed acceptance in the Offer, a Participant or other Employee who receives an Offer will be deemed to have accepted the Offer as specified in the Offer unless the Participant or Employee has elected not to participate in the Offer in the manner and within the time-frame set out in the Offer.
- (c) Acceptance of an Offer will not be deemed under clause 3.5(b) if the provisions of clause 3.7 apply at the date the Offer would otherwise have been deemed to have been

accepted or if the Board otherwise determines that the Offer should not be deemed to be accepted prior to that date.

3.6 Offer personal

An Offer under the Plan is personal to the Employee to whom it is made, and is non-transferable.

3.7 When Applications will not be accepted

An Application will not be accepted if, at the date the Application would otherwise be accepted:

- (a) the applicant is not an Employee;
- (b) the applicant has given the Company notice of his or her resignation as an Employee; or
- (c) the applicant has been given notice of termination of employment as an Employee.

3.8 Discretion not to accept

The Board may determine in its discretion that an Application under this clause 3 by an Employee who would otherwise be eligible to participate under these Rules will not be accepted.

3.9 No disclosure document

The Company has no obligation to make any Offer to any Employee or Participant and/or to accept any Application from any Employee or Participant if to do so would require the Company to issue a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement under Chapter 7 of the Corporations Act.

4 Consideration for Performance Rights and Options

Unless otherwise determined by the Board and set out in an Offer, no consideration will be payable for the grant of a Performance Right and/or Option.

5 Maximum allocation

No Shares, Performance Rights or Options may be granted under the Plan if doing so would cause the Company to exceed the 5% limit in ASIC Class Order 14/1000 (or if such limit is replaced, any limit specified by a Government Agency from time to time to enable the Company to qualify for relief from any disclosure and/or financial services licensing requirements under any law relating to the offer).

6 Right to Shares

- (a) Each Performance Right and/or Option, once Vested, gives the relevant Participant the right to receive one Share, subject to the terms of these Rules and the Offer.
- (b) No Performance Right or Option will give a Participant any interest in Shares the subject of the Performance Rights or Options (including any right to vote or receive any dividend) until those Performance Rights or Options have Vested, and in the case of Options have been exercised, and those Shares are issued or transferred to the Participant as a result.
- (c) Each Participant agrees to become a member of the Company.

7 Vesting

7.1 When Performance Rights and/or Options vest

- (a) Performance Rights and/or Options will Vest on the Vesting Date to the extent that the Vesting Conditions are satisfied or waived at that date and otherwise subject to these Rules and the Offer.
- (b) Upon the Board determining that the Vesting Conditions in respect of Performance Rights and/or Options have been satisfied or waived, the Company will give notice of such vesting (**Vesting Notice**) to the Participant specifying the number of such Performance Rights and/or Options that have become Vested Performance Rights and/or Vested Options. The Company will use reasonable endeavours to give the Vesting Notice not later than 60 days after the end of the relevant Performance Period.
- (c) The Board's decision as to the satisfaction, achievement or waiver of any Vesting Condition may be made in the Board's absolute discretion, and such decision is final, conclusive and binding on Participants.

7.2 Change of Control

- (a) In the event of a Change of Control, unless the Board determines otherwise in its absolute discretion, all Unvested Performance Rights and Unvested Options will Vest on a pro rata basis based on the proportion of the Performance Period in respect of those Unvested Performance Rights and Unvested Options which has elapsed at the date of the Change of Control.
- (b) The Board has discretion as to how to treat remaining Unvested Performance Rights and Unvested Options including, but not limited to:
 - (i) Vesting all or a portion of those Unvested Performance Rights and/or Unvested Options;
 - (ii) applying the specified Vesting Condition performance tests at an earlier date determined by the Board and Vesting a portion appropriate to that level of achievement;
 - (iii) allowing those Unvested Performance Rights and/or Unvested Options to stay 'on foot';
 - (iv) allowing those Unvested Performance Rights and/or Unvested Options to be 'swapped' into the acquiring company's Performance Rights and/or Unvested Options; and/or
 - (v) determining that the Unvested Performance Rights and/or Options are forfeited or lapse.

7.3 Quotation

The Company will apply for official quotation of any Shares issued to an Employee upon the Vesting of a Performance Right or exercise of a Vested Option, in accordance with the Listing Rules.

