



Boab Metals Limited  
(ACN 107 719 103)  
**(COMPANY)**

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# Background

This document sets out the Rules of the Company's Employee Incentive Plan.

## Objectives

The objectives of the Plan are to:

- (a) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;
- (b) provide an incentive and reward for Eligible Participants for their contribution to the Company; and
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

## 1 Definitions and Interpretation

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### 1.1 Definitions

In this Plan:

- (a) **"Annexure"** means an annexure to this Plan;
- (b) **"Applicable Law"** means any one or more or all, as the context requires:
  - (i) the Corporations Act;
  - (ii) the Listing Rules;
  - (iii) the Constitution;
  - (iv) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth);
  - (v) any practice note, policy statement, regulatory guide, class order, declaration, guidelines, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (i), (ii) and (iii) above; and
  - (vi) any other legal requirement that applies to the Plan;
- (c) **"Application"** means an application in the form as the Directors may from time to time prescribe, accepting an offer from the Board to apply for Awards;
- (d) **"Application Date"** means the date on which an Application is lodged with the Company by an Eligible Participant (or its nominee) in accordance with the requirements of this Plan;
- (e) **"ASIC"** means the Australian Securities and Investments Commission;
- (f) **"Associated Body Corporate"** means a Body Corporate:
  - (i) that is a Related Body Corporate of the Company;
  - (ii) that has Voting Power in the Company of not less than 20%; and
  - (iii) in which the Company power has Voting Power of not less than 20%.
- (g) **"ASX"** means ASX Limited (ACN 008 624 691) operating as the Australian Securities Exchange;
- (h) **"Award"** means:

- (i) an Option; or
  - (ii) a Performance Right,  
as applicable;
- (i) **“Bad Leaver”** means a Participant whose employment or engagement with any Group Company ceases in any of the following circumstances:
- (i) the Participant's employment or engagement is terminated, or the Participant is dismissed from office, due to:
    - (A) serious and wilful misconduct;
    - (B) material breach of the terms of any contract of employment, engagement or office entered into by any Group Company and the Participant;
    - (C) gross negligence; or
    - (D) other conduct justifying termination of employment, engagement or office without notice either under the Participant's contract of employment or engagement or office, or at common law;
  - (ii) the Participant ceases his or her employment or engagement or office for any reason and commences employment, engagement or office, or otherwise acts, in breach of any post-termination restrictions contained in his or her contract of employment, engagement or office entered into by the relevant Group Company and the Participant; or
  - (iii) the Participant is ineligible to hold his or her office for the purposes of Part 2D.6 of the Corporations Act.
- (j) **“Blackout Period”** means a period when the Participant is prohibited from trading in the Company's securities under the Company's Securities Trading Policy;
- (k) **“Board”** means the Directors, from time to time, acting as a board or as a committee of the Board which is responsible for administering this Plan;
- (l) **“Body Corporate”** has the meaning given the Corporations Act;
- (m) **“Business Day”** means a day on which banks are open for general banking business in Western Australia, excluding Saturdays, Sundays and public holidays in Western Australia;
- (n) **“Buy-Back”** means the purchase by the Company of Awards prior to their exercise pursuant to Rule 19;
- (o) **“Cashless Exercise Facility”** has the meaning given in Rule 6.6(a);
- (p) **“Casual Employee”** in relation to a body, means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the body;
- (q) **“Certificate”** means the certificate or holding statement issued by the Company to a Participant in respect of an Award;
- (r) **“Change of Control Event”** occurs where:
- (i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional;

- (ii) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
  - (iii) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation;
  - (iv) any Group Company or Group Companies enter into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a Group Company) of the Group to a person, or a number of persons, none of which are Group Companies;
  - (v) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons, none of which are Group Companies;
- (s) **“Company”** means Boab Metals Limited (ACN 124 140 889);
- (a) **“Constitution”** means the constitution of the Company;
- (t) **“Contractor”** means, in relation to a body:
- (i) an individual with whom the body has entered into a contract for the provision of services under which the individual performs work for the body; or
  - (ii) a company with whom the body has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for the body,
- where the individual who performs the work under or in relation to the contract must, or reasonably be expected to, be engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the body.
- (u) **“Control”** has the meaning given to the term in section 50AA of the Corporations Act;
- (v) **“Corporations Act”** means the *Corporations Act 2001* (Cth);
- (w) **“Director”** means a director of the Company from time to time;
- (x) **“Eligible Participant”** means a person that:
- (i) Is a "primary participant" (as defined in section 1100L(1)(a) of the Corporations Act or any amendment or replacement thereof) in relation to the Company or a Related Body Corporate; or
  - (ii) has been determined by the Board to be eligible to participate in this Plan from time to time;
- (y) **“Exercise Notice”** means a notice for the exercise of Options in accordance with the Rules in the form attached to the Offer Document or in such other form as the Board may from time to time prescribe;
- (z) **“Exercise Period”** means the period during which a vested Option may be exercised as set out in Rule 6.1;

