Employee Option Plan

Tel.Pacific Limited
(Tel.Pacific)
(ACN 073 079 268)

Plan Rules

The rules of the Tel.Pacific Employee 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 or a Relative or Associate nominated by the Employee.

(b) On issue of invitations to apply for Options, the Company must send the Employee an 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 5.00pm 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 those Options. This does not prevent the exercise of the Options by the estate of a deceased Optionholder.

7. Exercise Price and Exercise Restrictions

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

(b) The Options may be subject to such other restrictions on 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. Any restrictions so imposed by the Board must be set out on the Option Certificate.

(c) The Board may, in its absolute discretion, waive satisfaction of restrictions on exercise fixed under Rule 7(b) either unconditionally or subject to compliance with any other exercise restriction that is less onerous than that previously fixed.

8. Adjustment to Number of Outstanding Options and to Exercise Price

Any adjustment to the number of Outstanding Options and to the Exercise Price under a reorganisation of the Company's share capital must be made in accordance with this Rule upon the occurrence of any of the following circumstances:

(a) a consolidation of capital – the number of Options must be consolidated in the same ratio as the ordinary capital of the Company and the Exercise Price must be amended in inverse proportion to that ratio;

(b) a sub-division of capital – the number of Options must be sub-divided in the same ratio as the ordinary capital of the Company and the Exercise Price must be amended in inverse proportion to that ratio;

(c) a return of capital – the number of Options must remain the same, and the Exercise Price of each Option must be reduced by the same amount as the amount returned in relation to each Ordinary Share;

(d) a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets of the Company and where no securities are cancelled – the number of Options and the Exercise Price of each Option must remain unaltered;

(e) a pro rata cancellation of capital – the number of Options must be reduced in the same ratio as the ordinary capital of the Company and the Exercise Price of each Option must be amended in inverse proportion to that ratio; and

(f) in any other case – the number of Options of the Exercise Price, or both, must be reorganised so that the holder of the Option will not receive a benefit that holders of Ordinary Shares do not receive. This Rule does not prevent a rounding up of the number of Ordinary Shares to be received on exercise if the rounding up is approved at the shareholders meeting which approves the reorganisation.

9. 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/she 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 9(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.

10. Pari Passu Ranking

Any Ordinary Shares allotted pursuant to Options will:

(a) 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

(b) in the case of any additional shares or other securities under option by virtue of any bonus issue referred to in Rule 9, rank pari passu with the other shares or other securities issued by virtue of the bonus issue.

11. Takeover and Winding up

(a) If a takeover bid causes or is likely to cause a change in control of the Company, the Board has the discretion to give Optionholders an immediate right to exercise their Options. This discretion may only be exercised to ensure where possible, that Optionholders are able to exercise the Outstanding Options within the time available to accept the takeover offer.

(b) If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every Outstanding Option will be exercisable (but so that any exercise under this Rule 11(b) will only be valid if, at the time of such resolution being passed, that Option would not have lapsed under any of the other Rules) at any time between the date of the notice and the date the resolution is duly passed or defeated or the meeting concluded or adjourned indefinitely, whichever occurs first. If such resolution is duly passed all Options will, to the extent that they have not been exercised, immediately lapse.

12. 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.

13. Option Cancellation

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

(a) the date shown as the Expiry Date on the face of the Option Certificate;

(b) the date that the Employee is dismissed by the Company or a Related Body Corporate for any reason;

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

(d) the date 1 month after the Employee resigns from the service of the Company or a Related Body Corporate, if he/she resigns more than 2 years after the Grant Date;

(e) the date 3 months after the date the Employee retires, if he/she retires upon or after attaining the age of 65 or otherwise with the consent of the Board;

(f) the date 3 months after the Employee is retrenched from the service of the Company or a Related Body Corporate; or

(g) the date 1 year after the death or total and permanent disability (evidenced to the satisfaction of the Board) of the Employee.

14. Limit on Capital

(a) Subject to this Rule 14, the number of Shares underlying the Options granted under this Plan when aggregated with:

    (i) the number of Ordinary Shares that would be issued if all options granted under all Employee Option Plans of the Company were exercised; and

    (ii) the number of Ordinary Shares issued by the Company during the preceding 5 years under any employee share plan and Employee Option Plan,

    must not exceed 5% of the issued Ordinary Shares at the time of grant of the Options.

(b) Ordinary Shares or Options that may be issued without the need to issue a disclosure document in accordance with Section 708 of the Corporations Act will be excluded from the calculation of the number of Options granted to employees under existing plans under Rule 14(a).

(c) Rule 14(a) does not restrict the Company from granting Options under this Plan where a prospectus has been lodged with the ASIC in respect of the grant of those Options.

15. ASIC Requirements

The Company must use its reasonable endeavours to satisfy the conditions imposed by the ASIC from time to time in a class order or exemption from or modification to the requirements of the Corporations Act relieving the Company from the obligation to lodge a prospectus in accordance with Chapter 6D of the Corporations Act.

16. Termination of the Plan

The Plan terminates on whichever first occurs of the following:

(a) an order being made or an effective resolution being passed for the winding up of the Company other than for the purpose of amalgamation of reconstruction; or

(b) the Company determining, in its discretion, that the Plan be wound up.

