Brainz Instruments Limited

Option Plan

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LAWYERS

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Brainz Instruments Limited Employee Option Plan

Plan rules

1. Introduction

1.1 Name of Plan

The Plan is called the **Brainz Instruments Limited Option Plan**.

1.2 Objects of Plan

The objects of the Plan are to:

(a) provide an incentive for Eligible Participants to continue to provide services to the Company or an Associated Company in the long term and maximise their contribution to the performance of the Company;

(b) recognise the ongoing ability of Eligible Participants and their expected efforts and contribution in the long term to the performance and success of the Company; and

(c) provide Eligible Participants with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

1.3 Commencement of Plan

The Plan commences on the date determined by the Plan Committee.

2. Defined terms and interpretation

2.1 Defined terms

In these Rules, unless the context otherwise requires:

Accelerated Vesting Event means the occurrence of:

(a) a Special Circumstance in respect of a Participant; and

(b) a circumstance set out in Rule 11.3.

Acceptance Form means a duly completed and executed acceptance of the issue of Options by an Eligible Participant in respect of an Offer, in the form approved by the Plan Committee from time to time.

Applicable Law means one or more, as the context requires of:

(a) the Companies Act;

(b) the Corporations Act;

(c) Corporations Regulations;

(d) the Listing Rules;

(e) any other applicable securities laws;

(f) the constitution of the Company; and

(g) any practice note, policy statement, class order, declaration, guideline, policy or procedure authorising or entitling ASIC or ASX to regulate, implement or enforce, either directly or indirectly:

(i) a provision of the laws, regulations, rules or constitution referred to in paragraphs (a) to (f); or

(ii) any agreement or deed made under the laws, regulations, rules or constitution referred to in paragraphs (a) to (f); or

(iii) a person's conduct or proposed conduct under the laws, regulations, rules or constitution referred to in paragraphs (a) to (f), or any agreement or deed referred to in paragraph (g)(ii).

ASIC means the Australian Securities and Investments Commission.

Associated Company means:

(a) a body corporate which is a related body corporate (as defined in the Corporations Act) of the Company;

(b) a body corporate which has voting power (as defined in the Corporations Act) in the Company of not less than 20%; and

(c) a body corporate in which the Company has voting power (as defined in the Corporations Act) of not less than 20%.

ASX means Australian Stock Exchange Limited ACN 008 624 691.

Board means all or some of the directors of the Company acting as a board or its delegate.

Certificate means, with respect to an Option, a certificate issued under these Rules in the form approved by the Plan Committee from time to time, or if the Plan Committee determines that Options are uncertificated, then a statement issued to the Participant, disclosing:

(a) the number of Options entered in the register of Option holders in respect of the Participant; and

(b) the information in Rule 7.3.

Class Order means ASIC Class order 03/184.

Companies Act means the *Companies Act 1993* (NZ).

Company means Brainz Instruments Limited.

Contractor means a contractor with the Company or an Associated Company.

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

Corporations Regulations means any and all regulations made under the Corporations Act.

Date of Grant means, with respect to an Option, the date on which the Plan Committee grants the Option to an Eligible Participant.

Director means a director of the Company or an Associated Company.

Eligible Participant means:

(a) an Employee;

(b) a Contractor;

(c) a Director;

(d) a Founder; or

(e) a member of the Scientific Advisory Board of the Company, of the Company or an Associated Company, whom the Plan Committee determines is to receive an Offer under the Plan.

Employee means:

(a) an individual whom the Plan Committee determines to be in the full time or part time employment of the Company or an Associated Company (including any employee on parental leave, long service leave or other special leave as approved by the Plan Committee);

(b) a director of the Company or an Associated Company who holds a salaried employment or office in the Company or an Associated Company;

(c) an individual who provides services to the Company or an Associated Company whom the Plan Committee determines to be an Employee for the purposes of the Plan;

(d) an individual whose associate (as that expression is defined in section 139GE of the *Income Tax Assessment Act 1936* (Australian Cth)) provides services to the Company or an Associated Company, which individual the Plan Committee determines to be an Employee for the purposes of the Plan; or

(e) an individual otherwise in the employment of the Company or an Associated Company whom the Plan Committee determines to be an Employee for the purposes of the Plan.

Exercise Conditions means the performance, vesting or other conditions (if any) determined by the Plan Committee and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can, during the Exercise Period, be exercised.