- (aa) **“Exercise Price”** means the price per Plan Share payable in cash upon exercise of an Option, as specified by the Board in an Offer, and determined by the Board in its sole and absolute discretion;
- (bb) **“Expiry Date”** means 5.00pm Western Standard Time in Australia on the day which is 5 years after the date of issue of an Award or any other date determined by the Board and as specified in the Offer, after which the Award lapses and may no longer be exercised or converted;
- (cc) **“Final Acceptance Date”** means the final date that an Eligible Participant may accept an Offer;
- (dd) **“Good Leaver”** means a Participant who ceases employment or engagement with any Group Company and who is not a Bad Leaver, and includes where a Participant’s employment or engagement ceases due to death, permanent incapacity, redundancy, resignation, retirement or any other reason the Board determines in its sole and absolute discretion;
- (ee) **“Grant Date”** means the date on which Awards are granted to a Participant and specified in the Offer;
- (ff) **“Group”** means the Company and its Associated Bodies Corporate and **“Group Company”** means any one of them;
- (gg) **“Listing Rules”** means the Listing Rules of the ASX as amended from time to time;
- (hh) **“Offer”** means an offer of Awards, in the form set out in the Annexure 2 or as the Directors may from time to time prescribe, made in accordance with Rule 3;
- (ii) **“Offer Document”** means an offer document that complies with Rule 4.3;
- (jj) **“Official List”** means the official list of the ASX;
- (kk) **“Option”** means an option issued for nil or nominal monetary consideration to subscribe for a Plan Share issued in accordance with this Plan and subject to the satisfaction of any Vesting Conditions and payment of the relevant Exercise Price;
- (ll) **“Participant”** is an Eligible Participant or Permitted Nominee to whom an Award has been granted;
- (mm) **“Performance Right”** means a conditional right issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules;
- (nn) **“Permitted Nominee”** means in respect of an Eligible Participant:
  - (i) a “related person” of an Eligible Participant (as defined in section 1100L(1)(b) of the Corporations Act or any amendment or replacement thereof); or
  - (ii) a trustee or trustees of a trust set up wholly for the benefit of that Eligible Participant and/or a “related person”;
- (oo) **“Plan”** means this Employee Incentive Plan established and operated in accordance with these Rules, as amended from time to time;
- (pp) **“Plan Shares”** means any Shares issued pursuant to this Plan on exercise or conversion of an Award;
- (qq) **“Prospective Participant”** means a person to whom an offer of an Award is made, but who can only accept the offer if an arrangement is entered into that will result in the person becoming an Eligible Participant of a kind other than a Prospective Participant;
- (rr) **“Quotation”** means the quotation of the Shares on the Official List;



- (ss) **“Related Body Corporate”** has the same meaning as given to that term in the Corporations Act; and
- (tt) **“Rules”** means these rules in respect of the operation of the Plan;
- (uu) **“Securities Trading Policy”** means the Company securities trading policy, as amended from time to time;
- (vv) **“Security Interest”** means a mortgage, charge, pledge lien, encumbrance of other third-party interest of any nature;
- (ww) **“Share”** means a fully paid ordinary share in the Company;
- (xx) **“Shareholder”** means any holder of one or more Shares;
- (yy) **“Tax”** means all forms of taxes (including, without limitation, PAYG withholding, income tax and fringe benefits tax), imposts, charges, withholdings or other governmental impositions collected, imposed, assessed or charged by a taxation authority and any related interest penalties, fines, expenses and other additional statutory charges.
- (zz) **“Term”** means the period commencing on the Grant Date and ending on the Expiry Date (inclusive);
- (aaa) **“Termination Date”** means the date the termination of directorship, employment or consultancy arrangement of an Eligible Participant takes effect, under the Eligible Participant’s written employment agreement or consultancy agreement or otherwise.
- (bbb) **“Vesting Conditions”** means any time-based criteria, requirements, conditions or milestones (as specified in the Offer and determined by the Board in its sole and absolute discretion) which must be met prior to Awards vesting in a Participant, which the Board may throughout the course of the period between the grant of an Award and its vesting waive or accelerate as the Board considers reasonably appropriate;
- (ccc) **“Vesting Date”** means the date that the Company issues a Vesting Notification to a Participant;
- (ddd) **“Vesting Notification”** means a notice to a Participant informing the Participant that his or her Awards have vested and:
  - (i) in the case of Options, are exercisable; or
  - (ii) in the case of Performance Rights, automatically converted;
- (eee) **“Voting Power”** has the meaning given in the Corporations Act; and
- (fff) **“Withholding Tax Amount”** has the meaning set out in Rule 16.2.

## 1.2 Interpretation

In the interpretation of this Plan, headings are for convenience only and, unless the context otherwise requires:

- (a) any word or phrase used in this Plan which is not defined but which is defined in the Listing Rules has the same effect as that contained in the Listing Rules;
- (b) words importing any gender include all genders;
- (c) the singular includes the plural and vice versa;
- (d) references to Rules and annexures are references to Rules and annexures of and to this Plan;
- (e) the word “includes” in any form is not a form of limitation;

- (f) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
- (g) a document includes all amendments or supplements to that document;
- (h) a monetary amount is in Australian dollars;
- (i) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (j) 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.

## 2 The Plan

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### 2.1 Plan limit

- (a) The Directors will not make an Offer or issue Awards in accordance with the Plan if the total number of Plan Shares which are the subject of the Awards, when aggregated with the number of Shares issued, or that may be issued, as a result of offers made at any time during the previous 3 year period under:
  - (iii) an employee incentive scheme covered by Division 1A of Part 7.12 of the Corporations Act (Employee Share Schemes); or
  - (iv) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:
  - (v) an offer to a person situated at the time of receipt of the offer outside Australia;
  - (vi) an offer that did not need disclosure to investors because of sections 708 (except section 708(1) in relation to Offers that involve a loan, trust or contribution plan) and 1100R of the Corporations Act (which exempt the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
  - (vii) an offer made under a disclosure document,would exceed the percentage prescribed in section 1100V(2) of the Corporations Act (or such other maximum permitted under the Company's Constitution or any other Applicable Law) of the total number of Shares on issue at the date of the Offer.

