

Adrad Holdings Limited Performance Rights Plan

Plan Rules

**Adrad Holdings Limited
ACN 121 033 396**



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**Adrad Holdings Limited Performance Rights Plan
Plan Rules**

1. Definitions and interpretation

1.1 Definitions

In these Rules, unless something else is clearly intended:

- | | |
|---------------------------|---|
| Acquisition Date | means the date that a Participant acquires Plan Shares, as recorded by the Company. |
| Acquisition Price | means the price for the acquisition of Shares under the Plan as specified by the Company pursuant to Rule 4.3. |
| Applicable Law | <p>means any one or more or all, as the context requires of:</p> <ul style="list-style-type: none"> (a) the laws of South Australia; (b) the Corporations Act; (c) the Listing Rules; (d) the Tax Act; (e) any practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), (c) or (d) above, including the Tax Guidance; (f) the constitution of the Company; and (g) any other legal requirement that applies to the Plan. |
| Application Form | means an offer to acquire Shares under the Plan in the form approved by the Board. |
| Associated Company | <p>means a body that:</p> <ul style="list-style-type: none"> (a) is a related body corporate of the Company in terms of section 50 of the Corporations Act; (b) the Board determines will participate in the Plan; and (c) agrees to be bound by these Rules. |

ASX	means ASX Limited ACN 008 624 691, trading as the Australian Securities Exchange or the securities exchange operated by that entity, as applicable.
Board	means the board of directors of the Company or a committee appointed by the board of directors of the Company or any delegate of the board of directors of the Company or such committee.
Business Day	means a day that is not a Saturday, Sunday or a public holiday in Adelaide, South Australia.
Company	means Adrad Holdings Limited ACN 121 033 396.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Eligible Employee	means an Employee who the Board determines to be eligible to participate in the Plan.
Employee	means an individual who: (a) is a senior executive of an Employing Company; or (b) who receives an Invitation under the Plan but who can only make an Application if an arrangement has been entered into that will result in the person becoming covered by paragraph (a).
Employing Company	means the Company and any Associated Company.
Encumbrance	means a mortgage, charge, pledge, lien or other encumbrance of any nature.
Event	means: (a) a takeover bid is made to the holders of Shares and the takeover is recommended by the Board or the takeover becomes unconditional; (b) pursuant to an application made to a court, court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company, and the resolutions put at that meeting are passed; (c) the Company passes a resolution for voluntary winding up; (d) an order is made for the compulsory winding up of the Company; or

- (e) any other circumstances determined by the Board from time to time to be an Event for the purpose of these Rules.

Government Agency

means any governmental or semi-governmental body, department, commission, authority, tribunal, agency or other similar entity.

Invitation

means an invitation to participate in the Plan referred to in Rule 3.1(a).

Listing Rules

means the listing rules of ASX from time to time and any other rules of the ASX which are applicable while the Company is admitted to the official list of ASX, except to the extent of any express written waiver by ASX.

Nominee

in relation to an Eligible Employee, means:

- (a) an immediate family member of the Eligible Employee;
- (b) a company whose members comprise no persons other than the Eligible Employee or immediate family members of that Eligible Employee; or
- (c) a corporate trustee of self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) where the Eligible Employee is a director of the trustee.

Offer

has the meaning given to that term in Rule 3.3(a).

Participant

means:

- (a) an Eligible Employee who:
 - (i) has received an Invitation; and
 - (ii) makes an Application which is accepted by the Board; or
- (b) if Rule 3.2(a) applies, a Nominee:
 - (i) in whose favour an Eligible Employee has renounced its Invitation; and
 - (ii) makes an Application which is accepted by the Board.

Performance Criteria

means, in relation to a Performance Right, the performance criteria prescribed by the Board in accordance with Rule 3.1(b)(i).

Performance Period

means, in relation to a Performance Right, the period of time prescribed by the Board in accordance with Rule 3.1(b)(ii).