Exercise Period means the period commencing on the First Exercise Date and ending on the Last Exercise Date.

Exercise Price means the amount payable by the holder of an Option on the exercise of the Option, being the amount fixed at the time of the issue of the Option and as determined under Rule 5.6.

First Exercise Date with respect to an Option means, unless otherwise specified in an Offer, the earliest of:

(a) the vesting date applicable to the Option under Rule 8.3;

(b) the date 12 months after the Date of Grant; and

(c) the date on which a Special Circumstance arises in respect of the Participant holding the Option.

Founder means a promoter (as defined in the Listing Rules) of the Company as if the references to 'ASX' in that definition were references to the Company.

Last Exercise Date with respect to an Option means, unless otherwise specified in an Offer:

(a) the date 3 years after the Date of Grant; or

(b) if a Special Circumstance arises in respect of a Participant during those 3 years, than the date 6 months (or longer period as may be determined by the Plan Committee) after the Special Circumstance arises.

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person.

Listing Rules means the listing rules of ASX.

Notice of Exercise means a duly completed and executed notice of exercise of an Option by a Participant, in the form approved by the Plan Committee from time to time.

Option means an option issued to a Participant under the Plan to acquire by way of issue a Share.

Offer means an invitation to an Eligible Participant made by the Company under Rule 5.1 to apply for an issue of Options.

Participant means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant.

Plan means the Brainz Instruments Limited Option Plan governed by these Rules.

Plan Committee means the Employee Option Plan Committee or another committee of the Board to which power to administer the Plan has been delegated or if there has been no delegation, the Board.

Redundancy means the termination or cessation of a Participant's service with the Company or an Associated Company as a result of redundancy, as determined by the Plan Committee.

Restricted Shares means Shares held under the Plan and subject to the restrictions under Rule 9.

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

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

Shares means fully paid ordinary shares in the capital of the Company.

Special Circumstance means with respect to a Participant:

(a) Total and Permanent Disablement;

(b) Redundancy;

(c) the death of the Participant;

(d) any other circumstances as the Plan Committee may at any time determine (whether in relation to the Participant, a class of Participants, particular circumstances or a class of circumstances) and whether before or after the Date of Grant.

Tax includes any tax, levy, impost, goods and services tax, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority (whether in Australia, New Zealand or elsewhere) together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing.

Total and Permanent Disablement means the termination or cessation of a Participant's employment, appointment, engagement or retainer with the Company or Associated Company as a result of total and permanent disablement, as determined by the Plan Committee.

2.2 Interpretation

In these Rules, unless the context otherwise requires:

(a) headings are for convenience only and do not affect the interpretation of these Rules;

(b) reference to any legislation or a provision of any legislation includes a modification or re-enactment of the legislation or a legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;

(c) words denoting the singular include the plural and vice versa;

(d) words denoting a gender include the other genders;

(e) a reference to $ is to Australian dollars.

(f) reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;

(g) where any word or phrase is given a defined meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;

(h) reference to a rule or paragraph is a reference to a rule or paragraph of these Rules, or the corresponding Rule or Rules of the Plan as amended from time to time; and

(i) where an act or thing must be done on a particular day or within a particular period, that act or thing must be done before, and that period ends at, 5.00 pm Melbourne time on the relevant day.

2.3 Primary instruments

These Rules are to be interpreted subject to the Applicable Laws.

3. Principal Conditions

3.1 Plan limit

The number of Shares to be received on exercise of an Option which is the subject of an Offer, when aggregated with:

(a) the number of Shares which would be issued were each outstanding offer or invitation or option to acquire unissued shares, being an offer made or option acquired pursuant to an employee share scheme of the Company, to be accepted or exercised (as the case may be); and

(b) the number of Shares issued during the previous five years pursuant to the Plan or any other employee share scheme extending only to full time or part time employees or directors of the Company or of an Associated Company;

but disregarding any offer made, or option acquired or share issued by way of or as a result of an offer:

(c) to a person situated at the time of receipt of the offer outside Australia; or

(d) that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of Schedule 1 to the *Corporate Law Economic Reform Program Act 1999* (Cth); or

(e) that does not need disclosure to investors because of section 708 of the Corporations Act; or

(f) that does not require the giving of a product disclosure statement (as defined in the Corporations Act) because of section 1012D of the Corporations Act; or

(g) made under a disclosure document or product disclosure statement,

must not exceed 5% of the total number of issued Shares as at the time of the Offer.