17. Interpretation

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

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 1 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;

ASIC means Australian Securities and Investments Commission;

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, 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;

Company means Tel.Pacific Limited;

Corporations Act means Corporations Act (Cth) 2001;

Employee means an employee of any member of the Group who the Board determines is entitled to participate in the Plan under Rule 1(a);

Exercise Date means the date shown as an exercise date on the face of the Certificate or, if that date is not a Business Day, the next Business Day;

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 price payable when the Optionholder exercises the Options being the price shown as the exercise price 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;

Options means the options referred to in the Option Certificate;

Option Certificate or ***Certificate*** means a certificate issued by the Company in respect of the Options substantially in the form of Schedule 2 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;

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;

Relative has the same meaning as in the Income Tax Assessment Act, 1936;

Shareholder means a shareholder of the Company; and

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

Schedule 1

Invitation to Apply for Options

Tel.Pacific Limited
(ACN 073 079 268)

Registered Office	Level 7, 815 Pacific Highway, Chatswood NSW 2067
Incorporated	New South Wales

No. of Options	**Exercise Period**
[Number]	**[Date to the Expiry Date]**
Name & Address of Eligible Employee:	**[Name and address]**
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 Tel.Pacific Limited on payment of the Exercise Price
Restrictions	**[Restrictions]**

Dear **[Insert Name]**

You are invited to apply for the number of Options specified above to acquire Ordinary Shares in the capital of Tel.Pacific Limited (the "**Company**") in accordance with the Employee Option Plan.

The Exercise Price for your Options will be **[price]**. The Options will be issued free of charge.

The Tel.Pacific Employee Option Plan permits you to nominate a Relative or Associate (as defined in the Income Tax Assessment Act) to receive your entitlement to Options. To nominate a Relative or an Associate, you must ensure that that nominee is identified in the attached acceptance.

To accept this invitation, you must complete the attached notice of acceptance and return it to the Company no later than **[date]**. **You will not receive the Options referred to above unless you sign and return the attached notice of acceptance by this date.**

If you have any questions regarding this invitation you should contact **[name]** on **[telephone number]**.

Should you decide to accept this invitation, please sign the attached Notice of Acceptance.

[name]
Company Secretary
[Date]

Notice of Acceptance

I apply for Options to acquire **[number]** Ordinary Shares in the capital of Tel.Pacific Limited on the terms of the Invitation to apply for Options dated **[date]**. I understand that these Options will be issued to me on the terms of the Tel.Pacific Employee Option Plan current on the date of this acceptance.

I request that the Options referred to above to be allocated to ____(name)

of____ (address).*

____
Employee

Dated:

*Delete if inapplicable

Schedule 2

Option Certificate

Tel.Pacific Limited
(ACN 073 079 268)

Registered Office	Level 7, 815 Pacific Highway, Chatswood NSW 2067
Incorporated	New South Wales
Certificate No.	**[Number]**

No. of Options	**[Number]**
Grant Date:	**[Date]**
Terms:	Attached
Exercise Period:	**[date]** to the Expiry Date (both inclusive)
Exercise Parcels:	Whole or Part
Exercise Price:	**[Price]**
Exercise Rights:	Each Option entitles the holder to acquire 1 Ordinary Share in the capital of Tel.Pacific Limited on payment of the Exercise Price
Expiry Date:	**[Date]**
Restrictions	**[Restrictions on exercise]**

This is to certify that **[Name]** of **[Address]** is the registered holder of **[Number]** Options numbered as shown above, in Tel.Pacific Limited, subject to the constitution of Tel.Pacific Limited and the Rules.

SIGNED by **Tel.Pacific Limited**)
in accordance section 127(1) of the)
Corporations Act in the presence of:)

Director/Secretary	Director
Name (please print)	Name (please print)

Schedule 3

Exercise Notice

To exercise an Option, the Optionholder must complete the Exercise Notice set out below and forward it with payment of the Exercise Price for each Option exercised, to the Company's Share Registry. Cheques should be made payable to *Tel.Pacific Limited* and crossed "Not Negotiable". Shares will be issued and allotted on the basis of the Exercise Notice.

EXERCISE NOTICE

To: Tel.Pacific Limited (ACN 073 079 268) (the **Company**)

I/We…………………………………………………………………………………………………….

Of……

SRN/HIN………………………………………………………………………………………………

being the registered holder/s of ………… (number) Options each to acquire a Share in the Company at the Exercise price of $........... per Share payable in full on exercise of the Options, HEREBY GIVE NOTICE OF THE EXERCISE of ………. (number) Options and attach my/our cheque in the sum of $ ………………………

I/We authorise you to register me/us as the holders of the Shares to be allotted to me/us and agree to be bound by the Constitution of the Company.

DATED..............................……………………………………………………………………………

Signed…………………………………………………………………………………………...

This notice may be signed as follows:

- If the holding is held in the name of one person (individual holding), that person must sign.
- If the holding is held by more than one person (jointly) each joint holder must sign.
- If you are signing as an Attorney, then the Power of Attorney must have either been noted by the registry or be duly stamped and accompany this form.

THIS NOTICE OF EXERCISE OF OPTIONS, WITH THE APPROPRIATE REMITTANCE, SHOULD BE LODGED AT THE COMPANY'S SHARE REGISTRY:

[Share Registrar]
[Address]