8 Exercise of Options

8.1 Method of Exercise

- (a) A Vested Option may only be exercised after a Vesting Notice has been received by the Participant with respect to that Option.
- (b) A Vested Option may only be exercised by:
 - (i) delivery to the Company of a signed Notice of Exercise on or prior to the Expiry Date;
 - (ii) delivery to the Company of the Option certificate or documentary evidence satisfactory to the Board that the Option certificate was lost or destroyed; and
 - (iii) subject to clause 8.3, payment of the Exercise Price (if any).

8.2 No issue unless cleared funds

Subject to clause 8.3, the Company shall not, unless otherwise determined by the Board, issue or transfer any Shares to a Participant until after any cheque or electronic funds transfer delivered in payment of the relevant Exercise Price (if any) has been cleared by the banking system.

8.3 Cashless exercise

In lieu of paying the cash Exercise Price as set out in clauses 8.1 and 8.2, the Board may, in its sole discretion, permit a Participant to elect to receive, without payment of a cash Exercise Price, the number of Shares determined in accordance with the following formula:

$$A = \frac{B(C - D)}{C}$$

where:

- A = the number of Shares to be issued to the Participant pursuant to this clause 8.3;
- B = the number of Shares otherwise issuable upon the Vested Options being exercised;
- C = the Market Value of one Share determined as of the date of delivery of the Notice of Exercise; and
- D = the Exercise Price.

Worked example

For example, if a Participant intended to exercise 100 Vested Options, where each Option had an Exercise Price of \$1.00 and gave an entitlement to 1 Share, and the Market Value of a Share as at the date of the Notice of Exercise was \$1.25, then:

- B = 100
- C = \$1.25
- D = \$1.00,

and the formula described above would be applied as follows:

$$A = \frac{100(1.25 - 1.00)}{1.25}$$

"A" would equal 20, and therefore the Participant, on cashless exercise under this clause, would be issued 20 Shares.

8.4 Actions on Exercise

As soon as practicable after the exercise of any Options and the payment of the Exercise Price (if any) in accordance with clause 8.2 or the election under clause 8.3, the Company must:

- (a) cancel the Options; and
- (b) subject to clauses 10 and 17.3, procure the transfer of existing Shares or issue of new Shares to the Participant to satisfy the rights attaching to the Vested Options.

8.5 Ranking

Unless otherwise specified in an Offer, Shares issued or transferred on the exercise of Vested Options will rank equally with all existing Shares from the date of issue or transfer.

9 Exercise of Performance Rights

9.1 Method of Exercise

- (a) A Vested Performance Right may only be exercised after a Vesting Notice has been received by the Participant with respect to that Performance Right.
- (b) A Vested Performance Right may only be exercised by:
 - (i) delivery to the Company of a signed Notice of Exercise on or prior to the Expiry Date;
 - (ii) delivery to the Company of the Performance Right certificate (if any) or documentary evidence satisfactory to the Board that the Performance Right certificate was lost or destroyed; and
 - (iii) subject to clause 9.3, payment of the Exercise Price (if any).

9.2 No issue unless cleared funds

Subject to clause 9.3, the Company shall not, unless otherwise determined by the Board, issue or transfer any Shares to a Participant until after any cheque or electronic funds transfer delivered in payment of the relevant Exercise Price (if any) has been cleared by the banking system.

9.3 Cashless exercise

In lieu of paying the cash Exercise Price as set out in clauses 9.1 and 9.2, the Board may, in its sole discretion, permit a Participant to elect to receive, without payment of a cash Exercise Price, the number of Shares determined in accordance with the following formula:

$$A = \frac{B(C - D)}{C}$$

where:

- A = the number of Shares to be issued to the Participant pursuant to this clause 9.3;
- B = the number of Shares otherwise issuable upon the Vested Performance Rights being exercised;
- C = the Market Value of one Share determined as of the date of delivery of the Notice of Exercise; and
- D = the Exercise Price.

Worked example

For example, if a Participant intended to exercise 100 Vested Performance Rights, where each Performance Right had an Exercise Price of \$1.00 and gave an entitlement to 1 Share, and the Market Value of a Share as at the date of the Notice of Exercise was \$1.25, then:

$$B = 100$$

$$C = \$1.25$$

$$D = \$1.00,$$

and the formula described above would be applied as follows:

$$A = \frac{100(1.25 - 1.00)}{1.25}$$

"A" would equal 20, and therefore the Participant, on cashless exercise under this clause, would be issued 20 Shares.