### 2.2 Administration of the Plan

Subject to the requirements of the Listing Rules and the Corporations Act, the Board will administer the Plan and determine:

- (a) the persons to whom the Awards will be offered under the Plan;

- (b) the number of Awards which may be offered to those persons;
- (c) any approvals required under the Listing Rules or otherwise; and
- (d) any performance associated criteria that must be satisfied by a Participant.

Every exercise of a discretion by the Board and any decision by the Board regarding the interpretation, effect or application of these Rules will be final, conclusive and binding.

### **2.3 Directors**

Where required in accordance with the requirements of the Listing Rules and/or the Corporations Act, Awards may not be granted to a Director or his or her associates except where prior approval is given by the Shareholders of the Company in a general meeting.

## **3 Offers**

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### **3.1 Eligibility**

The Board may from time to time in its sole and absolute discretion determine that an Eligible Participant may participate in the Plan.

### **3.2 Offer to Eligible Participants**

Following determination that an Eligible Participant may participate in the Plan, the Board may from time to time make an Offer in writing to an Eligible Participant in the form of the Offer Document or in a form approved by the Board from time to time. Subject to Rule 3.3, the manner form, content, timing and frequency of an Offer will be as determined by the Board in its sole and absolute discretion.

### **3.3 Form of Offer Document**

Each Offer Document must specify:

- (a) the date of the Offer, and the Final Acceptance Date;
- (b) the name and address of the Eligible Participant to whom the Offer is made;
- (c) the type of Award being offered;
- (d) the maximum number of Awards being offered;
- (e) in the case of an Option, the Exercise Price and the Exercise Period;
- (f) the Vesting Conditions (if any) relating to the Awards being offered;
- (g) the Term and Expiry Date;
- (h) the rights and liabilities attaching to the Plan Shares;
- (i) agreement with the Eligible Participant for the Company to supply details to third parties where required by law;
- (j) any other matters required to be specified in the Offer by either the Corporations Act, the Listing Rules or an applicable ASIC Class Order or instrument of relief; and
- (k) any other terms and conditions attaching to the Awards,

and attach an Application and a copy of this Plan.

## 4 Application for Awards

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### 4.1 Acceptance

- (a) An Eligible Participant who wishes to accept an Award must confirm in writing its acceptance of the conditions of the grant or issue of Awards (as applicable) and the Rules governing such Awards as a condition of its participation by giving to the Company a duly completed Application by the Final Acceptance Date.
- (b) For the avoidance of doubt, the Board in its sole and absolute discretion can refuse to allow an Eligible Participant to participate in the Plan even though an Application is received from the Eligible Participant in accordance with Rule 4.1(a).
- (c) An Eligible Participant may in his or her discretion accept the Offer in whole or in part, in such multiple as the Board may allow in its sole and absolute discretion. An Eligible Participant cannot accept less than the number of Awards that would constitute the minimum parcel determined by the Board.

### 4.2 Permitted Nominee

- (a) The Board may, in its sole and absolute discretion, determine that an Eligible Participant to whom an Offer is made may give notice that they would prefer such Offer be made to a Permitted Nominee.
- (b) The Board may in its sole and absolute discretion determine whether it will make the Offer to the Permitted Nominee and on what conditions it will agree to do so.
- (c) An Eligible Participant must immediately notify the Company in writing as soon as it becomes aware, in the case of a Permitted Nominee which is a company or trust:
  - (i) that it ceases to Control its Permitted Nominee;
  - (ii) of any transaction which may result in it ceasing to Control its Permitted Nominee; or
  - (iii) that it ceases to have an entitlement (whether or not that entitlement requires an exercise of discretion) to a majority of the distributions of its Permitted Nominee.
- (d) If an Eligible Participant ceases to Control its Permitted Nominee at any time (in the case of a Permitted Nominee which is a company or trust), the Board may determine that any Awards granted to the Permitted Nominee be transferred to the Eligible Participant or to another Permitted Nominee which is acceptable to the Board.

### 4.3 Participation

Following receipt of an Application by the Final Acceptance Date and subject to Rule 4.1(b), and provided that the Eligible Participant is then still an Eligible Participant of a Group Company, the Eligible Participant will be entitled to participate in the Plan according to its terms.

### 4.4 Grant

On the Grant Date, the Company will grant or issue to the relevant Eligible Participant the number of Awards as set out in the Offer and issue the Participant a notice confirming the grant or issue of the Awards together with a Certificate.

### 4.5 Lapse of Offer

An Offer not accepted in accordance with Rule 4.1 will lapse at 5.00pm Perth time on the Final Acceptance Date.

#### **4.6 Withdrawal of Offer prior to acceptance**

The Board reserves the right (subject to any Applicable Law) to withdraw an Offer made to an Eligible Employee, provided that the Offer has not yet been accepted in accordance with Rule 6.1.