3.2 Options issued only to Employees

No Options may be issued to a person under the Plan unless the person remains an Eligible Participant as at the Date of Grant, or the Plan Committee determines otherwise.

3.3 Compliance with laws

No Option may be offered or issued to, or exercised by, an Eligible Participant or Participant if to do so would contravene an Applicable Law.

3.4 Further conditions

Despite any other provision of the Plan, no Offers may be made:

(a) if Offers are made during a period of 12 months in which the Shares have not been continuously listed for quotation on the financial market operated by ASX, unless the Options are restricted from exercise until the earliest date that Shares have been continuously listed for quotation on the financial market operated by ASX for 12 months; or

(b) unless the Offers are made to Eligible Participants:

   (i) outside Australia at the time of receipt of the Offers; or

   (ii) who are investors to whom the Offers do not need disclosure because of section 708 of the Corporations Act,

   and who agree with the Company not to offer for sale any Shares issued on the exercise of the Options the subject of the Offers for a period of 12 months starting on the date of issue of the Shares unless and to the extent the Company otherwise agrees; or

(c) unless and until the Shares have been continuously listed for quotation on ASX or an approved foreign market (within the meaning of the Class Order) for not less than 12 months; or

(d) unless the Options the subject of the Offers are, when issued, issued with disclosure under Part 6D.2 of the Corporations Act; or

(e) unless expressly permitted by ASX or the Corporations Act.

For the purpose of this clause, Shares will be taken to have been 'continuously listed for quotation' on ASX or an approved foreign market for 12 months if the Shares have been quoted on the financial market operated by ASX or the approved foreign market throughout those 12 months without suspension for more than a total of 2 trading days during those 12 months.

3.5 Consideration for issue of Options

The monetary consideration (if any) payable by an Eligible Participant on the issue of an Option (after acceptance of the relevant Offer) must not exceed $0.01.

3.6 Financial accommodation

Under no circumstances will the Company provide a Participant with financial accommodation for the purpose of or to assist in the Participant's exercise of his or her Options.

4. Operation of the Plan

4.1 Rules

The Plan operates according to these Rules which bind the Company and each Participant.

4.2 Board's power

The Board retains the power to direct the Plan Committee in the exercise of its power or rights from time to time in order to ensure that the Plan is being administered in a manner consistent with the Company's philosophy underpinning share ownership by Eligible Participants.

5. Offers

5.1 Plan Committee may make Offer

Subject to these Rules, the Plan Committee may from time to time make an Offer to an Eligible Participant.

5.2 Form of Offer

An Offer must be in writing and subject to Rule 5.3, the form of the Offer and any acceptance of the invitation constituted by the Offer must be as approved by the Plan Committee from time to time.

5.3 Information contained in Offer

An Offer must state or include:

(a) the name and address of the Eligible Participant to whom the Offer is made;

(b) the date of the Offer;

(c) the period for acceptance of the invitation constituted by the Offer;

(d) the maximum number of Options for which the Eligible Participant may make application;

(e) the expected Date of Grant of the Options the subject of the Offer;

(f) the expected First Exercise Date of the Options the subject of the Offer;

(g) the expected Last Exercise Date of the Options the subject of the Offer;

(h) the Exercise Price (in Australian dollars) or the manner or formula of determining the Exercise Price of the Options the subject of the Offer and the Australian dollar equivalent if that manner or formula were applied as at the date of the Offer;

(i) the Exercise Conditions (if any) attaching to the Options the subject of the Offer;

(j) any other specific terms and conditions applicable to the Offer; and

(k) or be accompanied by a copy or summary of the Rules. If the Offer includes or is accompanied by a summary rather than a copy of the Rules, the Offer must include an undertaking that during the Exercise Period, the Company will within a reasonable period of the Participant requesting, provide to the Participant without charge a copy of the Rules.

An Offer is not invalid if it does not state or include any of the above.