9.4 Actions on exercise

As soon as practicable after the exercise of any Performance Rights and the payment of the Exercise Price (if any) in accordance with clause 9.2 or the election under clause 9.3, the Company must:

- (a) cancel the Vested Performance Rights; and
- (b) subject to clauses 10 and 17.3, procure the transfer of existing Shares or issue of new Shares to the Participant to satisfy the rights attaching to the Vested Performance Rights.

9.5 Ranking

Unless otherwise specified in an Offer, Shares issued or transferred following the Vesting of a Participant's Performance Rights will rank equally with all existing Shares from the date of issue or transfer.

10 Cash Settlement

The Board may, in its discretion, elect to pay to a Participant, the Market Value of all or part of the Shares to which a Participant would be entitled under clauses 8.4 or 9.4 (in lieu of the issue or transfer of the relevant Shares to the Participant under those clauses) as at.

- (a) in the case of Vested Options, the date of the Notice of Exercise in relation to those Options; and
- (b) in the case of Vested Performance Rights, the date of the Notice of Exercise in relation to those Performance Rights.

11 Lapse of Performance Rights and Options

Unless the Board determines otherwise in its absolute discretion, an Option or Performance Right will lapse on the earliest of:

- (a) the Expiry Date;
- (b) where the Vesting Conditions in relation to the Option or Performance Right have not been satisfied or waived by the Vesting Date, the Vesting Date;
- (c) the date on which the Performance Right or Option is deemed to lapse or be cancelled under clauses 7.2, 12.1, 12.2, 14, or 17.4; and
- (d) the 15th anniversary of the date on which the Option or Performance Right was granted.

12 Claw Back

12.1 Change in circumstances

If the Board, in its absolute discretion determines that:

- (a) there has been a material misstatement in the Company's financial statements; or
- (b) some other event (or series of events) or circumstances have occurred, arisen or come to light,

such that the Vesting Conditions in respect of certain Vested Options and/or Vested Performance Rights were not, or should not have been determined to have been, satisfied, then the relevant Participant will cease to be entitled to those Vested Options (**Affected Options**) and/or Vested Performance Rights (**Affected Rights**), and the Board may:

- (c) by written notice to the Participant cancel the relevant Affected Options and/or Affected Rights for no consideration;
- (d) by written notice to the Participant require that the Participant pay to the Company the Market Value (as at the date of the notice and net of any tax paid or payable by the Participant in relation to the receipt of Shares under the Plan) of the Affected Options and/or Affected Rights which have been converted into Shares, with such payment to be made within 30 Business Days of receipt of such notice; and/or

- (e) adjust fixed remuneration, incentives or participation in this Plan of the relevant Participant in the current year or any future year to take account of the Market Value (as at the date determined by the Board and net of any tax paid or payable by the Participant in relation to the receipt of Shares under the Plan) of the Affected Options and/or Affected Rights.

12.2 Fraud or dishonesty

Where the Board, in its absolute discretion, determines that a Participant or former Participant:

- (a) has engaged or participated in conduct which is fraudulent or dishonest;
- (b) has engaged or participated in conduct which adversely affects, or is likely to adversely affect, the financial position or reputation of the Group or a Group Member; or
- (c) is under investigation for misconduct, where such misconduct may result in financial and/or reputational impact to the Group Member,

then, unless the Board determines otherwise:

- (d) any Unvested Performance Rights or Unvested Options held by or on behalf of that Participant will lapse and the Participant will be treated as having never held any right or interest in the cash or Shares to which the Unvested Performance Right or Unvested Option relates;
- (e) any Vested Options or Vested Performance Rights that have not been exercised are forfeited; and
- (f) the Board may require that the Participant pay to the Company the Market Value (as at the date specified by the Board and net of any tax paid or payable by the Participant in relation to the receipt of Shares under the Plan) of all or part of the Shares received by the Participant in connection with this Plan.

13 New issues and capital reconstructions

- (a) Performance Rights and/or Options do not confer on a Participant the right to participate in new issues of Shares or other securities in the Company, including by way of bonus issues, rights issues or otherwise.
- (b) **(Pro rata bonus issue)** If:
 - (i) the Company makes a pro rata bonus issue of Shares or other securities to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment); and
 - (ii) Shares in respect of Performance Rights and/or Options held by a Participant have not been issued or purchased and transferred, as applicable, to and registered in the name of, the Participant before the record date for determining entitlements to the bonus issue,

Then, the number of Shares the subject of the Performance Rights and/or Options held by the Participant shall be increased by the number of Shares that the Participant would have been entitled to receive had their Performance Rights and Options Vested and resulted in Shares being registered in the name of the Participant before the record date for the bonus issue.