### **5 Terms of Awards**

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#### **5.1 Plan Shares**

Any Plan Share issued pursuant to this Plan pursuant to an exercise or conversion of an Award will rank equally with all existing Shares from the date of issue.

#### **5.2 Participant rights**

A Participant who holds Awards is not entitled to:

- (a) notice of, or to vote or attend at, a meeting of the Shareholders of the Company; or
- (b) receive any dividends declared by the Company,

unless and until the Award is exercised or converted and the Participant holds Plan Shares as a result of the exercise or conversion.

#### **5.3 No adjustment to Awards to reflect payment of dividends and distributions**

No adjustment will be made to the number of Awards granted to a Participant under the Plan if dividends or other distributions are paid on Shares before Awards are exercised.

#### **5.4 Conditions for vesting**

- (a) The Board will determine prior to an Offer being made, and specify in the Offer, any Vesting Conditions attaching to the Awards. The Board may apply different Vesting Conditions to one or more portions of any Awards.
- (b) Awards will only vest if any applicable Vesting Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under these Rules.

#### **5.5 No transfer of Awards**

- (a) Awards granted under this Plan may not be assigned, transferred, novated, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless:
  - (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - (ii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.
- (b) Unless otherwise decided by the Board, where a Participant purports to transfer an Award other than in accordance with Rule 5.5(a), the Award (as the case may be) immediately lapses.

#### **5.6 New issues**

An Award does not confer on a Participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

### **5.7 Awards to be registered**

Awards will be registered in the appropriate register of the Company to facilitate the efficient management and administration of the Plan and to comply with regulatory reporting requirements.

### **5.8 Quotation**

The Company will not seek Quotation of any Awards, but will seek Quotation for Plan Shares issued on the exercise or conversion of Awards, provided the Company is listed on the ASX at the time.

### **5.9 Other terms and conditions**

Awards will otherwise be issued on the terms and conditions set out in or included with the Offer, which will be determined by the Board in its sole and absolute discretion.

## **6 Options**

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### **6.1 Exercise Period**

The Exercise Period for Options will commence when any Vesting Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under these Rules, and will end on the Expiry Date, subject to these Rules and the terms of the Securities Trading Policy.

### **6.2 Vesting Notification**

Options are deemed to have vested if and when any Vesting Conditions applicable to a Participant's Options have been satisfied, waived by the Board, or are deemed to have been satisfied under these Rules, and where the Company has issued a Vesting Notification to the Participant informing it that some or all its Options have vested and are exercisable.

### **6.3 Method of exercise of Options**

At the sole and absolute discretion of the Board, following the issuing of a Vesting Notification to a Participant, a vested Option may be exercised by the Participant within the Exercise Period, and by delivery to the registered office of the Company or such other address as determined by the Board of:

- (a) a signed Notice;
- (b) a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price;
- (c) the Certificate, or documentary evidence satisfactory to the Board that the Certificate was lost or destroyed; and
- (d) where required by the Company in accordance with Rule 16.2, payment in full of the amount of the Withholding Tax Amount that the Company is required to remit as a result of the exercise of the Option, where the payment received by the Company shall be held on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant.

### **6.4 Minimum exercise of Options**

Options must be exercised in multiples of 500 unless fewer than 500 Options are held by a Participant or the Board otherwise agrees.

## 6.5 No issue unless cleared funds

Where a cheque is presented as payment of the Exercise Price on the exercise of Options, the Company will not, unless determined otherwise by the Board, issue Plan Shares until after any cheque delivered in payment of the Exercise Price has been cleared by the banking system.

## 6.6 Cashless Exercise Facility

- (a) A Participant may, subject to paragraph (c) below, request to pay the Exercise Price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise ("**Cashless Exercise Facility**"). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off. Any such request must be expressly made by the Participant in the Exercise Notice. The Board may approve or refuse the request in its sole and absolute discretion
- (b) If a Participant elects to use the Cashless Exercise Facility, the holder will only be issued that number of Plan Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Option being exercised and the then market value of Shares at the time of exercise (determined as the volume weighted average of the prices at which Shares were traded on the ASX during the 5 trading-day period immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

**S** = Number of Plan Shares to be issued on exercise of the Options

**O** = Number of Options

**MSP** = Market value of Plan Shares (calculated using the volume weighted average of the prices at which Shares were traded on the ASX during the 5 trading day-period immediately preceding the exercise date)

**EP** = Option Exercise Price

- (c) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of Shares at the time of exercise (calculated in accordance with paragraph (b)) is zero or negative, then a holder will not be entitled to use the Cashless Exercise Facility.

For example, if a Participant holds 100,000 Options (which have vested and are therefore capable of exercise), each with an Option exercise price of \$0.05 and they elect to exercise all of their Options by paying the Option Exercise Price, they would pay the Company \$5,000 and receive 100,000 Shares. If, however, the Participant elects to utilise the Cashless Exercise Facility, and the Company's average closing share price over the 5 trading days prior to exercise is \$0.07, the Participant will pay no cash and receive 28,571 Shares, being:

$$\frac{100,000 \times (0.07 - 0.05)}{0.07} = 28,571.44 \text{ (rounded down to 28,571 Shares).}$$

## 6.7 Actions on exercise of Options

On completion of the exercise of Options:

- (a) the Options will automatically lapse;

- (b) the Company will, within 10 Business Days, issue the number of Plan Shares for which the Participant is entitled to subscribe for or acquire through the exercise of the Options;
- (c) deliver to the Participant a holding statement for the Plan Shares; and
- (d) the Company will issue a substitute Certificate for any remaining Options.

