Datadot Technology Limited
ABN: 54 091 908 726

(Formerly; "Microdata Technology Limited")

Employee Share Option Plan

Revised: July 2004

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DATADOT TECHNOLOGY LTD
ABN 54 091 908 726
EMPLOYEE SHARE OPTION PLAN RULES

The Rules of the Datadot Employee Share Option Plan are set out below:

1. Invitation to Employees

(a) The Board may, from time to time, determine who is entitled to participate in the Option Plan and may issue invitations to them to apply for the grant of Options to the Employee.

(b) On issue of invitations to apply for Options, the Company must send the Employee a form of Application which must be signed by the Employee and returned to the Company within 5 Business Days.

(c) On the Company receiving the signed Application, the Company must grant the relevant number of Options to the Optionholder and issue the Optionholder with an Option Certificate.

2. Option Entitlement

Each Option gives the Optionholder the right to subscribe for 1 Ordinary Share at the Exercise Price.

3. Option Period

(a) Each Option expires at 5.00 pm on the Expiry Date.

(b) Options automatically lapse if not exercised before expiry.

4. Option Exercise

(a) Subject to any restrictions imposed under Rule 7, the Optionholder may exercise some or all Options. The Optionholder may only exercise Options by lodging with the Company during the Exercise Period:

 (i) the Option Certificate;

 (ii) a duly completed and signed Exercise Notice; and

 (iii) the subscription monies for the relevant Ordinary Shares being, subject to these Rules, the number of Options exercised multiplied by the Exercise Price.

(b) On allotment and issue to the Optionholder of the Ordinary Shares specified in an Exercise Notice, the Option Certificate lodged with the Company by the Optionholder under Rule 4(a) must:

(i) if all the Outstanding Options have been exercised, be cancelled by the Company; and

(ii) if only some of the Outstanding Options have been exercised, be appropriately endorsed by the Company and then returned to the Optionholder or cancelled and a new Certificate for the remaining Options issued to the Optionholder.

5. Option Allotment Date

The Company must allot and issue to the Optionholder the number of Ordinary Shares which corresponds with the number of Options specified in the Exercise Notice on or before the date of the next Board meeting following the valid exercise of Options and, in any event, not later than 15 Business Days after the date of exercise of the Options.

6. Option Assignment

The Optionholder cannot assign Options or any interest or right in respect of Options. This does not prevent the exercise of the Options by the estate of a deceased Optionholder.

7. Exercise Price and Exercise Period

(a) The Exercise Price will be the price fixed (if any) by the Board prior to the grant of the Options.

(b) The Options are exercisable (in whole or in part) at any time after the end of the Non-exercise period until the Expiry Date. The Non-exercise period will *end* at 5pm on the *earliest* day of the following:

- Two years from the date of grant of the option;
- Thirty days prior to the listing of the Company on a public stock exchange;
- Thirty days prior to the sale of the whole business conducted by the Company and its subsidiaries;
- Thirty days prior to a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company; or
- A date approved by the Board.

(c) The Options may be subject to such other restrictions on vesting and exercise as may be fixed by the Board prior to grant of the Options including, without limitation, length of service by the Employee with the Group and threshold prices at which Ordinary Shares in the Company are traded on the Australian Stock Exchange Limited. Any restrictions so imposed by the Board must be set out on the Option Certificate.

8. Adjustment to Number of Outstanding Options

An adjustment to the number of Outstanding Options under a reorganisation of the Company's share capital must be made in accordance with the Listing Rules (where applicable).

9. Adjustments to Exercise Price

An adjustment to the Exercise Price under a reorganisation of the Company's share capital must be made in accordance with the Listing Rules (where applicable).

10. Bonus and Cash Issues

(a) On a Bonus Date, each Option immediately confers on the Optionholder the right:

 (i) to receive on exercise of those Outstanding Options not only the allotment of 1 Ordinary Share for each of the Outstanding Options exercised but also an allotment or issue of such additional shares or other securities as if the Optionholder participated in that bonus issue in respect of a holding of Ordinary Shares of a number equal to the Ordinary Shares that would have been allotted to the Optionholder had he exercised those Outstanding Options immediately before that Bonus Date; and

 (ii) to have profits or reserves, as the case may be, applied in paying up in full those additional shares or other securities.

(b) Other than as allowed under Rule 10(a), the Options do not entitle the Optionholder to participate in any new issue of securities of the Company or any other company, except in the capacity as a Shareholder following exercise of the Options.