- (c) **(Pro rata issue other than bonus issue)** If:

- (i) the Company makes a pro rata issue of Shares or other securities to holders of Shares (other than under a bonus issue of Shares under paragraph (b) or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment); and
- (ii) Shares in respect of Performance Rights and/or Options held by a Participant have not been issued or purchased and transferred, as applicable, to and registered in the name of, the Participant before the record date for determining entitlements to the pro rata issue,

then, the exercise price of any Performance Rights and/or Options held by a Participant as at the record date for determining entitlements to the pro rata issue of Shares will be adjusted in accordance with Listing Rule 6.22.2.

- (d) In the event of any reorganisation of the issued ordinary share capital of the Company which is not otherwise dealt with in this clause 13, the number of Shares to be delivered in respect of each Performance Right and/or Option or the amount payable, if any, to or by a Participant in respect of Shares to be delivered to a Participant will be reorganised in the manner specified in the Listing Rules as applicable to Performance Rights and/or Options at the time of the reorganisation.
- (e) Subject to the Listing Rules, where the Board determines that any of the provisions of clauses 13(a) to (d) are not appropriate in any particular circumstance or that an event which is not dealt with by any of clause 13(a) to (d) should have been dealt with, it may make any alterations to the these Rules that it considers to be appropriate.

14 Cessation of employment

14.1 Bad Leaver

Subject to clause 14.3, if a Participant is a Bad Leaver then, subject to compliance with the Listing Rules and the Corporations Act, any Unvested Performance Rights and/or Unvested Options held by the Participant will immediately lapse and any Vested Options held by the Participants must be exercised within 60 days of cessation of employment or they will also lapse.

14.2 Good Leaver

- (a) Subject to clause 14.3, if a Participant is a Good Leaver then:
- (i) the Participant will be entitled to retain a pro-rata amount of their Unvested Performance Rights and/or Unvested Options (based on the proportion of the Performance Period that the Participant was employed by the Group, by reference to the number of whole months employed); and
- (ii) all other Unvested Performance Rights and/or Unvested Options held by that Participant will lapse.
- (b) Any Unvested Performance Rights and/or Unvested Options which continue to be held by the Participant will be tested at the end of the Performance Period, in accordance with the Vesting Conditions set out in the Offer.

14.3 Board Discretion

Notwithstanding the provisions of clause 14.1 or 14.2, the Board has, subject to compliance with the Listing Rules and the Corporations Act 2001, absolute discretion to determine whether:

- For personal use only
- (a) some or all of the Unvested Performance Rights and/or Unvested Options will lapse or Vest; or
 - (b) any Vested Options which have not been exercised are forfeited; or
 - (c) any Vested Options held by the Participant must be exercised within a specified period from cessation of employment or they will lapse,

and, in making its determination the Board may have regard for the facts and circumstances at the time of the cessation of employment, including the proportion of the Performance Period in which an Employee was employed with the Group.

15 Administration of Plan

15.1 Board to administer Plan

- (a) The Plan is to be administered by the Board in accordance with these Rules. The Board may make further provisions for the operation of the Plan which are consistent with these Rules.
- (b) The Board may appoint a third party manager to administer the Plan.

15.2 Exercise of powers and discretions

Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in its absolute discretion and in the interests or for the benefit of the Company, and the Board is not, in exercising any power or discretion, under any fiduciary or other obligation to any other person.

15.3 Board powers

The Board has absolute and unfettered discretion in exercising any power or discretion concerning the Plan and may:

- (a) delegate to any person for the period and on the terms it decides, the exercise of any of its powers or discretions under the Plan;
- (b) determine appropriate procedures for administering the Plan consistent with these Rules, including the Application Forms and any other forms and notices to be issued under the Plan;
- (c) resolve conclusively all questions of fact or interpretation concerning these Rules and any dispute of any kind that arises under the Plan;
- (d) waive any provision of the Plan, or any term or condition (including a Vesting Condition or other restriction) relating to Performance Rights or Shares;
- (e) determine to suspend or cease operation of the Plan at any time and take any actions required to effect the winding up of the Plan;
- (f) act or refrain from acting at its discretion under these Rules or in relation to Performance Rights or Shares held under the Plan; and
- (g) waive any breach of a provision of the Plan.