## 6.8 Change in Exercise Price of Options

An Option must not confer the right to a change in Exercise Price, or a change to the number of Shares over which it can be exercised if the Option confers a right to participate in new issues without exercising the Option unless:

- (a) there is a pro rata issue (except a bonus issue) to the Shareholders, the Exercise Price of an Option may be reduced according to the following formula;

$$\text{NOP} = \frac{\text{OOP} - E [P - (S + D)]}{N + 1}$$

Where:

**NOP** = the new Exercise Price of the Option

**OOP** = the old Exercise Price of the Option

**E** = the number of underlying Shares into which one Option is exercisable

**P** = the volume weighted average market price per Share of the underlying Shares, calculated using the volume weighted average of the prices at which Shares were traded on the ASX during the 5 trading day-period immediately preceding the exercise date

**S** = the subscription price for a Share under the pro rata issue

**D** = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue)

**N** = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- (b) the Option was issued with the approval of all Shareholders, and is not in a class of quoted Options, then the Exercise Price or number of underlying Shares may change if there is a pro rata issue (except a bonus issue) to the Shareholders in accordance with the formula in clause 6.8(a) or
- (c) there is a bonus issue to the Shareholders, then the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

## 7 Performance Rights

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### 7.1 Vesting Notification

Performance Rights are deemed to have vested if and when any Vesting Conditions applicable to a Participant's Performance Rights have been satisfied, waived by the Board, or are deemed to have been satisfied under these Rules, and where the Company has issued a Vesting Notification to the Participant informing them that some or all its Performance Rights have vested and will automatically convert into Plan Shares.



## 7.2 Actions on exercise of Performance Rights

On conversion of Performance Rights:

- (a) the Performance Rights will automatically lapse;
- (b) the Company will, within 10 Business Days of the Vesting Date, issue the number of Plan Shares for which the Participant is entitled to subscribe for or acquire through the conversion of the Performance Rights;
- (c) deliver to the Participant a holding statement for the Plan Shares; and
- (d) the Company will issue a substitute Certificate for any remaining Performance Rights.

## 8 Breach, fraud or dishonesty

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

- (a) acts fraudulently or dishonestly; or
- (b) is in material breach of his or her duties or obligations to any Group Company,

then the Board may in its sole and absolute discretion determine that:

- (c) all vested or unvested Awards will lapse; and/or
- (d) where any Plan Shares have been sold by the Participant during the period where the Participant acts fraudulently or dishonestly or is in material breach of his or her duties or obligations to any Group Company, require the Participant to pay all or part of the net proceeds of that sale to the Company.

## 9 Cancellation of Awards with consent

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Notwithstanding any other provisions of these Rules, and subject to the Listing Rules, if a Participant and the Board agree in writing that some or all of the unvested Awards and/or vested Awards granted to that Participant may be cancelled on a specified date or on the occurrence of a particular event, then the Board may cancel those Awards on the relevant date or on the occurrence of the particular event (as the case may be) for no consideration.

## 10 Lapse of Awards

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### 10.1 Lapsing

Subject to the other Rules of this Plan including Rules 5 and 10, the terms and conditions in the Offer (including the specific terms and conditions of the Award), and unless the Board decides otherwise, if an event in the table below occurs in respect of an Eligible Participant, the Eligible Participant's Awards are treated in accordance with the following table:

<b>Event</b>	<b>On or before Vesting Date</b>	<b>During the Exercise Period (for Options only)</b>
Eligible Participant employment or consultancy arrangement (as applicable) is lawfully terminated and the Eligible Participant is a Good Leaver	Awards lapse	The Expiry Date is adjusted to 60 days after the Termination Date or a later date decided by the Board

Eligible Participant employment or consultancy arrangement (as applicable) is lawfully terminated and the Eligible Participant is a Bad Leaver	Awards lapse	Awards Lapse
Eligible Participant's resignation or vacation from the Board, employment or consultancy with the Group	Awards lapse	The Expiry Date is adjusted to 30 days after the date of the resignation or a later date decided by the Board
Eligible Participant being made redundant	Awards lapse	The Expiry Date is adjusted to 60 days after the date of the redundancy or later date is decided by the Board
Death or disability of the Eligible Participant (so that they are unable to perform normal duties in the opinion of a medical practitioner nominated by the board)	Awards lapse 90 days after the date of death or disability	There is no adjustment and the representative of the Eligible Participant or its estate, as applicable, may exercise the Awards before the Expiry Date
Eligible Participant loses Control of its Permitted Nominee and the Awards are not transferred to the Eligible Participant under Rule 4.2(d)	Awards lapse	Awards lapse

Notwithstanding the foregoing, if the Term of an Option held by any Participant would otherwise expire during, or within 10 Business Days of the expiration of a Blackout Period applicable to such Participant, then the term of such Option shall be extended to the close of business on the 10th Business Day following the expiration of the Blackout Period.

## 10.2 What happens on lapsing

Where a Participant's Awards have lapsed under Rule 10.1, the Company will:

- (a) notify the Participant that the Award(s) held by it have lapsed;
- (b) arrange for the Participant or the Participant's agent or attorney to sign any transfer documents required to transfer or otherwise deal with the Awards; and
- (c) not be liable for any damages or other amounts to the Participant in respect of the Awards.