11. Pari Passu Ranking

(a) Subject to Rule 11(b), any Ordinary Shares allotted pursuant to Options will:

 (i) in the case of the Ordinary Shares originally under option, rank pari passu in all respects with other ordinary shares of the Company on issue at the relevant Exercise Date; and

 (ii) in the case of any additional shares or other securities under option by virtue of any bonus issue referred to in Rule 10, rank pari passu with the other shares or other securities issued by virtue of the bonus issue.

(b) Where relevant, the Company must apply for official quotation on the Australian Stock Exchange Limited of Ordinary Shares allotted and issued pursuant to the exercise of any Options as soon as practicable after allotment and issue and, in any event, within 10 Business Days after allotment and issue.

12. Right to Repurchase

(a) In the event that the Company is not listed on a public stock exchange or the business is not sold, the Company shall have the right to repurchase any Company shares (at a pre-determined buyback price) issued as a result of the exercise of Options subject to these Rules in the event that the shares are offered for sale by the Optionholder.

(b) The buy back price shall be the higher of:

- The market value the shares as determined by the Company's auditor (using audited financial statements) as at the balance date of the preceding financial year; or
- 5 cents per share

13. Stamp Duty

Any stamp duty payable on the issue and allotment of Ordinary Shares acquired on the exercise of the Options must be borne by the allottee of the Ordinary Shares.

14. Option Expiry

An Option issued to an Optionholder in respect of an Employee will expire on the earlier of the following:

(a) five years from the Grant Date;

(b) the date that the Employee is dismissed by the Company or a Related Body Corporate for fraud, defalcation or misconduct;

(c) the date that the Employee resigns from the service of the Company or a Related Body Corporate, if he resigns within 2 years after the Grant Date;

(d) the date 6 months after the Employee is retrenched from the service of the Company or a Related Body Corporate;

(e) the date 1 year after the death or total and permanent disablement (evidenced to the satisfaction of the Board) of the Employee; and

(f) the date the Employee is declared bankrupt.

15. Interpretation

(a) The Board's interpretation of the meaning and effect of these Rules will be conclusive and binding on the Optionholder.

(b) These Rules are to be interpreted subject to the Listing Rules (where applicable).

18. Definitions

In these Rules, unless the context otherwise requires:

Application means an application for the grant of Options substantially in the form of Schedule 2 or such other form as may be determined by the Board from time to time;

Associate has the meaning given to it in the Income Tax Assessment Act 1936;

Board means the board of directors of the Company;

Bonus Date means any date after the Grant Date and before the exercise or the expiry of the Outstanding Options (excluding the non-exercise period), on which entitlements are ascertained for holders of Ordinary Shares to participate in any bonus issue by way of capitalisation of profits or reserves;

Business Day means those days other than a Saturday, Sunday or New South Wales public holiday and any day which the Australian Stock Exchange Limited has declared not to be a Business Day;

Company means Datadot Technology Ltd;

Employee means:

(a) a full time or part time employee of; or

(b) a non-executive officer (as defined in section 9 of the Corporations Law) of,

any member of the Group, whom the Board determines is entitled to participate in the Plan under Rule 1(a).

Exercise Notice means a notice from the Optionholder to the Company exercising a specified number of Options;

Exercise Period means a period during which an Option is exercisable and which is shown as an exercise period on the face of the Certificate;

Exercise Price means the exercise price determined under Rule 7, as shown on the face of the Certificate;

Expiry Date means the date shown as the expiry date on the face of the Certificate;

Grant Date means the date shown as the grant date on the face of the Certificate;

Group means the Company and its subsidiaries;

Listing Rules means the listing rules of the Australian Stock Exchange Limited;

Option Certificate or ***Certificate*** means a certificate issued by the Company in respect of the Options substantially in the form of Schedule 6 or such other form as may be determined by the Board from time to time;

Optionholder means the person registered in the Company's option register as the holder of the Options;

Options means the options referred to in the Option Certificate;

Ordinary Shares means fully paid ordinary shares in the capital of the Company;

Outstanding Options means the Options not yet exercised from time to time;

Shareholder means a shareholder of the Company; and

Subsidiary has the meaning given to it in the Corporations Law.

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DATADOT TECHNOLOGY LTD
ABN 54 091 908 726
EMPLOYEE SHARE OPTION PLAN
TAXATION ISSUES

1. Introduction

The following comments regarding the taxation implications of participation in the Option Plan are general in nature and based on Australian tax laws as they currently stand. Taxation in relation to the Option Plan is complex. You should seek your own independent tax advice before applying for options under this Option Plan.

2. Basic Taxation Position

You will be taxable on the discount given in relation to an option acquired under this Option Plan and you will pay tax at your applicable marginal tax rate.

3. When do I pay tax on the discount?

You have a choice.