15.4 Delegation of powers and discretions

Any power or discretion which is conferred on the Board by these Rules, including the power to invite Employees to participate in the Plan and to determine the terms and conditions of the issue or transfer of Performance Rights and/or Options to a Participant, may be delegated by the Board to a committee consisting of such directors, other officers or employees of the Company or other Group Member, or any combination of such persons as the Board thinks fit for such periods and on such conditions as the Board thinks fit.

15.5 Documents

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

15.6 Board decision - final and conclusive

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

15.7 Suspension and cancellation of Plan

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice any existing rights of Participants.

16 Appointment of Trustee

16.1 Appointment of Trustee

- (a) The Company may appoint a Trustee, on terms and conditions that it considers appropriate, to do all such things and perform all such functions as considered appropriate to enable the implementation of the Plan, including to acquire and hold Shares, or other securities of the Company, on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the Plan.
- (b) In the event the Company appoints a Trustee, subject to the terms of the trust deed appointing that Trustee (**Trust Deed**) and any other determination made by the Board:
 - (i) every exercise of power or discretion by the Company or the Board in these Rules may be exercised by the Trustee;
 - (ii) any reference to the Company or the Board in these Rules will accordingly be interpreted as a reference to the Trustee (as applicable);
 - (iii) Shares may be issued or transferred to the Trustee on behalf of the Participant; and
 - (iv) any rights which accrue to Shares that have been allocated to a Participant will be held for the benefit of the relevant Participant.

16.2 Costs of the Trust

The Board may determine the manner in which any costs associated with the Trust and the costs incurred in the course of the performance by the Trustee of its role and duties under this Plan and the Trust Deed are to be borne except that such costs will not be passed on to Participants.

16.3 Trustee must administer the Trust

The Trustee must administer the Trust and hold Shares under the Plan in accordance with this Plan, the Trust Deed and any procedures determined by the Company and as agreed to between the Board and the Trustee.

16.4 Trustee may acquire Shares

The Trustee may in accordance with the instructions received from the Company acquire Shares on market in advance of vesting of a Performance Right or exercise of an Option and hold such Shares pending such exercise.

16.5 Registration of Shares

Unless the Board determines otherwise, where Shares are held by the Trustee on behalf of a Participant, those Shares will be registered in the name of the Trustee.

16.6 Dividends and voting rights on Shares held by a Trustee

Where Shares allocated on Vesting of Performance Rights or exercise of Options are held by a Trustee on behalf of a Participant:

- (a) the dividends payable on those Shares will be paid by the Company to the Trustee, and the Trustee will pay any such dividends to the Participant as soon as reasonably practicable after those dividends are paid by the Company to the Trustee;
- (b) in relation to resolutions upon which the Participant is entitled to vote, the Participant may direct the Trustee by notice in writing as to how to exercise the voting rights attaching to those Shares held on the Participant's behalf by the Trustee, either generally or in respect of a particular resolution, by way of proxy. In the absence of any such direction, the Trustee must not exercise the voting rights attaching to the Shares held on behalf of the Participant by the Trustee. The Trustee must not vote in respect of any Shares it holds on behalf of a Participant if the vote occurs by show of hands; and
- (c) the Company must, or by direction of the board the Trustee must, forward to the Participant a copy of any notices of meetings of members of the Company received by the Trustee, unless the Participant has notified the Trustee in writing that the Participant does not wish to receive such notices.

17 General transfer provisions

17.1 General transfer provisions

No Participant may Transfer any Performance Right or Option (or Interest in any Performance Right or Option) except with the prior written consent of the Board.

17.2 No Encumbrance without consent

No Participant may Encumber any of its Performance Rights or Options or any interest in any of them, except with the prior written consent of the Board.

17.3 Restriction on the disposal of Shares

The Board may apply Disposal Restrictions as set out in the Offer to any Shares issued or transferred in relation to Vested Performance Rights and/or Vested Options. The Board may implement any procedure it considers appropriate, including entering into arrangements with the Company's share registry, to enforce the Disposal Restrictions and restrict the Participant from dealing with any relevant Shares for the restriction period, including determining that the relevant Shares will be subject to a Holding Lock or held on trust by a trustee.