Performance Right	means a right to receive a Share under the Plan which is subject to the satisfaction of Performance Criteria.
Permanent Disablement	means the disablement of a Relevant Person with the effect that, in the Board's opinion, it is likely to be permanent and will prevent the Relevant Person continuing in their employment with an Employing Company.
Plan	means the Adrad Holdings Performance Rights Plan, established and operated in accordance with these Rules.
Plan Shares	means Shares held by Participants under the Plan, being shares which rank equally for all purposes with the Shares.
Redundancy	means the: (a) termination of employment of a Relevant Person with an Employing Company by reason of restructure or change in the state of affairs of the Employing Company whereby the position previously occupied by Relevant Person no longer exists with the Employing Company; or (b) Employing Company that employs a Relevant Person ceasing to be an Employing Company and that Relevant Person does not contemporaneously become employed with another Employing Company, and the Board determines that such an event qualifies as a redundancy for the purposes of these Rules.
Relevant Person	means, in respect of: (a) if the Participant is an Eligible Employee, the Participant; and (b) if the Participant is a Nominee of an Eligible Employee, that Eligible Employee.
Retirement	means the termination of a Relevant Person's employment with an Employing Company at the normal retirement age or at any other time, including early retirement, with the Employing Company's consent but excluding dismissal or resignation.
Rules	means these rules of the Plan.
Shares	means fully paid ordinary shares in the capital of the Company.
Special Circumstances	means Retirement, Redundancy, death or Permanent Disablement of a Participant, or other circumstances that the Board determines from time to time.
Tax	means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding of any nature, including stamp

and transaction duty or any goods and services tax, value added tax or consumption tax, which is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on or in respect of any of the above.

Tax Act

means the:

- (a) *Income Tax Assessment Act 1936* (Cth);
 - (b) *Income Tax Assessment Act 1997* (Cth); or
 - (c) *Taxation Administration Act 1953* (Cth),
- or any or all of the above, as the context requires

Tax Guidance

means public or private rulings, determinations, interpretative decisions or other statement of the Commissioner of Taxation or any other relevant taxation authority, changes or proposed changes to tax legislation and/or changes in the interpretation of tax legislation by a competent court or tribunal.

Trading Policy

means the Securities Trading Policy adopted by the Company.

Trading Window

means the period of 10 trading days after the Company's release of its annual report and half-yearly report.

1.2 Interpretation

In these Rules, unless something else is clearly intended:

- (a) the transfer by a Relevant Person from one Employing Company to another does not constitute cessation of employment;
- (b) if an Employing Company which is the employer of a Relevant Person ceases to be an Employing Company and the Relevant Person does not contemporaneously become an Employee of another Employing Company, that Relevant Person ceases to be an Employee;
- (c) a reference to these Rules or any other document is a reference to these Rules or the other document (as the case may be) as amended, varied, novated, supplemented or replaced from time to time;
- (d) a reference to any legislation or any provision of any legislation includes:
 - (i) all regulations, orders or instruments issued under the legislation or provision; and
 - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (e) words or expressions:

- (i) importing the singular include the plural and vice versa;
- (ii) importing a gender include the other genders; and
- (iii) denoting individuals include corporations, firms, unincorporated bodies, authorities and instrumentalities;
- (f) a reference to a party to these Rules includes that party's executors, administrators, successors and permitted assigns;
- (g) any reference in these Rules to 'ASX' and the 'Listing Rules' shall only be applicable while the Company is admitted to the official list of the ASX;
- (h) in the event of the death or legal incapacity of a Participant, a reference to a Participant includes the Participant's personal representative;
- (i) where a word or phrase is defined or given meaning, any other part of speech or grammatical form has a corresponding meaning;
- (j) a reference to a rule number is a reference to a rule of these Rules;
- (k) any heading, index, or table of contents is for convenience only and does not affect the interpretation of these Rules;
- (l) where an act would be required to be done, or a time limit or period would expire, on a day which is not a Business Day, the act may be done, or the limit or period will expire, on the following Business Day;
- (m) a reference to any thing (including to any right) includes a part of that thing;
- (n) a right includes any remedy, privilege, authority or power;
- (o) where a consent or approval is required under these Rules, the requirement will, unless something else is clearly intended, mean the prior written consent or approval;
- (p) wherever used in these Rules, the expressions 'including', 'such as' and similar expressions shall not imply any limitation; and
- (q) a reference to notice means written notice given in the manner provided in these Rules for service of notices.