5.4 Undertaking

If required under the Corporations Act or any class order or other instrument issued by ASIC, an Offer must include an undertaking, and an explanation of the way in which, the Company will, during the Exercise Period, within a reasonable period of a request from a Participant, make available to the Participant the following information:

(a) the current market price of the Shares;

(b) where the Exercise Price is denominated in a foreign currency, the Australian dollar equivalent of the Exercise Price at the date the Company responds to the Participant's request; and

(c) where the Exercise Price is determinable at some future time by reference to a formula, the Australian dollar equivalent of the Exercise Price were that formula applied at the date the Company responds to the request.

5.5 Number of Options

Subject to Rule 3.1, the number of Options the subject of an Offer to an Eligible Participant is determined by the Plan Committee.

5.6 Exercise Price

Subject to any adjustment under Rule 12, the Exercise Price in respect of an Option is as determined by the Plan Committee.

5.7 Exercise Price in Australian dollars

The Exercise Price in respect of an Option must be denominated and payable in Australian dollars.

5.8 Offer personal

An Offer under the Plan is personal to the Eligible Participant to whom it is made and, accordingly, the invitation constituted by an Offer may only be accepted by, and Options may only be issued to, the Eligible Participant to whom the Offer is made.

6. Application for Options

6.1 Acceptance of Offer

An Eligible Participant may accept the invitation constituted by an Offer by giving to the Company an Acceptance Form within the period specified in the Offer.

6.2 Application for all or some of Options

An Eligible Participant may in his or her discretion accept the invitation constituted by an Offer, in whole or in part, in multiples of 100 Options or another multiple of Options as the Plan Committee may allow for the Eligible Participant.

6.3 Lapse of Offer

An Offer not accepted in accordance with Rule 6.1 lapses unless the Plan Committee determines otherwise.

7. Issue of Options

7.1 Acceptance of application and issue

The Company may, within 60 days after receiving a duly completed Acceptance Form from an Eligible Participant but subject to the conditions of the Offer:

(a) accept the Acceptance Form;

(b) issue to the Eligible Participant all of the Options the subject of the Acceptance Form; and

(c) notify the Eligible Participant of the Date of Grant of those Options.

7.2 Eligible Participant becomes a Participant

On the issue of an Option following receipt by the Company of an Acceptance Form, an Eligible Participant becomes a Participant and is bound by these Rules and irrevocably agrees that upon the exercise of some or all of the Options, to be bound by the Company's constitution.

7.3 Certificates

The Company must give a Participant one or more Certificates stating the:

(a) number of Options issued to the Participant;

(b) Exercise Price of those Options; and

(c) Date of Grant of those Options.

7.4 Consideration for Options

If no consideration is paid for the issue of the Options in accordance with clause 3.5, the Options will be issued for consideration comprising the services that are expected to be provided by an Eligible Participant to or for the benefit of the Company or the Associated Company but no further monetary or other consideration will be payable in respect of the issue of an Option.

7.5 Entitlement to underlying Shares

Subject to these Rules, each Option confers on its holder the entitlement to apply for and be issued one fully paid Share at the Exercise Price.

7.6 Interest in Shares

A Participant has no interest in a Share the subject of an Option held by the Participant unless and until the Share is issued to that Participant under these Rules.

8. Exercise of Options

8.1 Exercise during Exercise Period

Subject to Rules 3.4, 8.2, 8.3 and 8.4, an Option may be exercised at any time during the Exercise Period for that Option.

8.2 Exercise before Exercise Period

Subject to Rules 3.4 and 8.3, an Option may be exercised before the Exercise Period if permitted under Rule 11.4 or 12.5.

8.3 Vesting dates

Unless otherwise specified in an Offer, the vesting dates (refer defined term of **First Exercise Date**) applicable to Options the subject of an Acceptance Form may be set out in the Offer. If no vesting dates are set out in the Offer, the vesting date is the Date of Grant.

8.4 Exercise Conditions

Subject to Rule 8.5, if the Offer in respect of an Option specifies any Exercise Conditions, the Option may not be exercised unless and until those Exercise Conditions have been satisfied, reached or met.

8.5 Waiver of Exercise Conditions

The Plan Committee may, at its discretion, by notice to the Participant reduce or waive the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case including due to Special Circumstance or another Accelerated Vesting Event.

8.6 Exercise of Options

Subject to these Rules, Options which have not lapsed may be exercised by the Participant giving to the Company:

(a) a Notice of Exercise signed by the Participant;

(b) the Certificate for those Options; and

(c) a cheque payable to the Company (or another form of payment acceptable to the Board) of the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

8.7 Issue of Shares

Subject to these Rules and the Listing Rules, on the exercise of an Option the Company must issue and allot a Share.