As the Option Plan is a "qualifying plan" there is a choice available as to when you are taxed on the discount. You can either:

- Elect to have the discount included in your assessable income in the year that you are granted the options under the Option Plan ("Option 1"); or

- Defer the inclusion of the discount in your assessable income ("Option 2").

(a) Option 1

You can elect to have the discount in relation to the Option Plan options included in your assessable income in the income year in which the options are granted to you.

The election must be made in writing before the date of lodgement of your return for the income year in which the options were granted. The election need not be lodged with the Australian Taxation Office ("ATO"), however it should be kept with your taxation records.

The discount amount will be the difference between the market value of the option at the time that it is granted less any amount paid by you for the option (which will be nil).

The market value of the option is calculated pursuant to the method outlined in sections 139FJ to 139FN of the Income Tax Assessment Act 1936. The market value will be determined with reference to the market price of the Company's shares on the date the options are granted and the exercise period of the options.

The market value of the options on the Grant Date is disclosed in Schedule 1. The calculation for the market value has been outlined on Schedule 5.

The advantage of Option 1 is that where you intend to hold the Company shares (acquired as a result of exercising Plan options) for more than twelve months after exercise, more of the profit from the sale of Company shares will be subject to capital gains tax ("CGT") rather than income tax. This is advantageous due to the operation of the 50% CGT discount for individuals which results in only 50% of any capital profit being subject to CGT.

Where a Plan option lapses or is forfeited and you have elected to adopt Option 1, you will be entitled to apply to the ATO for a refund of any tax paid in respect of the year that the option was granted.

An illustrated example of how Option 1 operates for tax purposes is provided as Schedule 5.

(b) Option 2

If you do not make an election, the inclusion is assessable income of the discount on the Plan option is deferred until the income year in which the "cessation time" occurs.

The cessation time is the *earliest* of the following times:

- When the Plan option is sold;
- When you cease employment with the Company (or its subsidiaries);
- Where the Plan option is exercised and there is a sale restriction on the Company share – the time when the restrictions are lifted;
- Where the Plan option is exercised and there are no sale restrictions on the Company share – the time when the Plan option is exercised; and
- The end of the 10 year period starting with the Grant Date.

Given the Option Plan terms and conditions, the most common "cessation time" will be the time when you cease employment or when you exercise the Plan option.

The calculation of the discount amount depends on whether you sell Company shares (acquired as a result of exercise of the Plan option) within 30 days after the cessation time.

If the Company shares are sold within 30 days after the cessation time in an arms length sale, the discount amount will be the sale price of the DTL shares less the exercise price of the option.

If the Company shares not sold within 30 days after the cessation time or the sale is not considered to be an arms length sale, the discount amount is the market value of the Company share at the cessation time less the exercise price of the option.

While the deferral option is attractive (it marries the time of the relevant tax liability to the time that you are likely to have the cash profit), the disadvantage of Option 2 is that the value of the Company shares at the cessation time will be taxed as income and not as a capital gain. Accordingly, the discount will be fully taxable at your marginal tax rate. As discussed above, the same amount under Option 1 will be taxable as capital gain and thus entitled to a 50% discount before being taxed.

An illustrated example of how Option 1 operates for tax purposes is provided as Schedule 5.

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Schedule 1

DATADOT TECHNOLOGY LTD
ABN 54 091 908 726
EMPLOYEE SHARE OPTION PLAN
DETAILS SCHEDULE

Name	
Number of Options	
Grant Date	
Exercise Price	

Schedule 2

DATADOT TECHNOLOGY LTD
ABN 54 091 908 726
EMPLOYEE SHARE OPTION PLAN
GRANT OF OPTIONS

Registered Office

Incorporated In New South Wales under the Corporations Law

No. of Options	**Exercise Period**
[xxx,xxx]	**Date in Rule 7(c) to the Expiry Date**
Name & Address of Eligible Employee:	
Terms:	Attached
Exercise Parcels:	Whole or part
Exercise Rights:	Subject to adjustments in accordance with the Terms, each option entitles the holder to acquire 1 Ordinary Share in the capital of Datadot Technology Ltd on payment of the Exercise Price.
Restrictions	**None**

Dear ,

You have been granted the number of options specified above to acquire ordinary shares in the capital of Datadot Technology Ltd (the "**Company**") in accordance with the Employee Share Option Plan.

The exercise price for your options will be **$X.xx**. The options will be issued free of charge.

If you have any questions regarding this invitation you should contact **John Richards** on **9999 4800**.