1.3 Rounding

Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of a Share, the fraction will be eliminated by rounding down to the nearest whole number.

2. Operation of the Plan

2.1 Purpose

The Plan provides Eligible Employees or their Nominee with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with the Company's shareholders and provide greater incentive for them to focus on the Company's goals.

2.2 Commencement

The Plan commences on a date to be determined by the Board.

2.3 Operation

- (a) These Rules set out the terms and conditions of the operation of the Plan.
- (b) The Plan must be operated in accordance with these Rules which bind the Company, each Associated Company and each Participant.

2.4 Plan expenses

The Company must pay all expenses, outgoings, costs and charges incurred in establishing and operating the Plan, excluding the costs related to the allocation of Shares pursuant to Performance Rights vesting or any other dealing with the Performance Rights, Shares and Plan Shares.

2.5 Encumbrance

The Company must not grant an Encumbrance over any of the Plan Shares.

2.6 Tax deferral

Subject to the requirements of the Tax Act, Subdivision 83A-C of the Tax Act applies to the Plan.

3. Grant of Performance Rights

3.1 Invitation

- (a) The Board may, from time to time, in its absolute discretion, invite an Eligible Employee to participate in the Plan and make an Offer (**Invitation**).
- (b) The Board may, in relation to an Invitation made to an Eligible Employee, prescribe:

- (i) the Performance Criteria that must be satisfied as a condition for a Share to be allocated in respect of a Performance Right; and
 - (ii) the Performance Period over which the Performance Criteria must be satisfied.
- (c) Each Invitation must be in writing and specify:
 - (i) the name and address of the Eligible Employee to whom the Invitation is made;
 - (ii) the date of the Invitation;
 - (iii) the number of Performance Rights available to the Eligible Employee or their Nominee;
 - (iv) the Performance Criteria applicable to some or all of the Performance Rights (if any);
 - (v) the Performance Period applicable to some or all of the Performance Rights (if applicable);
 - (vi) the time period in which an Eligible Employee may make an Offer to the Company;
 - (vii) the circumstances in which the Performance Rights will, or are deemed to, lapse; and
 - (viii) anything else that the Board considers relevant.
- (d) Each Invitation must be accompanied by any other information and documents required by the Applicable Law.
- (e) Subject to Rule 3.2, Invitations are personal to each Eligible Employee and may not be transferred to another person.

3.2 **Nominee**

- (a) Following receipt by an Eligible Employee of an Invitation, an Eligible Employee may, by notice in writing to the Board, nominate a Nominee in whose favour the Eligible Employee wishes to renounce its Invitation.
- (b) The Board may, in its absolute discretion:
 - (i) require the Eligible Employee to provide further information in relation to their Nominee; and
 - (ii) resolve not to allow a renunciation of an Invitation of a Nominee.

3.3 Offer

- (a) Following receipt by an Eligible Employee of an Invitation or the renunciation of an Invitation of a Nominee under Rule 3.2(a), the Eligible Employee or the Nominee (as applicable) may make an offer by delivering to the Company:
 - (i) a duly completed and executed Application Form; and
 - (ii) in the case of a Nominee, a renunciation form,
 within the time specified in the Invitation (**Offer**).
- (b) By making the Offer, the Eligible Employee or the Nominee (as applicable) is deemed to have agreed:
 - (i) to be bound by these Rules and the constitution of the Company; and
 - (ii) as a condition of the allocation of Shares, to execute any documents reasonably required by the Company to ensure that the Eligible Employee or Nominee (as applicable) is so bound.