8.8 Clearance of Exercise Price

The Company is not obliged to issue Shares on exercise of Options until any cheque received in payment of the Exercise Price has been honoured on presentation.

8.9 Exercise all or some Options

(a) A Participant may only exercise Options in multiples of 1,000 or another multiple as the Plan Committee determines and provides notification to the Participant unless the Participant exercises all Options covered by a Certificate able to be exercised by him or her at that time.

(b) The exercise by a Participant of only some of the Options held by the Participant does not affect the Participant's right to exercise at a later date other Options held by the Participant (whether those other Options have the same First Exercise Date or otherwise).

8.10 Replacement Certificate

If a Participant submits a Notice of Exercise in respect of only part of the Options covered by a Certificate, the Company must issue a Certificate stating the remaining number of Options held by the Participant.

8.11 Shares rank equally

Unless otherwise provided in a Notice of Exercise, Shares issued on the exercise of Options rank equally with all existing Shares on and from the date of issue in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.

9. Restriction on disposal of Shares

9.1 Restricted Shares

Unless the Participant has already ceased service with the Company or the Associated Company, or where the Offer to the Participant expressly so provides the Shares acquired under any exercise of Options as provided in Rule 8.6 are subject to restriction on disposal under this Rule 9.

9.2 No disposal whilst Shares in Plan

A holder of Restricted Shares must not dispose of or deal with or grant a Security Interest over (or purport to dispose of or deal with or grant a Security Interest over) any of those Restricted Shares or any interest in those Restricted Shares while those Restricted Shares are held in the Plan and subject to these Rules.

9.3 Withdrawal of Restricted Shares

A holder of Restricted Shares may at any time, by serving on the Company a written withdrawal notice in a form approved by the Plan Committee, apply to withdraw from the Plan a portion of or all Restricted Shares held by the holder.

9.4 Refusal to register transfer

Subject to the Listing Rules, the Company must refuse to register a paper-based transfer, and must apply or cause to be applied a holding lock to prevent a transfer, of any Restricted Shares.

9.5 Acceptance of withdrawal application

The Plan Committee must not:

(a) accept an application to withdraw any Restricted Shares:

(i) unless arrangements satisfactory to the Plan Committee are made for the repayment of any debts owed by the holder to the Company; or

(ii) if any of the events in Rule 10.1(b) have occurred, arrangements satisfactory to the Plan Committee are made for the Company to be recompensed for any loss or damage suffered in those circumstances; or

(iii) contrary to the terms of the Offer to the holder of the Restricted Shares issued on the exercise of the Options,

and for the purposes of Rule 9.5(a)(i), 9.5(a)(ii) or 9.5(a)(iii) the Company is, if so determined by the Plan Committee, entitled to cause the Participant to forfeit some or all of those Restricted Shares or to sell all or any of those Restricted Shares for and on behalf of, and as attorney for, the holder and apply the proceeds firstly in and towards any amount payable to the Company under Rule 9.5(a)(i), 9.5(a)(ii) or9.5(a)(iii) and pay any balance to the holder; and

(b) otherwise unreasonably refuse to accept an application to withdraw any Restricted Shares.

9.6 Company not liable

The Company is not liable to the holder of Restricted Shares for or in relation to any action taken by the Company under Rule 9.5.

9.7 Ceasing employment

A holder of Restricted Shares who is an Eligible Employee is on ceasing employment (including through the occurrence of a Special Circumstance) with the Company or an Associated Company, deemed to have made an application under Rule 9.3 to withdraw all Restricted Shares then held.

9.8 Removal of holding lock

Acceptance of an application for withdrawal served under Rule 9.3 or deemed made under Rule 9.7 is constituted by the lifting of any holding lock on the relevant Restricted Shares.

9.9 Cease to be in Plan

On acceptance under Rule 9.8:

(a) the relevant Restricted Shares cease to be held in the Plan and subject to these Rules;

(b) the relevant Restricted Shares cease to be subject to restriction on disposal under Rules 9.2 to 9.9;

(c) the Plan Committee must immediately notify the holder of the Shares that the holding lock has been lifted.

9.10 Notification upon request by Participant

The Company must, if requested, notify the holder of the Shares of the particular time when the holding lock was lifted under Rule 9.8.