17.4 Consequences of breach

If a Participant breaches their obligations under clauses 17.1, 17.2, or 17.3, unless the Board determines otherwise:

- (a) any Unvested Performance Rights or Unvested Options held by or on behalf of that Participant will lapse and the Participant will be treated as having never held any right or interest in the cash or Shares to which the Unvested Performance Right or Unvested Option relates;
- (b) any Vested Options or Vested Performance Rights that have not been exercised are forfeited; and
- (c) the Board may require that the Participant pay to the Company the Market Value (as at the date specified by the Board and net of any tax paid or payable by the Participant in relation to the receipt of Shares under the Plan) of all or part of the Shares received by the Participant in connection with this Plan.

18 Amendment of the Plan

18.1 Board may amend

- (a) Subject to clause 18.1(b), the Plan may be varied, amended, terminated or suspended at any time by the Company, but any such variation, amendment, termination or suspension will not adversely affect or prejudice rights of Participants holding Performance Rights and/or Options at that time.
- (b) Subject to the Listing Rules, clause 18.1(a) does not apply to:
 - (i) any minor alteration to benefit the administration of the Plan; or
 - (ii) any alteration to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Member.

18.2 Retrospective amendment possible

Any amendment made under clause 18.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

19 Miscellaneous provisions

19.1 Rights of Participants

Nothing in these Rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Employee the right to be invited to apply for, to be offered or to receive any Performance Rights or Options;
- (c) confers on any Participant the right to continue as an employee of any Employer;
- (d) affects any rights which any Employer may have to terminate the employment of any Employee;
- (e) may be used to increase damages in any action brought against any Employer in respect of any termination of employment; or
- (f) gives right to any rights to compensation or damages in consequence of the exercise by the Company or the Board of any right, power, or discretion that results in the Participant ceasing to have title to Performance Rights, Options, or Shares received under the Plan.

19.2 No claim

No person, whether a Participant or otherwise, has any Claim, right or interest in respect of the Plan or other property of the Plan, whether against the Company, or any other person, as a consequence of termination of the Employee's employment or appointment or otherwise, except under and in accordance with these Rules.

19.3 Instructions by Participants

For the purposes of these Rules the Company and any Employer is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal personal representative of a Participant) as valid, whether given orally or in writing.

19.4 Compliance with law

Despite any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, no Performance Right or Option may be issued to a Participant if to do so would contravene the Corporations Act or the Listing Rules.

19.5 Waiver

No failure, delay or indulgence by the Company or a Participant in exercising any power or right under these Rules operates as a waiver of such power or right. No single exercise of any power or right under this Plan precludes any other or future exercise of that (or any other) power or right.

19.6 Severance

If any provision of these Rules is rendered void, unenforceable or otherwise ineffective, such avoidance, unenforceability or ineffectiveness shall not affect the enforceability of the remaining provisions.

19.7 Notices

- (a) Any notice, certificate, consent, approval, waiver or other communications given by the Company or any Employer is taken to have been duly given if:
 - (i) sent by electronic mail or delivered by hand; or
 - (ii) sent by ordinary prepaid mail,
and is taken to have been served:
 - (iii) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or
 - (iv) if posted, on the first Business Day (or, if posted to a Participant's address outside Australia, seven Business Days) after the date of posting.
- (b) Delivery, transmission and postage is to the address of any Participant as indicated on the Application Form, any other address as a Participant may notify to the Company, or in the case of a Participant who is an Employee, the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of his or her office or employment.

19.8 Expenses of the Plan

The costs and expenses of establishing, managing and administering the Plan must be borne by the Company.

19.9 Independent legal advice

Each Participant acknowledges that he or she has been given the opportunity to seek independent legal advice in relation to the Plan and these Rules.

19.10 Payments net of tax

- (a) If, when the Company makes or is deemed to make a payment to a Participant under these Rules, the Company is obliged to deduct or withhold any amount of tax or other levy or impost required by a Government Agency or any Law, the payment to the Participant is to be made net of the deduction or withholding.
- (b) If the Company is obliged to deduct or withhold any amount as contemplated by clause 19.10(a) in connection with the grant, vesting or exercise of Performance Rights and/or Options of a Participant, the Company is entitled to sell, on behalf of the Participant, some or all of the Participant's Shares resulting from the Vesting of those Performance Rights and/or exercise of those Options to pay that amount, unless the Participant pays to the Company the amount of that tax or other amount prior to such sale.

19.11 Rounding

Any calculation of a number of Performance Rights, Options, or Shares, under the Plan is to be rounded down to the nearest whole number.

19.12 Further steps

Each of the Company and each Participant agrees, at its own expense, to do anything reasonably requested by the Company to give effect to the provisions of these Rules and the transactions contemplated by them.