## 11 Rights attaching to Plan Shares

### 11.1 Shares to rank equally

Any Plan Shares issued by the Company to a Participant will rank equally with all existing Shares on and from the date of issue.

## **11.2 Dividends**

A Participant will have a vested and infeasible entitlement to any dividends declared and distributed by the Company on the Plan Shares which, at the books closing date for determining entitlement to those dividends, are standing to the account of the Participant.

## **11.3 Dividend reinvestment**

The Participant may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares held by the Participant and such participation must be in respect of all such Plan Shares. Shares issued under any dividend reinvestment plan operated by the Company will be subject to the same terms and conditions as the Plan Shares held by the Participant.

## **11.4 Voting rights**

A Participant may exercise any voting rights attaching to Plan Shares registered in the Participant's name.

# 12 Change of Control Event

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## **12.1 Change of Control Event**

If a Change of Control Event occurs, the Board may in its sole and absolute discretion, and subject to the Listing Rules determine how unvested Options or unvested Performance Rights held by a Participant will be treated, including but not limited to:

- (a) determining that unvested Options or unvested Performance Rights (or a portion of unvested Options or unvested Performance Rights) will vest and become immediately exercisable or convertible with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the Change of Control Event; and/or
- (b) reducing or waiving any of the Vesting Conditions attaching to those unvested Options or unvested Performance Rights in accordance with Rule 7.1 or Rule 8.1.

## **12.2 Notice to Participants**

Whether or not the Board determines to accelerate the vesting of any Options or Performance Rights, the Company shall give written notice of any proposed Change of Control Event to each Participant.

# 13 Capital events

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## **13.1 Variation of capital**

If there are variations to the share capital of the Company including a variation or rights issue, sub-division, consolidation, reduction, return or cancellation of share capital, a demerger (in whatever form) or other distribution in specie, the Board shall adjust the number of Awards to which a Participant is entitled and the Exercise Price (if applicable) in accordance with the Listing Rules.

## **13.2 Fairness in application**

In the application of this Rule 13, the Board may (as far as possible) make whatever adjustments it deems necessary or desirable to ensure that the consequences of that

application are fair as between the Participants and the holders of other securities in the Company, subject to the Listing Rules.

### **13.3 Notice of variation**

As soon as reasonably practicable after making any adjustment under Rule 13.1, the Board will give notice in writing of the adjustment to any Participant affected by it.

## **14 Power of Attorney**

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In consideration of the issue of any Award, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of the Awards, including for the purposes of giving effect to the buy-back or sale of forfeited Plan Shares, and the application of the proceeds of the sale of forfeited Plan Shares. The Participant (or after his or her death, his or her legal representative) will be deemed to ratify and confirm any act or thing done under this power and to indemnify and keep indemnified the attorney in respect of doing so.

## **15 Powers of the Board**

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This Plan will be administered by the Board which will have an absolute discretion to:

- (a) determine appropriate procedures for administration of the Plan consistent with this Plan;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with this Plan;
- (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions under this Plan; and
- (d) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in this Plan to apply to Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions.

## **16 Taxation**

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### **16.1 No liability**

Neither the Company nor its directors, officers, employees, representatives, advisers or agents:

- (a) take any responsibility or assume any liability for the Tax liabilities of Eligible Participants or Participants as a consequence of their participation in the Plan; or
- (b) represent or warrant that the Plan will have any particular Tax or financial consequences or that the Eligible Participant or Participant will gain any Tax or financial advantage by participating in the Plan.

### **16.2 Taxes**

Upon the issue or exercise of an Award, the Participant shall make arrangements satisfactory to the Company regarding payment of any federal, state, provincial, local or other taxes of any

kind required by law to be paid in connection with the issue or exercise of an Award. In order to satisfy the Company's obligation, if any, to remit an amount to a taxation authority on account of such taxes in respect of the exercise, transfer or other disposition of an Award ("**Withholding Tax Amount**"), the Company shall have the right, at its discretion, to:

- (a) retain and withhold amounts from any amount or amounts owing to the Participant, whether under this Plan or otherwise;
- (b) require the Participant to pay to the Company the Withholding Tax Amount as a condition of exercise or issue of an Award by a Participant, where the payment received by the Company shall be held on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant; and/or
- (c) withhold from the Plan Shares otherwise deliverable to the Participant on exercise of Awards such number of Shares as have a market value not less than the Withholding Tax Amount and cause such withheld Shares to be sold on the Participant's behalf to fund the Withholding Tax Amount, where:
  - (i) the Company will not be responsible for obtaining any particular price for the Shares;
  - (ii) the proceeds of any Shares sold shall be held by the Company on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant; and
  - (iii) any proceeds from such sale in excess of the Withholding Tax Amount shall be promptly paid over to the Participant.

Notwithstanding the foregoing, nothing shall preclude the Company and the Participant from agreeing to use a combination of the methods described in this Rule 16.2 or some other method to fund the Withholding Tax Amount.

## 17 Commencement, suspension, termination and amendment of the Plan

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### **17.1 Commencement**

Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Awards, the Plan will take effect when the Board decides.

### **17.2 Suspension or termination**

- (a) Subject to Rule 17.2(b), the Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit.
- (b) In passing a resolution to terminate or suspend the operation of the Plan, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

### **17.3 Awards Issued Before Termination**

Participants who hold an Award issued pursuant to the Plan, before termination of the Plan under Rule 17.2, will continue to be entitled to exercise such Award in accordance with the Plan and the Company will be bound to comply with the Plan in respect of such Awards.