3.4 Acceptance

- (a) The Board may decide to accept or reject an Offer. The Offer is accepted by the Company by the grant of Performance Rights referred to in the Offer to the Eligible Employee or the Nominee (as applicable).
- (b) An Eligible Employee is not liable to make any payment on acceptance of the Offer.

3.5 Becoming a Participant

An Eligible Employee or their Nominee (as applicable) becomes a Participant upon the Company granting Performance Rights to them in accordance with Rule 3.4.

3.6 Performance Rights terms

Unless otherwise determined by the Board when it resolves to grant the Performance Right, each Performance Right is granted on the terms set out in Rule 4.

4. Performance Rights terms

4.1 Vesting

- (a) Subject to Rules 4.1(b), 4.1(c) and 4.1(d), a Performance Right will only vest if the Board determines that any Performance Criteria (if any) have been satisfied within the Performance Period.

- (b) Notwithstanding that the relevant Performance Criteria has been satisfied within the Performance Period, the Board may in its absolute discretion determine that a Performance Right will not vest, and will instead lapse.
- (c) If, at any time prior to the last date of the Performance Period, a Participant ceases to be an Employee as a result of Special Circumstances, the Board may at its discretion waive some or all of the Performance Criteria and determine the number of Performance Rights that may vest.
- (d) If, at any time prior to the last date of the Performance Period an Event occurs, the Board may at its discretion waive some or all of the Performance Criteria and determine that any unvested Performance Rights vest within 5 Business Days of an Event occurring (or such longer period determined by the Board), in which case the Board must promptly notify the holder of the Performance Rights in writing.

4.2 Allocation of Shares

Subject to Rule 5, during the next Trading Window after the Performance Rights vest under Rule 4.1, the Company must:

- (a) allocate to the Participant the number of Shares to which the Participant is entitled under the terms of the Invitation by:
 - (i) acquiring Shares in the ordinary course of trading on the market conducted by ASX; and/or
 - (ii) issuing new Shares; and
- (b) deliver to the Participant a holding statement for the Plan Shares.

4.3 Notification of Share allocation

The Company must ensure that, as soon as reasonably practicable after the allocation of Shares to a Participant, the Participant is given written notice specifying the:

- (a) number of Plan Shares allocated to the Participant;
- (b) Acquisition Date of those Plan Shares; and
- (c) Acquisition Price of those Plan Shares.

4.4 No legal and beneficial interest

For the avoidance of doubt, a Participant has no legal or beneficial interest in a Share by virtue of acquiring or holding a Performance Right. A Participant will only have an entitlement to a Share on satisfaction of the Performance Criteria applicable to a Performance Right over the Performance Period, and otherwise in accordance with the Invitation and these Rules.

4.5 Lapse of Performance Rights

- (a) A Performance Right will lapse on the earliest of the date that:
 - (i) is the last date of the Performance Period and the Performance Criteria have not been satisfied in respect of that Performance Right;
 - (ii) if the Relevant Person ceases to be an Employee at any time before the end of the Performance Period (and Rule 4.1(c) does not apply), the Relevant Person ceases to be an Employee (or such longer period determined by the Board);
 - (iii) if Rule 4.1(c) applies, is 30 days from the date of cessation (or such longer period determined by the Board);
 - (iv) if Rule 4.1(d) applies, is 5 Business Days of an Event occurring (or such longer period determined by the Board);
 - (v) the Board determines that the Relevant Person has, in the Board's opinion:
 - (A) been dismissed with cause;
 - (B) committed any act of fraud, theft or gross misconduct in relation to the affairs of an Employing Company (whether or not charged with an offence); or
 - (C) brought an Employing Company into disrepute;
 - (vi) the Board determines that a breach or occurrence of any condition or event contained in the Invitation requires the lapse of the Performance Right; and
 - (vii) the Board determines under Rule 4.1(b) that the Performance Right will lapse.
- (b) Notwithstanding any other Rule, if the Board makes a determination under Rule 4.1(b) or 4.5(a)(v) and the Relevant Person has satisfied the Performance Criteria but the Company has not allocated the Share at that time, the Participant will cease to have any right to be allocated the Share.