19.13 Construction

No rule of construction applies to the disadvantage of the Company or a Participant (as applicable) because that person was responsible for the preparation of, or seeks to rely on, these Rules or any part of them.

19.14 Inconsistency

If there is any inconsistency between these Rules and the Offer, these Rules prevail to the extent of the inconsistency, unless the Offer provides otherwise.

19.15 Governing law

These Rules, and Offer and any contract formed on acceptance of an Application are governed by the laws in force in Victoria, Australia and are construed and take effect in accordance with those laws.

19.16 Jurisdiction

The Company and each Participant submits to the non-exclusive jurisdiction of the courts of Victoria, Australia and courts of appeal from them. The Company and each Participant waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

19.17 Attorney

Each Participant, in consideration of a grant of Performance Rights and/or Options:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Board (each an "attorney"), severally, as the Participant's attorney to complete and execute any document or other agreement to give effect to these Rules and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the Participant shall ratify and confirm any act or thing done pursuant to this power;
- (c) releases the Company, the Board, each Group Member and each attorney from any liability whatsoever arising from the exercise of the powers conferred by this clause; and
- (d) indemnifies and holds harmless the Company, the Board, each Group Member and the attorney in respect of such liability.

19.18 Non-residents of Australia

- (a) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside of Australia under which Performance Rights and/or Options granted under the Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the

Participant or to any Group Member in relation to the Performance Rights and/or Options. Any additional rule must conform to the basic principles of the Plan.

- (b) When a Performance Right or Option 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 securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Member in relation to the Performance Rights and/or Options.

19.19 Personal information

- (a) Each Participant consents to the Company and its agents (and each of their related parties) collecting, holding, and using personal information (including the Participant's tax file number) that the Participant provides in the application to participate in the Plan or otherwise provides to the Company or its agents (and each of their related parties) as part of their employment, in order to carry out the administration and operation of the Plan in accordance with these Rules, including providing relevant information to:
 - (i) the Plan manager, or another entity that manages or administers the Plan on behalf of the Company;
 - (ii) any broker or external service provider, including a tax or financial adviser;
 - (iii) the trustee of any employee trust;
 - (iv) any Government Agency; and
 - (v) any other person or body as required or authorised by law.

1 Dictionary

In these Rules:

Application means an application for Shares, Performance Rights or Options made by an Employee under the terms of an Offer.

Application Form means an application form (if any) attached to an Offer in the form determined by the Board from time to time.

ASIC means the Australian Securities and Investments Commission.

ASX means, as the context requires, the ASX Limited (ACN 008 624 691) or the financial markets operated by it.

Bad Leaver means a person who ceases to be employed by the Group during the Performance Period due to:

- (a) resignation (other than due to terminal illness or Total and Permanent Disablement);
- (b) dismissal for cause or poor performance; or
- (c) any other circumstances (other than due to genuine redundancy or death) determined by the Board to constitute reasons for classifying a person as a Bad Leaver.

Board means the board of directors of the Company.

Business Day means a day on which banks are open for business excluding Saturdays, Sundays and public holidays in Melbourne.

Change of Control means:

- (a) a takeover bid is announced for all of the Shares and the bidder has acquired voting power in more than 50% of the Shares;
- (b) a court sanctions a compromise or arrangement for the purposes of, or in connection with, a scheme for the amalgamation of the Company with any other company or companies under Part 5.1 of the Corporations Act; or
- (c) any other a transaction which, in the reasonable opinion of the Board, would constitute a change of control in the Company.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

Company means Hydrix Limited (ACN 060 369 048).

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

Disposal Restrictions means, in relation to a Share, Performance Right or Option, each restriction specified as such in the Offer for the Share, Performance Right or Option.

Employee means an employee or director of a Group Member, or such other person as the Board, in its discretion, determines.

Employer means any Group Member and in relation to any particular Participant means the Group Member by which that Participant is employed.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of option, option interest, title retention, preferential right or trust arrangement, Claim, covenant, profit a prendre, easement or any other option arrangement or any other arrangement having the same effect or any agreement to create any of them and "**Encumber**" has a corresponding meaning.

Exercise Price means the price at which a Participant holding a Vested Option or Vested Performance Right is entitled to acquire a Share.

Expiry Date means, in relation to a Performance Right or Option, the last day on which that Performance Right or Option may be exercised, as specified in the Offer.