### **17.4 Amendment of Plan**

- (a) Subject to Rules 17.4(b) and 17.4(c), the Listing Rules and the Constitution, the Board may at any time amend these Rules or the terms upon which any Awards have been

granted under the Plan. Without limiting the scope of the foregoing, the Board may make the following amendments to the Plan without shareholder approval:

- (i) amendments of the type described in Rule 17.4(b)(i);
  - (ii) amendments of a "housekeeping" nature, which include amendments relating to the administration of the Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof;
  - (iii) changing the vesting and exercise provisions of the Plan or any Awards in a manner which does not entail an extension beyond the originally scheduled Expiry Date for any applicable Award, including to provide for accelerated vesting and early exercise of any Awards deemed necessary or advisable in the Board's discretion;
  - (iv) changing the termination provisions of the Plan or any Awards which, in the case of an Option, does not entail an extension beyond an Option's originally scheduled Expiry Date or end date for that Option;
  - (v) adding or changing a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying Shares from the Plan reserve;
  - (vi) changing the provisions on transferability of Awards for normal estate settlement purposes;
  - (vii) changing the process by which a Participant who wishes to exercise his or her Award can do so, including the required form of payment for the Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered; and
  - (viii) adding a conditional exercise feature which would give Participants the ability to conditionally exercise in certain circumstances determined by the Board in its discretion, at any time up to a date determined by the Board in its discretion, all or a portion of those Awards granted to such Participants which are then vested and exercisable or convertible in accordance with their terms, as well as any unvested Awards which the Board has determined shall be immediately vested and exercisable or convertible in such circumstances.
- (b) No amendment to these Rules or to the terms of any Awards granted under the Plan may be made if the amendment materially reduces the rights of any Participant in respect of Awards granted to it prior to the date of the amendment, other than:
- (i) an amendment introduced primarily:
    - (A) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
    - (B) to correct any manifest error or mistake;
    - (C) to allow the implementation of a trust arrangement in relation to the holding of Plan Shares granted under the Plan;
    - (D) for the purpose of complying with Applicable Laws; and/or
    - (E) to take into consideration possible adverse taxation implications (including, without limitation, on account of fringe benefits tax) for the Company in respect of the Plan or the Awards granted, including as a result of changes to applicable taxation legislation or the

interpretation of that legislation by any taxation authority or a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or

- (ii) an amendment agreed to in writing by the Participant(s).
- (c) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Company under any applicable securities laws or requirements shall become effective until such approval is obtained. Without limitation of the foregoing, the approval of a majority of the shareholders of the Company present in person or by proxy and entitled to vote at a meeting of shareholders shall be required for the following matters, to the extent required by applicable securities laws and regulatory requirements:
  - (i) any amendment to the provisions of this Rule 17.4;
  - (ii) any amendment to increase the Plan Limit (other than pursuant to Rule 13.1);
  - (iii) any reduction in the Exercise Price of an outstanding Option (including a cancellation and re-grant of an Option, constituting a reduction of the Exercise Price of an Option) or extension of the period during which an Option may be exercised,in each case, unless the change results from the application of Rule 13.
- (d) Subject to the Listing Rules and, if applicable, any shareholder approval, the Board may determine that any amendment to these Rules or the terms of Awards granted under the Plan be given retrospective effect.
- (e) Amendment of these Rules or the terms upon which Awards are granted under the Plan by the Board will be of immediate effect unless otherwise determined by the Board.
- (f) As soon as reasonably practicable after making any amendment to these Rules or the terms of Awards granted under the Plan, the Board will give notice of the amendment to any Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

### **17.5 Amendment by addendum**

Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply in particular jurisdictions or circumstances by means of an addendum to these Rules.

## **18 Listing Rules**

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While the Company remains admitted to the ASX, the terms and conditions of the Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Plan and the Listing Rules then the Listing Rules will prevail.

## **19 Buy-Back**

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Subject to compliance with Applicable Laws, the Company may Buy-Back Awards for an amount agreed with the Participant at any time. Each Participant will do all acts, matters and things which are necessary or desirable to give effect to any Buy-Back of his or her Awards.

## 20 No Hedging

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If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting its economic exposure to any Awards.

## 21 Clawback

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If the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the Vesting Conditions, in respect of certain vested Awards, were not, or should not have been determined to have been, satisfied, then the Participant will cease to be entitled to those vested Awards and the Board may:

- (a) by written notice to the Participant cancel the relevant vested Awards for no consideration;
- (b) by written notice to the Participant require that the Participant pay to the Company the after tax value of the vested Awards (and which have been converted into Plan Shares), with such payment to be made within 30 Business Days of receipt of such notice; or
- (c) adjust fixed remuneration, incentives or participation in this Plan of a relevant Participant in the current year or any future year to take account of the after tax value of the vested Awards (and which have been converted into Plan Shares).