4.6 Dealings

- (a) Participants must not assign, transfer, sell, grant an Encumbrance over or otherwise deal with a Performance Right.
- (b) The Participants agree to:
 - (i) be bound by the Trading Policy; and
 - (ii) prior to selling or transferring any Plan Shares, notify the Company of their intention to sell or transfer the Plan Shares.

- (c) The parties acknowledge that the Company may in its absolute discretion prohibit a person from selling or transferring Plan Shares that person has acquired under the Plan even if that person is no longer an Employee.

4.7 Rights

A Participant is not conferred with the rights of a shareholder until such time as Shares are allocated to the Participant pursuant to Rule 4.2.

5. Cash settlement of Performance Rights

Notwithstanding any other Rule, the Board may determine that, instead of allocating Plan Shares to a Participant in accordance with Rule 4.2, the Company will pay a cash amount to the Participant equivalent to the market value of the Shares (as determined by the Board) that would otherwise have been allocated to the Participant, reduced by:

- (a) the amount of the contribution (if any) that any Employing Company is required to make to a complying superannuation fund in order to avoid having an individual superannuation guarantee shortfall in respect of the Participant in relation to the payment of that amount to the Participant; and
- (b) the amount of any taxes that any Employing Company is required to withhold in relation to the payment of that amount to the Participant.

6. Reconstructions, new issues and other offers

6.1 Reconstruction

In the event of any reorganisation (including consolidation, sub-division, reduction, capital return, buy back or cancellation) of the issued share capital of the Company, the rights attaching to Performance Rights shall be proportionately adjusted for any increase or decrease in the number of issued Shares.

6.2 New issue of Shares

Participants will not be entitled to participate in any new issue of Shares as a result of holding Performance Rights unless some or all of their Performance Rights have vested under Rule 4.1 prior to the record date for the determination of entitlements to the new issue and the Participant participates as a result of being a holder of Plan Shares.

6.3 Other securities

If the Company offers shareholders other securities, the Board will determine whether the other securities are to be offered to Participants on the vesting of Performance Rights or whether any other equivalent securities, interest or rights will be offered to them if the other securities are not available, and on the basis thereof.

7. Power of Attorney

In order to ensure compliance with these Rules, each Participant irrevocably appoints (and agrees to appoint) the Company and any person nominated from time to time by the Board, severally as his or her attorney to:

- (a) complete and execute any documents, including Share transfers and any document or agreement to give effect to the terms and conditions of the Plan; and
- (b) do all acts or things on behalf of and in the name of the Participant that may be convenient or necessary for the purpose of giving effect to the provisions of the terms and conditions of the Plan.

8. Administration of the Plan

8.1 Board to administer

The Board will administer the Plan in accordance with these Rules and may:

- (a) make regulations and policies and determine appropriate procedures for operating and administering the Plan consistent with these Rules; and
- (b) delegate all or any of its functions, powers and discretions under these Rules to any person or persons for any period and on such conditions as it determines, including a plan administrator, and may authorise that person or persons to sub-delegate the functions or powers delegated to them.

8.2 Discretion

Except as expressly provided in these Rules, where these Rules provide for a determination, interpretation, decision, approval or opinion of the Company or the Board, such determination, interpretation, decision, approval or opinion will be in the Company's or the Board's absolute and unfettered discretion (as the case may be) and will be final.

8.3 Company and the Board

Subject to the Applicable Law:

- (a) any power or discretion which is conferred on the Company or the Board by these Rules may be exercised in the interests, or for the benefit, of the Company; and
- (b) the Company or the Board (as the case may be) is not, in exercising such power or discretion, under any fiduciary or other obligation to any other person.

8.4 Decision of the Board

Any decision of the Board as to the interpretation, effect or application of these Rules will be final (in the absence of manifest error). Any dispute or difference of any nature relating to the Plan will be referred to the Board and its decision will be final and binding.