Good Leaver means a person who has ceased to be employed by the Group during the Performance Period who is:

- (a) not a Bad Leaver; or
- (b) otherwise determined in the discretion of the Board to be a Good Leaver.

Government Agency includes any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Group means the Company and its subsidiaries and **Group Member** has a corresponding meaning.

GST means a goods and services tax, or a similar value added tax, levied or imposed under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Holding Lock means a "holding lock" as defined in the Listing Rules.

Interest means in relation to a person, all legal or equitable interests in the subject matter held or acquired by that person whether direct or indirect, and includes any economic interest in the subject matter arising under any transaction entered into by the person in respect of the subject matter.

Law includes:

- (a) any law, regulation, authorisation, ruling, judgment, order or decree of any Government Agency; and
- (b) any statute, regulation, proclamation, ordinance or by-law in:
 - (i) Australia; or
 - (ii) any other jurisdiction.

Listing Rules means the listing rules of the ASX.

Market Value of Shares as at a given date means the volume weighted average trading price of Shares sold on the ASX over the last 5 trading days immediately preceding that date, or any other valuation methodology approved by the Board.

Notice of Exercise means a notice provided to the Company on or prior to the Expiry Date notifying the Company that the Participant wishes to exercise their Vested Options or Vested

Performance Rights (as applicable).

Offer means an offer of Shares, Performance Rights and/or Options to an Employee under the Plan made in accordance with clause 3.

Option means the option to acquire a fully paid Share subject to the terms of the Offer and these Rules.

Participant means an Employee who has accepted an Offer.

Performance Period means the period over which a Vesting Condition is measured or assessed, as determined by the Board and specified in an Offer.

Performance Right means the right to acquire a fully paid Share subject to the terms of the Offer and these Rules.

Plan means the Hydrix Long Term Incentive Plan constituted by these Rules.

Rules means the rules governing the operation of the Plan set out in this document, as amended from time to time.

Share means an ordinary share in the Company.

Tax Acts means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth), as the context requires.

Total and Permanent Disablement means disablement of a person where in the opinion of the Board, the person is unlikely to ever be able to be engaged in an occupation for which he or she is qualified by education and training.

Transfer means sell, transfer, assign, swap or otherwise dispose of or deal with any Performance Right or Option (or Interest in a Performance Right or Option), and includes:

- (a) hedging the value of, or entering into any derivatives transaction in relation to a Performance Right or Option; and
- (b) taking any steps or attempting to do any of the actions described in the introductory words or paragraph (a) of this definition.

Trust means a trust that has been or is later established by the Company for the sole purpose of subscribing for or acquiring and delivering, allocating and holding Shares in the Company for the benefit of Participants and participants in other employee equity plans established by any member of the Group from time to time.

Trust Deed has the meaning given in clause 16.1(b).

Trustee means the person or entity that has been appointed by the Company, and who has agreed to act, as the trustee of the Trust on the terms and conditions set out in the Trust Deed.

Unvested Option means an Option that is not a Vested Option.

Unvested Performance Right means a Performance Right that is not a Vested Performance Right.

Vest, Vested or Vesting means, in relation to a Performance Right or Option, the point at which all of the Vesting Conditions applying to that Performance Right or Option have been satisfied or waived.

Vested Option means an Option in respect of which all of the Vesting Conditions have been satisfied or waived.

Vested Performance Right means a Performance Right in respect of which all of the Vesting Conditions have been satisfied or waived.

Vesting Condition means, in relation to a Performance Right or an Option, any condition which is set out in the Offer that must be satisfied or waived before that Performance Right or Option entitles its holder to receive Shares (subject to the terms of these Rules and the Offer).

Vesting Date in relation to a Performance Right or Option means, as applicable:

- (a) the date specified as such in the Offer for that Performance Right or Option; or
- (b) the date on which it is determined by the Board whether all Vesting Conditions applying to that Performance Right or Option have been satisfied or waived.

Vesting Notice has the meaning given to it in clause 7.1(b).

2 Interpretation

In these Rules the following Rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to these Rules;
 - (vi) these Rules includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (viii) an agreement other than these Rules includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and

- For personal use only
- (ix) a monetary amount is in Australian dollars;
 - (g) an agreement on the part of two or more persons binds them severally;
 - (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
 - (i) in determining the time of day, where relevant to these Rules, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under these Rules, the time of day in the place where the party required to perform an obligation is located; and
 - (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of these Rules or any part of it.