## 22 Contravention of Applicable Laws

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- (a) No act will be done or determination made in accordance with these Rules where to do so would be a breach of any Applicable Laws, and where any such act is done or determination made it will be considered void and to the extent possible be unwound and of no effect in respect of unexercised Awards or Plan Shares.
- (b) Without limiting Rule 22(a) above, no person may, whether directly or indirectly, provide financial assistance which is prohibited by the Corporations Act to an Eligible Participant for the purposes of, or in connection with, the acquisition of Awards under the Plan.
- (c) Notwithstanding any of the provisions contained in this Plan or in any Offer, the Company's obligation to issue Plan Shares shall be subject to the following:
  - (i) completion of such registration or other qualification of such Shares and the receipt of any approvals of governmental authority or stock exchange as the Company shall determine to be necessary or advisable in connection with the authorisation, issuance or sale thereof;
  - (ii) the admission of such Shares to listing on any stock exchange(s) or over-the-counter market on which the Shares may then be listed or quoted; and
  - (iii) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Company or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any applicable jurisdiction.
- (d) In connection with Rule 22(c), the Company shall, to the extent necessary, take all steps determined by the Board, in its discretion, to be reasonable to obtain such approvals, registrations and qualifications as may be necessary for the issuance or procurement of such Shares in compliance with applicable securities laws and for the



listing or quotation of such Shares on any stock exchange(s) on which the Shares are then listed or quoted.

## 23 Rights of Participants

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Nothing in these Rules, participation in the Plan or the terms of any Award:

- (a) confers upon an Eligible Participant a right to a grant or offer of a grant of Awards;
- (b) confers on an Eligible Participant or a Participant the right to continue as an employee, Contractor or officer of any Group Company (as the case may be) or participate in the Plan;
- (c) affects the rights of any Group Company to terminate the employment, engagement or office of an Eligible Participant or a Participant (as the case may be);
- (d) affects the rights and obligations of any Eligible Participant or Participant under the terms of its employment, engagement or office with any Group Company;
- (e) confers any legal or equitable right on an Eligible Participant or a Participant whatsoever to take action against any Group Company in respect of its employment, engagement or office;
- (f) confers on an Eligible Participant or a Participant any rights to compensation or damages in consequence of the termination of its employment, engagement or office by any Group Company for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination; or
- (g) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives, advisers or agents in respect of any taxation liabilities of the Eligible Participant or Participant.

## 24 ASIC relief

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Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule 24 to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

## 25 Non-exclusivity

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### 25.1 Non-exclusivity

This Plan will not be deemed to be the exclusive method of providing incentive compensation to Eligible Participant, nor will it preclude any Group Company from authorising or approving other forms of incentive compensation for employees or Contractors of any Group Company.

### 25.2 Relationship to other equity plans

Participation in this Plan will not affect or be affected by any participation in any other employee equity plan operated by any Group Company, except as specifically provided in the terms of that other plan.

### **26.1 Costs and Expenses**

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares (except for taxes, which are payable by Participants, and the Exercise Price for Awards) for the purposes of the Plan. Each Group Company will, if required by the Board, reimburse the Company for any such costs and charges to the extent that they relate to its employees or officers, or former employees or officers.

### **26.2 Data protection**

By submitting an Application, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works; and
- (d) transferring information about the Participant to a country or territory outside Australia.

### **26.3 Error in Allocation**

If any Award is provided under this Plan in error or by mistake to a person ("**Mistaken Recipient**") who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest, in that Award and any such Awards will immediately lapse or be forfeited.

### **26.4 Dispute**

Any disputes or differences of any nature arising under the Plan will be referred to the Board for determination.

### **26.5 No fiduciary capacity**

The Board may exercise any power or discretion conferred on it by these Rules in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

### **26.6 Non-residents of Australia**

- (a) The Board may adopt additional Rules applicable to any jurisdiction outside Australia under which Awards offered 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 any Group Company in relation to those Awards. Any additional Rule must conform to the basic principles of the Plan.
- (b) When an Award is granted under the Plan to a Participant who is not a resident of Australia, the Rules apply subject to such alterations or additional terms 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 Company in relation to the Award.

## **26.7 Enforcement**

These Rules, any determination of the Board made pursuant to the Rules, and the terms of any Awards granted under the Plan, will be deemed to form a contract between the Company and the Participant.

## **26.8 Participants Bound**

Participants issued Awards under this Plan are bound by this Plan and by the Constitution of the Company.

## **26.9 Notices**

### **(a) Address for service**

Any notice required to be given to the Participants under the Plan or the terms of the Awards granted will be sent to the address of the Participant as entered in the register unless delivered in person.

Any notice required to be given to the Company under the Plan or the terms of the Awards granted will be sent to the registered office of the Company or such other address as is notified to Participants from time to time.

### **(b) Delivery of notices**

(i) Any notice to be given to Participants may be delivered by hand to the Participant or by any other means specified in the Constitution for delivery of notices to members.

(ii) Any notice to be given to the Company may be delivered by hand or by prepaid post. Notices may also be given to the Company by means of facsimile, e-mail or other mode of electronic delivery to such address as is notified by the Company to the Participant.

(iii) Notices delivered to Participants in accordance with the Constitution will be taken to be delivered in accordance with the Constitution. Notices delivered to the Company by pre-paid post will be taken to be delivered if properly addressed and stamped, 48 hours after mailing in Australia and 7 days after mailing outside Australia. Notices delivered by facsimile, e-mail or other mode of electronic delivery will be taken to be delivered on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery.

## **26.10 Governing Law**

This Plan and any Awards granted under it shall be governed by and is to be construed in accordance with the laws of the State of Western Australia and the Commonwealth of Australia.