8.5 Plan administrator

If a plan administrator is appointed under Rule 8.1(b), that plan administrator will administer the Plan in accordance with these Rules and any procedures determined by the Board, consistent with these Rules.

8.6 Trust

- (a) The Board may, in its absolute discretion, determine to establish an employee share trust and appoint a trustee for the purposes of acquiring and holding Shares for the benefit of Participants under the terms of the Plan.
- (b) For the avoidance of doubt, the Board may do all things necessary for the establishment, administration, operation and funding of an employee share trust.

8.7 Independent advice

The Board and any plan administrator or trustee may obtain and rely upon independent professional or expert advice in relation to the exercise of any of its powers or discretions under these Rules and act on that advice in any manner it thinks fit without being liable in respect of any act done or omitted to be done by it in accordance with such advice.

8.8 Other documents

The Company, and any plan administrator or trustee may require a Participant to complete and return such other documents:

- (a) as may be required by the Applicable Law to be completed by the Participant; or
- (b) that the Company and any plan administrator or trustee considers should, for legal or taxation reasons, be completed by the Participant.

9. Amending these Rules

9.1 Board may amend

- (a) Subject to Rule 9.2, the Board may at any time:
 - (i) amend these Rules; and

- (ii) waive or amend the application of any of these Rules in relation to a Participant (including for the purposes of a takeover bid, as defined in section 9 of the Corporations Act).
- (b) Notwithstanding Rule 9.2, the Board may waive, amend or replace any performance measure in a Performance Criteria attaching to a Performance Right if the Board determines that the original Performance Criteria is no longer appropriate or applicable, provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

9.2 Rights of Participants

- (a) Subject to Rule 9.2(b), if any amendment to these Rules under Rule 9.1 reduces any of the Participants' rights in respect of any granted Performance Right or their Plan Shares, the Board must obtain the prior written consent of at least 75% of the Participants affected by the proposed change. For the avoidance of doubt, the imposition of or amendment to Performance Criteria is not a reduction of the rights of Participants.
- (b) The Board may amend these Rules without the written consent of Participants under Rule 9.2(a):
 - (i) for the purpose of complying with, or conforming to, the Applicable Law or present or future laws governing or regulating the maintenance or operation of the Plan or like plans, in any jurisdiction in which offers, grants or invitations under the Plan have been made;
 - (ii) to take into consideration possible adverse tax implications in respect of the Plan arising from the Tax Guidance; or
 - (iii) to correct a manifest error or mistake.

9.3 Retrospective effect

Subject to this Rule 9, any change made pursuant to Rule 9.1 may be given such retrospective effect as is specified by the Board.

9.4 Written notice

- (a) As soon as reasonably practicable after the Company makes any material amendment under Rule 9.1(a)(i), the Company must notify the Participants of the amendment.
- (b) As soon as reasonably practicable after the Company waives the application of any of the provisions in these Rules or makes an amendment under Rule 9.1(a)(ii), the Company must notify the affected Participants of the waiver or the amendment, respectively.

10. Termination or suspension of the Plan

10.1 Change to Applicable Law

The Company must terminate or suspend the Plan if changes to the Applicable Law require that it do so.

10.2 Company may suspend and terminate

The Board may from time to time suspend the operation of the Plan and may at any time terminate the Plan.

10.3 Winding up

The Plan must be immediately terminated if an order is made or an effective resolution is passed for the winding up of the Company, other than for the purposes of amalgamation or reconstruction.

10.4 Effect of termination

- (a) The termination or suspension of the Plan will not prejudice the existing rights of Participants.
- (b) Where the Plan is terminated or suspended a Participant may not claim any compensation as a result of termination or suspension of the Plan.

11. Connection with other schemes

- (a) An Employing Company is not restricted to using the Plan as the only method of providing incentive rewards to employees and may approve and introduce other incentive schemes.
- (b) Participation in the Plan does not affect participation in any other incentive or other scheme of the Employing Companies unless that other scheme provides otherwise.