10. Lapse of Options

10.1 Lapse of Options

An Option lapses on the earliest of:

(a) the Last Exercise Date;

(b) a determination of the Plan Committee that the Option should lapse because the Participant, in the Plan Committee's opinion:

(i) has been dismissed or removed from office or otherwise ceases to provide services to the Company or the Associated Company for a reason which entitles the Company or the Associated Company to dismiss the Participant without notice;

(ii) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of Company or the Associated Company (whether or not charged with an offence); or

(iii) has done an act which brings the Company or the Associated Company into disrepute;

(c) unless otherwise determined by the Plan Committee, the date which is two months after the date of termination of employment, appointment, engagement or retainer of the Participant with Company or the Associated Company (other than due to the occurrence of a Special Circumstance);

(d) the receipt by the Company of notice from the Participant (after a Special Circumstance has arisen with respect to the Participant) that the Participant has elected to surrender the Option; and

(e) unless otherwise determined by the Plan Committee, any circumstance specified in the Offer of the Option.

10.2 Rights cease

If a Participant fails for any reason to exercise all the Options registered in the Participant's name before the occurrence of a circumstance set out in Rule 10.1, those Options that the Participant:

(a) would have been entitled to exercise and that have not been exercised; and

(b) may have had a right or entitlement to have vested in the Participant,

lapse and all rights of a Participant under the Plan in respect of those Options cease.

11. Dealings with Options

11.1 Options personal

Except where Options have been transferred under Rule 11.3, Options held by a Participant are personal to the Participant and may not be exercised by another person or body corporate.

11.2 No unauthorised disposal

Except as permitted under Rule 11.3, a Participant must not dispose of or grant a Security Interest over or otherwise deal with an Option or an interest in an Option, and the Security Interest or disposal or dealing is not recognised in any manner by the Company.

11.3 Permitted transfer of Options and Accelerated Vesting Events

Options may be transferred, by an instrument of transfer, only where approved by the Plan Committee.

11.4 First Exercise Date brought forward

If an Accelerated Vesting Event occurs while a Participant is providing service to the Company or the Associated Company, the Board may at its discretion:

(a) bring forward the First Exercise Date of all Options held by the Participant to a date determined by the Plan Committee; and

(b) waive or vary any Exercise Conditions in regard to an Option held by the Participant in accordance with Rule 8.5.

11.5 Notice to Participants of change

If the Plan Committee determines to alter the First Exercise Date and Exercise Conditions under Rule 11.4, the Company:

(a) must within 14 days of the alteration give notice to each Participant affected by the Accelerated Vesting Event in respect of any Options held by the Participant; and

(b) may have to issue a replacement Certificate for the Options.

12. Participation rights, bonus issues, rights issues, reorganisations of capital and winding up

12.1 New issues

(a) Participants are not entitled to participate in any new issue to existing holders of Shares in the Company unless:

  (i) they have become entitled to exercise their Options under the Plan; and

  (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.

(b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

12.2 Bonus issues

If the Company makes (whether before or during the Exercise Period) a bonus issue of Shares or other securities to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Participant would have received if the Participant had exercised the Option prior to such record date.

15. Amendment to Rules

12.3 Pro rata issues

If the Company makes (whether before or during the Exercise Period) a pro-rata issue of Shares (except a bonus issue) to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, the Exercise Price of the Option is reduced in accordance with the Listing Rules.

12.4 Reorganisation of capital

If there is a reorganisation of capital of the Company (whether before or during the Exercise Period) then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

12.5 Winding up

If (whether before or during the Exercise Period) a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Plan Committee may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options if the Last Exercise Date for the Options has not expired.

12.6 Fractions of Shares

For the purposes of this Rule 12, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

12.7 Calculations and adjustments

Any calculations or adjustments which are required to be made under this Rule 12 will be made by the Plan Committee and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

12.8 Notice of change

The Company must within a reasonable period give to each Participant notice of any change under Rule 12 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

13. Quotation of Shares

13.1 No Quotation of Options

The Company will not seek official quotation of any Options.

13.2 Quotation of Shares

The Company must apply to ASX for quotation of Shares issued on exercise of Options if other Shares of the Company are officially quoted by ASX at that time, however the Company cannot guarantee that the Shares will be quoted.