Yours sincerely,

John Richards
Director

Schedule 3

DATADOT TECHNOLOGY LTD
ABN 54 091 908 726
EMPLOYEE SHARE OPTION PLAN
NOTICE OF EXERCISE FORM

To: The Directors of Datadot Technology Ltd

I,………………………………. being the registered holder of …………………… options, each to acquire a fully paid share in the capital of Datadot Technology Ltd at a price of $X.xx per share payable in full on the exercise date, hereby give notice of ………………….. options and attach hereto my cheque in the sum of $…………….. together with my share option certificate. I agree to my name being placed on the Register of Members in respect to the number of shares allotted and agree to be bound by the Constitution of the Company.

……………………………………..
Name:

………………
Date

DATADOT TECHNOLOGY LTD
ABN 54 091 908 726
EMPLOYEE SHARE OPTION PLAN
ILLUSTRATED EXAMPLE

Assumptions

- Option Exercise Price = $0.05
- Option Market Value = $0.01
- Amount paid for Option = Nil
- Value of Share at Cessation Time = $0.20
- Value of Share on Date of Sale = $0.30
- Shares are not re-purchased by DTL
- Employee on top marginal tax rate (48.5%)
- Cessation date is the time at which the options are exercised
- Employee allotted 10,000 options
- Options granted in July 20X1, cessation date is in July 20X2 and sale in July 20X3

Option1 – Pay Tax Upfront

	At Date of Grant of Option ($)	**At Cessation Date ($)**	**At Sale of Share Date (12 mths after Cessation Date) (1) ($)**	**Total ($)**
Amt Received	Nil	N/A	3,000.00	3,000.00
Amt Paid	Nil	500.00	Nil	500.00
Taxable Income	**100.00**	**N/A**	**2,400.00**	**2,500.00**
Tax Payable	(48.50)(2)	N/A	(582.00)(3)	(630.50)
Net Position	**(48.50)**	**N/A**	**1,818.00**	**1,869.50**

(1) If the shares are sold more than 12 months after the exercise of the options only $1,200 of the capital gain will be subject to CGT. If the shares are sold within 12 months of exercise, the full $2,400 will be subject to CGT (tax of $1,164 in this example).

(2) Tax payable in 20X1/X2 year

(3) Tax payable in 20X3/20X4 year

Option 2 – Defer Tax

(a) Shares Not Sold Within 30 Days After Cessation Date

	At Grant Date of Option (10,000) ($)	**At Cessation Date ($)**	**At Sale of Share Date (12 mths after Cessation Date) (1) ($)**	**Total ($)**
Amt Received	Nil	N/A	3,000.00	3,000.00
Amt Paid	Nil	500.00	Nil	500.00
Taxable Income	**Nil**	**1,500.00**	**1,000.00**	**2,500.00**
Tax Payable	Nil	(727.50)(2)	(242.50)(3)	(970.00)
Net Position	**N/A**	**772.50**	**757.50**	**1,530.00**

(1) If the shares are sold more than 12 months after the exercise of the options only $500 of the capital gain will be subject to CGT. If the shares are sold within 12 months of exercise, the full $1,000 will be subject to CGT (tax of $485 in this example).
(2) Tax payable in 20X2/20X3 year.
(3) Tax payable in 20X3/20X4 year.

(b) Shares Sold Within 30 Days of Cessation Date

	At Grant Date of Option (10,000) ($)	**At Cessation Date ($)**	**At Sale of Share Date (within 30 days after Cessation Date) ($)**	**Total ($)**
Amt Received	Nil	N/A	3,000.00	3,000.00
Amt Paid	Nil	500.00	Nil	500.00
Taxable Income	**Nil**	**2,500.00**	**Nil**	**2,500.00**
Tax Payable	Nil	(1,212.50)(1)	Nil	(1,212.50)
Net Position	**N/A**	**1,287.50**	**N/A**	**1,287.50**

(1) Tax payable in 20X2/20X3 year (shares sold in 20X2/20X3 year in this example)

Schedule 5

OPTION CERTIFICATE

DATADOT TECHNOLOGY LTD
(ABN 54 091 908 726)

Registered Office:

Incorporated:	In New South Wales under the Corporations Law
Certificate No.	XX

No. of Options: xxx,xxx	
Grant Date:	
Terms:	See Attached Rules
Exercise Price:	$X.xx
Exercise Period:	See Attached Rules
Exercise Parcels:	Whole or Part
Exercise Rights:	Subject to adjustments in accordance with the Terms, each option entitles the holder to acquire 1 Ordinary Share in the capital of Datadot Technology Ltd on payment of the Exercise Price
Expiry Date:	See Attached Rules

This is to certify that of is the Registered Holder of **xxx,xxx** options numbered as shown above, in Datadot Technology Ltd, subject to the Constitution of Datadot Technology Ltd and the terms of issue.

Signed for and on behalf of:

DATADOT TECHNOLOGY LTD)
in the presence of:)

Director/Secretary Director

Name (please print) Name (please print)