12. Employment with Employing Company

12.1 General

Nothing in these Rules:

- (a) confers on any Employee the right to become or remain an Eligible Employee or to participate in the Plan;

- (b) confers on any Eligible Employee or Participant the right to continue as an employee of an Employing Company;
- (c) affects any rights which an Employing Company may have to terminate the employment of an Employee;
- (d) may be used to increase damages in any action brought against an Employing Company in respect of such termination of employment; or
- (e) confers on an Employee any expectation to become a Participant.

12.2 Control

The Participants will not have any control over the operation of the Plan irrespective of any rights they may have under these Rules or as a beneficial owner of Shares.

13. Liability

The Employing Companies, any plan administrator or trustee and their respective directors and employees are not liable for anything done or omitted to be done by such person or any other person with respect to:

- (a) the price, time, quantity or other conditions and circumstances of the acquisition, allocation, custody or sale of Shares or Plan Shares;
- (b) any fluctuations in the market price of Shares; and
- (c) anything done in connection with the Plan,

except for the gross negligence, dishonesty, fraud or wilful default of such person.

14. Breach by a Participant

Subject to the Applicable Law, if a Participant breaches any of their obligations under these Rules, an Employing Company may set-off the value of any benefit derived or held by that Participant and any loss incurred by any Employing Company as a result of such breach, against any amounts payable by any Employing Company to the Participant, whether such amounts are payable on termination of employment or otherwise.

15. Advice

Eligible Employees and Nominees (as applicable) should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them relating to participation in the Plan.

16. Applicable Law

16.1 Contravention of Applicable Law

- (a) Notwithstanding any other Rule:
 - (i) no Performance Right or Share may be offered under the Plan if to do so would contravene the Applicable Law; and
 - (ii) Performance Rights and Shares must not be issued, assigned, transferred, sold, purchased or otherwise dealt with under the Plan if to do so would contravene the Applicable Law.
- (b) These Rules and the Participant's entitlements under the Plan are subject to the Applicable Law.

16.2 Deemed provisions

Notwithstanding any other Rule, every provision set out in an exemption from, or modification to, the Applicable Law in respect of the Plan that is required to be included in these Rules in order for the exemption or modification to have effect is deemed to be contained in these Rules.

16.3 Inconsistency

To the extent that any provision deemed by Rule 16.2 to be contained in these Rules is inconsistent with any other provision in these Rules, the deemed provision will prevail.

17. Tax reimbursement

- (a) The Board may, at the time of an Invitation, provide that the Participant is required to reimburse the Company in the event that any Employing Company is obliged to account for Tax in connection with, or as a result of, the grant of Performance Rights to the Participant and the allocation of Shares to the Participant.
- (b) The Board may determine the manner in which reimbursement under Rule 17(a) is to occur, including by sale of the Participant's allocated Plan Shares.

18. Notices

18.1 Valid delivery

- (a) A notice or direction given under these Rules is validly given to an Eligible Employee or Participant if it is handed to the person concerned, posted by ordinary prepaid post to the person's last known address, emailed to the person's last known email address or given in such other manner as the Company determines.
- (b) A notice or direction given under these Rules to the Company is validly given if it is delivered by hand, posted by ordinary prepaid post or emailed to the address set out below:

Address: Adrad Holdings Limited
26 Howards Road Beverley SA 5009

Attention: Company Secretary
Email: Chris.Newman@adrad.com.au

or such other address as the Company may from time to time notify.

18.2 Deemed delivery

A notice will be deemed to be duly given:

- (a) if delivered by hand, on the day of delivery;
- (b) if sent from and to a place within Australia by prepaid registered post, at 9.00am on the sixth Business Day after the date of posting; or
- (c) if sent by email, when the email (including any attachment) is sent to the receiving party, unless the sending party receives a notification of delivery failure within 24 hours of the email being sent,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day after that delivery, receipt or transmission.

19. Governing law

- (a) These Rules must be governed by and construed in accordance with the laws applicable in Adelaide, South Australia.
- (b) The parties bound by these Rules irrevocably submit to the non-exclusive jurisdiction of the courts of Adelaide, South Australia.